

Skills for Care Ltd
(Limited by Guarantee)

Trustees' report and consolidated financial statements

Year ended 31 March 2023

Company registered number 03866683

Charity registered number 1079836

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Chair's foreword

The year 2022/23 was my first as Chair of the Board of Skills for Care, having taken over from Dame Moira Gibb in March 2022. I'd like to thank Dame Moira for her skill and commitment in successfully guiding Skills for Care during her tenure as Chair. She's a tough act to follow. I've been passed an organisation which is dedicated, thriving, and positively adapting to be ready for the future, not least because of the quality of leadership from Oonagh Smyth (CEO) and her team.

During the course of the year, we've said goodbye to some trustees who've retired from the Board as they reached the end of their terms of office or resigned due to a change in their own circumstances. I'd like to thank every one of them for their contribution to the Board and their support of Skills for Care. I'm deeply grateful for the skills and expertise trustees bring to the Board, and personally, for welcoming me so generously.

Over the last year, I've been privileged to meet many stakeholders and providers across the sector. I have met regularly with officials and ministers from the Department of Health and Social Care (DHSC) and other Chairs and CEOs from organisations and bodies that also help steer the adult social care sector and workforce. I've been pleased to join a number of the networks led by Skills for Care and learn from providers and local government commissioners of adult social care services and employers of the adult social care workforce. That has included a number of roundtable sessions hosted by Skills for Care where I gained fantastic insight into the current opportunities and challenges these providers and employers are grappling with.

We all know the scale of those challenges. We have a growing and ageing population served by an outstanding workforce but one sharing the cost-of-living crisis which in turn impacts on recruitment, retention and stability. We have an NHS under unprecedented strain which in turn depends upon a thriving social care sector (but of course that is not our only responsibility!). Skills for Care is the key national workforce organisation helping this vital sector to ensure that we have the right people with the right levels of support and development, now and in the future, to deliver these crucial services. We will continue to inform and support the priorities of the Government and DHSC policy makers, and also to support commissioners and employers in the sector.

The Skills for Care Board will continue to lead and guide the strategic direction of Skills for Care to ensure we can deliver our strategic aims in line with our organisational values and especially on behalf of the people who rely upon our services.

I'd like to end by thanking the 1.5 million people working in the adult social care sector for everything you do. At Skills for Care, we're proud to play a part in supporting that amazing work. Personally, I look forward to meeting and learning from more of you in the year ahead. I hope you find this annual report to be a helpful summary of what we have been doing in the past year – and where we see our collective future.


John Coughlan (Aug 8, 2023 13:39 GMT+1)

John Coughlan CBE
Chair of the Board

Chief Executive Officer foreword

At Skills for Care, our vision is of a fair and just society, where people can access the advice, care and support they need to live life to the fullest. We continue to strive for this through the pursuit of our four strategic priorities: to support workforce capabilities, to support culture and diversity, to increase workforce capacity, and to improve the social care system.

Social care is a fundamental part of all our communities; it supports people to live their lives every day, and most people who work in social care find it incredibly rewarding. But it's facing a complex challenge with recruitment and retention.

Our [State of the Adult Social Care Sector and Workforce in England](#) report published in October 2022 highlighted the immediate and longer-term capacity issues that social care is facing. Our data showed that, while we're going to need 480,000 extra people working in social care by 2035, there were 165,000 vacancies every day - with 28% of the workforce aged 55 or over and potentially retiring in the next 10 years.

The report attracted unprecedented attention, setting the news agenda on the day we launched it. Its key findings have been widely quoted ever since, helping to keep the challenges facing social care in the public eye.

We're grateful to all the social care providers who contribute their data by using the Adult Social Care Workforce Data Set (ASC-WDS). Without those contributions, estimates of the detail and accuracy we include in the report wouldn't be possible.

Back in October, when we launched the report, we spoke about the importance of delivering on the commitments in the 'People at the heart of care' white paper and the need for a workforce strategy to promote adult social care as a rewarding long-term career for the next generation. Since then, the Government has set out their next steps to support people who receive social care and we're working in partnership with the Department of Health and Social Care (DHSC) on a call for evidence to inform the development of a new care workforce pathway for adult social care.

This is welcome, but there's still a need for a workforce strategy for adult social care that offers a clear and properly funded plan of where we need to get to in the long-term. Social care remains a rewarding, challenging and fulfilling long-term career for our workforce. We continue to talk about how rewarding social care is to work in so that we attract more people, and we want to make it easier for the people who love working in social care to stay by improving terms and conditions and investing in their career development.

Despite the challenges social care faces, we see providers and their employees dedicated to supporting and providing high-quality care to those who draw on it. On behalf of Skills for Care, I'd like to thank you for your hard work and incredible commitment.

The high-profile state of the sector report is just the tip of the iceberg in a year when we've achieved a great deal. Other highlights from our work this year include a programme of activities to ensure that social care can thrive in Integrated Care Systems (ICSs), working with DHSC to develop a Code of Practice to support the Oliver McGowan Mandatory Training on learning disabilities and autism, and the relaunch of our impactful Moving Up development programme.

Much of our work has been greatly enhanced through strong and effective partnerships and relationships with organisations and individuals across the sector at a national, regional and local level. I'd like to thank all the partners we work with and look forward to achieving even more together in the future.

Finally, I'd like to say a big thank you to all Skills for Care colleagues for achieving so much throughout the year. Their expertise, relationships and hard work mean we can make a real difference to the social care sector.

Donagh Smyth

Donagh Smyth (Aug 8, 2023 12:28 GMT+1)

Donagh Smyth

CEO

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 2023.

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

Our vision is of a fair and just society, where people can access the advice, care and support they need to live life to the fullest.

Our mission

Our mission is to support and empower current and future social care leaders, employers and the wider workforce.

Trustees' report (continued)

Strategic priorities

In pursuit of our mission and vision we pursue four strategic priorities that help shape the make-up of the adult social care workforce, drive forward reform, and ensure that social care is seen as a valued and worthwhile career. Our approach evolves to reflect feedback and the changing landscape of social care and our communities.

- Supporting workforce capabilities to ensure staff have the right skills, knowledge, competencies, values and behaviours to meet current and future needs in our communities.
- Supporting culture and diversity to ensure the workforce is treated equally, feels included and valued, and is supported to stay well and pursue their careers in social care.
- Increasing workforce capacity to make sure we have the right number of people, with the right values and behaviours, working in social care now and in the future.
- Improving the social care system to ensure it's well-funded, supports people to live the lives that they choose, and attracts the right people to the workforce.

Achievements and performance

Supporting workforce capability: why is this important?

We know that the people working in care and support roles are the sector's biggest asset, and the dedication and skill of people working in social care forms the foundation of high-quality social care.

Population changes, the pandemic, and the loss of experienced staff all have a bearing on the changing skills needs of the sector. The proportion of the overall workforce with a relevant social care qualification has been steadily decreasing since 2017 to around 42% (source: ASC-WDS). Increased workforce development in adult social care, will drive improvements in care quality, staff retention and workforce productivity.

Our capability work in 2022/23

We want social care employers and people working in social care to have the skills, knowledge, competencies, behaviours and values to meet current and future needs. In the shorter term we want employers and decision-makers to understand and invest in the learning and development needs of the workforce.

Our capability work covers all the adult social care workforce, including the regulated professions. It often involves development of new qualifications or learning provision or updating existing qualifications and learning provision. We support employers to develop their teams by helping employers understand what good development looks like and how to access it and by providing funding and support for the market of learning providers.

In terms of developing new learning provision or reviewing existing provision, we reviewed the options for making the Care Certificate more portable, quality assured and consistently acceptable to employers resulting in a recommendation that it should be a level 2 qualification. This recommendation was accepted by the Minister of State for Social Care. We also reviewed **Level 4 learning and qualifications** and made some recommendations to DHSC, supported the Social Work Trailblazer Group on their work to reform the degree apprenticeship and add a Level 7 route and developed a **Level 5 commissioning qualification**, including a learning disability and autism version. This commissioning qualification was accessed by around 500 learners. An independent impact evaluation of the Level 5 commissioning qualification demonstrated a positive impact in terms of confidence, commissioning knowledge and intention to commission in a more innovative and person-centred way. **93%** of learners found the qualification useful.

Trustees' report (continued)

To ensure that managers are familiar with **Care Quality Commission (CQC) regulation and best practice**, we developed guidance and offered courses covering 'Being prepared for your CQC inspection', 'Improving your CQC rating' and 'Delivering Outstanding Care'. **99%** of those attending the course on being prepared for your CQC inspection found it useful. **100%** of those attending the course on 'Improving your CQC rating' found it useful.

To support employers to develop their workforce we ran six webinars on apprenticeships which attracted 237 attendees and 216 repeat viewings. We also worked with partners to develop principles to support safe and effective **delegation of healthcare activities** to social care. These are accompanied by supporting products and videos. An evaluation will take place in 23/24 to inform future iterations.

We know that employers struggle to provide learning and development opportunities for their teams because of financial barriers and disbursing funding through the **Workforce Development Fund (WDF)** is one way we support the sector with this. The fund allows an organisation to claim back money towards the costs of people completing a broad range of adult social care qualifications, learning programmes, and digital learning modules. **91%** of employers agreed that the WDF had improved the skills and qualification levels of their staff and teams. WDF helped employers recognise the importance of training, with **69%** becoming more interested in training.

The rapid response programmes, we set up under covid regulations, continue to support employers with a **Rapid Induction programme** for new entrants and **Essential Training** to existing staff for core and mandatory learning. Up to the end of March 2023, the Rapid Induction programme supported **800** employers, provided an induction programme for **5,462** new entrants to the workforce, supported completion of **20,073** essential core and mandatory training programmes for **771** employers, and supported **372 Volunteers**.

We looked at the supply of learning provision and our **Endorsed Learning Provider Programme** supporting DHSC to deliver quality learning and development across social care and continue to grow the numbers of learning providers seeking this quality mark.

Regulated professionals make up 5% of adult social care sector job roles. There are an estimated 23,500 social workers, 32,000 registered nurse and 3,200 occupational therapist roles. Although they represent a relatively small proportion of the total adult social care workforce, they are vital to the success of the social care system, integrated health and social care planning and delivery.

The **Assessed and Supported Year in Employment (ASYE)** is a 12-month, employer-led and employment-based programme of support and assessment for newly qualified social workers (NQSWs). It supported around **1,480** NQSWs in adult services and around **2,850** in child and family services. The recently refreshed framework provides a consistent national approach for adult, mental health, and child and family services.

We know that across adult and child and family services, 99% of ASYE leads understand the current arrangements for the assessment of the ASYE against the Post Qualifying Standards (formerly Knowledge and Skills Statement) and Professional Capabilities Framework. 97% are confident in the capability of their ASYE supervisors and all are confident in the capability of their ASYE assessors.

The number of nurses working in social care has fallen over a number of years. The **'We are social care nursing'** brand and regular newsletter sent to 1,156 contacts (an increase of 352% during the year) shares and celebrates the exceptional work being done by nurses and nursing associates working in social care. We have focused on growing the number of nurses interested in working in social care by developing student placements and are working on a resource which will demonstrate career opportunities for nurses and nursing associates in the sector. The highlight of a successful **'We are social care nursing'** conference was a film made

Trustees' report (continued)

by a group of people with lived experience which is going to be made more widely available. The event was attended by 161 people on the day who shared some positive feedback on their experience including finding it "inspirational and very motivating". We delivered our Nurse Leaders programme in partnership with 3 local authorities. The programme provides leadership development for nurses working in social care.

We worked with a steering group and expert reference group of health and social care stakeholders on guiding principles to support safe and effective **delegation of healthcare activities** to social care. These are accompanied by supporting products and videos. An evaluation will take place in 23/24 to inform future iterations.

The impact of our capability work in 2022/23

There is evidence that we have helped employers **understand the learning and development needs of their workforce**.

By the end of February 2023, 58% of workplaces sharing their data with ASC-WDS adopted training and qualifications records which help this.

67% of beneficiary employers had undertaken new training needs analyses because of WDF and 72% had developed or refreshed training plans.

Our campaign evaluation found that 91% of employers understand the learning and development and qualification needs for the job roles of their staff.

Learners on the essential training reported that some of the benefits they learned were:

"Putting what I've learnt into practice for example, different types of items that can be adapted when it comes to eating."

Another reported: My trainers over the last two days have done a fantastic job taking the time and care to explain in great detail all parts of the modules. Very helpful and pleasant to train with so thank you!

"I'm so glad to be participating in these webinars, they enhanced and built my knowledge. Thanks for this great session. I appreciate it."

"I think before I did it I was more likely to accept the 'oh that's not how we do things here' line, whereas now I've progressed by doing this I would be less likely to accept that, and I would be like 'why is that?' And I'm definitely more comfortable challenging that."

Participants on the commissioning qualification reported:

"I seem to be an advocate for this course, I keep telling people to get on it! It's just invaluable, I think it's a really good tool to get people on, it just makes sure you've got the basics embedded and just sets the tone for the commissioning moving forwards."

"Fantastic, well organised and coordinated event. Positive, uplifting and certainly a day of reflection."

Attendee at the 'We are social care nursing' conference:

"I use the GO online inspection toolkit and think it's great. I'm finding it useful to train new managers to understand how to prepare and meet each area of inspection. It enables us to see instantly what area we need to focus on improving."

Trustees' report (continued)

Future areas of focus for our capability work

Over the next three to five years, we want there to be a nationally agreed and consistent career pathway for social care that employers understand and use to develop staff.

We will continue to work in partnership with DHSC on the development of this pathway to ensure it reflects the skills, behaviours and expertise needed to deliver high-quality, personalised, compassionate care and support in collaboration with the sector. The call for evidence for the first part focuses on staff in direct care roles will run to the end of May 2023.

We were successful in securing the contract to develop a qualification specification for awarding organisations for both the **Care Certificate** at Level 2 and a Level 5 Award in **Digital Leadership**, based on the newly-developed Digital Skills Framework. This piece of work will run up to September 2023.

Supporting culture and diversity: why is this important?

People who work in workplaces that actively promote diversity and inclusion, report a sense of belonging, and this results in workers feeling valued and appreciated, happier and more resilient in their roles. Ultimately, this reduces staff turnover, saving employers time and resources associated with recruitment and training.

This is why promoting diverse leadership and inclusive and equitable workplace cultures is at the heart of our strategy. We hope that, through our support, employers will build inclusive and positive workplace environments, develop more diverse and compassionate leaders, who use our tools and resources to support people working in social care.

We will achieve this by supporting employers to have a better understanding of the issues around racism, discrimination and inequality, providing practical support and guidance to improve inclusive cultures, wellbeing of the workforce and providing support to people from diverse backgrounds to progress in their careers, using our data and insight to ensure that diversity is valued and that organisational cultures are positively developed.

Our culture and diversity work in 2022/23

We want current and future leaders and managers to have a better understanding of equality, to action positive change in relation to equality, diversity and inclusion (EDI), and build a positive workplace culture. To support this, we developed our 'Confident with difference' resource and a summary guide on racism, first shared in February 2023, it has been downloaded 83 times with wider promotion planned.

We worked with the University of Strathclyde and the LGBT Foundation to develop [a learning framework for knowledge, skills, and values for working affirmatively with LGBTQ+ people in later life](#). A launch event took place on 22 February, and we were joined by 449 people. Since launch the framework has been downloaded 583 times.

"We're delighted to see the LGBTQ+ Framework as a tool that will drive continuous improvement in the vital area of equality, diversity and, importantly, inclusion. We welcome the Framework that will enable us as a care and support provider to further consider the needs and preferences of people using our services. On a practical level the Framework provides a structure for the continuous improvement of our learning resources and cultural awareness, as well as providing competence checks for use within our workforce development."

Head of learning and development at a care provider

The ethnic profile of the adult social care workforce (23% Black, Asian and other minoritised ethnic people) was more diverse than the population of England (14% Black, Asian and minority ethnicity) in 2021/22. Workers from Black/African/Caribbean/Black British backgrounds (12%) accounted for over half of the Black, Asian and minority ethnic adult social

Trustees' report (continued)

care workforce. This compares to 24% of the Black, Asian and minority ethnic population of England.

However, women and ethnically minoritised people are under-represented in leadership roles in the sector. SfC 2020 research showed they faced challenges related to career progression, and we want diverse leaders and managers to have a greater opportunity to progress their career – for example, women account for 82% of the overall workforce but only 68% of senior managers. Men are under-represented in the overall workforce as they only account for 18% of people working in the sector.

Our development programme 'Moving Up' supports people from diverse backgrounds with progression, networking and support. It has had a positive impact on participants, including:

- belief in their ability to influence equality, diversity and inclusion increased by **26%**
- belief in their ability to progress their career increased by **8%**, clarity about career ambitions by **11%** and understanding of career motivations and drivers by **14%**
- at the end of the programme, participants rated themselves **26%** higher than at the beginning in relation to adequately supporting their own wellbeing.

We established a Race Equity Reference Group made up of thought leaders in EDI and social care. The group advises on our current work, helps shape Skills for Care future direction and provides opportunities to champion our EDI commitments. They meet 4 times a year and offer advice, support and form working and task-based groups in-between.

Members of the workforce told us that racism was one of the biggest challenges they faced. We know from our analysis of protected characteristic data that Newly Qualified Social Workers (NQSWs) from a minority ethnic background were more likely to fail their ASYE than white NQSWs. We looked at data from the last four years, finding that 1.8% of NQSWs from a minoritised ethnic background failed, compared with 0.8% of white NQSWs.

Consultation with NQSWs and their feedback on their experiences of the ASYE, led to the development of the Group for Ethnic Minority Social Workers (GEMs). We held four successful meetings in 2022-23. These were attended by 53 NQSWs from minoritised ethnic backgrounds. The forum provides an opportunity to discuss experiences, to better understand issues relating to anti-racist practice and to identify ways of dealing with racism. **67%** of adult ASYE employers reported their organisation incorporates anti-racist practises in the delivery of the ASYE programme.

We want the whole workforce to be aware of **mental health and wellbeing** and be able to support it in themselves and others. We are working nationally with partners through the National Wellbeing Strategic Steering Group and this year we revised our 'Creating a positive workplace culture toolkit' which has been viewed **11,215** times.

Strong leadership is key to ensuring that the sector continues to develop to meet the ever-changing challenges ahead. Excellent leaders are needed at every level across social care. As well as ensuring high quality, safe, and effective care services, they also help develop a motivated, confident, and caring workforce. In October 2022 we launched our [leadership brochure](#) offering our support available and outlining hot topics for leaders, and the importance of developing leadership skills for, aspiring, existing and senior leaders. It was downloaded from our website **685** times.

Future areas of focus for our culture and diversity work

We have ambitious plans for 2023-24, with the design of new leadership programmes and the expansion of our Moving Up and nurse leadership programmes following increasing demand for these across the sector.

Trustees' report (continued)

We are supporting work around recruiting displaced people talent, partnering with the Stephen Lawrence Research Centre to develop transformational storytelling exploring the pathways and obstacles into leadership.

We are supporting the quality improvement processes around the Social Care Workforce Race Equality Standard and next collection of data with Local Authorities, providing strategic advice. Linking this with the implementation of the Health and social care review: leadership for a collaborative and inclusive future (Messenger Leadership Review) recommendations on EDI. We are designing and testing a Human Rights and Equality behavioural change training programme and developing an EDI action plan that reinforces our EDI commitments.

Increasing workforce capacity: why is this important?

To meet the increasing needs of a growing, ageing population, with rising levels of morbidities and care needs at all ages (All Party Parliamentary Group for Longevity, 2020; Idriss et al, 2020), the workforce needs to grow – **we estimate 27% (480,000 extra jobs) by 2035** (source: Skills for Care workforce estimates 21/22).

There is also a significant replacement demand, with over a quarter of the workforce aged over 55 (Skills for Care, 2022). With persistently high levels of staff turnover (29%; 400,000 leavers in 2021/22) and vacancy rates (10.7%; 165,000 vacancies), employers struggle to meet present demand, let alone future demand.

Our '**State of the adult social care sector and workforce in England 2022**' report showed that pay, travel to work distances, training and qualifications, and contract type are all factors that affect an employee's likelihood of remaining in an adult social care job. This had a large reach and gained extensive media attention in October, raising awareness of capacity challenges facing the social care sector. The latest figures in this report highlighted that the number of vacant posts in adult social care had increased by 52% in one year - the highest rate on record.

Our capacity work in 2022/23

We want social care to be better understood, more valued and seen as a career of choice, attracting more people into the sector.

One of the ways that we support to increase capacity is by drawing attention to the current challenges and the solutions.

On the day of publication of our workforce report, tweets about the report reached over 27,500 people, with 86 retweets and 19 quote tweets to the launch post alone. Our overall reach for all related Skills for Care posts, across Twitter and LinkedIn, was 75,566 (with 2,228 engagements).

From the initial launch, to ongoing citing of data from the report since it was released, we recorded 827 pieces of media coverage between 11 October 2022 and 24 November 2022 across online, print and broadcast media including national, regional and care sector press.

Our report and findings were used in a House of Lords debate and continued to be used in parliamentary activity and policy development around social care.

Our [study into new starters in adult social care](#) (which we published in 2022/23) found that the best ways to retain new starters are to:

- avoid zero-hours contracts
- focus support on young starters
- use values-based recruitment and retention practices
- train new starters and aim to equip them with a social care qualification, to support their retention in adult social care, beginning with the Care Certificate

Trustees' report (continued)

- recruit locally, pay well and support staff wellbeing
- provide high-quality induction and buddy schemes, clearer career pathways and ongoing training opportunities.

We want more employers to adopt Skills for Care best practice insights, tools, data and intelligence to reduce their staff turnover and vacancy rates. In 2022/23, **we expanded our reach into the sector from 43% of CQC-registered providers to 55%.**

In 2022/23, our workshops on values-based recruitment resulted in a 48% increase in the percentage of employers self-reporting as confident in values-based recruitment after the workshop as compared to before.

Our research shows that values-based recruitment and retention practice brings a positive return for employers who implement it (£1.23 for every £1 spent on values-based recruitment [(*Consilium, 2016*)]).

We delivered a series of eight 'Safe and fair recruitment' seminars across England, which were attended by **130** people. These were designed to help employers understand their rights and responsibilities when dealing with applicants or existing staff or volunteers with criminal records. They achieved a 35% increase in knowledge and a 42% increase in confidence after the workshop compared to before.

We worked closely with DHSC on international recruitment support running three webinars attended by **268** people, developing a toolkit for employers, creating help sheets, and promoting DHSC resources. **234** rapid inductions funded for international recruits between January 2023 and April 2023 via WDF.

We worked with the Local Government Association (LGA) to develop a 'Top tips guide for retention' that has been viewed **1,551** times since launch in February 2023.

We support employers and careers advisors to promote opportunities to everyone including diverse communities, people who are currently under-represented, and students at schools and colleges. We share information and resources from our Think Care Careers website to promote information on the routes into adult social care, career pathways and values required to work in social care. We had **288,207** views of the Think Care Careers website between 31 March 22 and 31 March 23.

Skills for Care have had a formal partnership agreement with the Department for Work and Pensions (DWP) and JobCentre Plus (JCP) since 2015. This involves working at a national level to ensure we support DWP/JCP with understanding the adult social care workforce.

Our **Valuable People** product is an innovative, wrap around, place-based programme supporting social care organisations and Integrated Care Systems to find and keep the workers they need. It includes support for those involved in recruitment, sessions for senior managers, HR professionals, registered managers and individual employers in adult social care on values-based approaches, and bespoke data analysis. We delivered 10 cohorts to 8 organisations. Feedback from one organisation who had sessions for approximately 30 of their senior and managerial staff recognised, as a result of the programme, that although they were already doing value-based recruitment they had not fully implemented it.

We were also involved in the delivery of a series of five 'Learn live' careers broadcasts to around 10,000 young people to promote the opportunities of a career in care. Connecting with young people on social care is an important part of building sustainability for the future.

Future areas of focus for our capacity work

The long-term goal for capacity is to have enough people working in social care with the right values to meet needs now and in the future.

Trustees' report (continued)

We will continue to encourage employers to adopt our best practice insights, tools, data and intelligence to reduce their staff turnover and vacancy rates.

Improving the social care system - why is this important?

A workforce that has the right number of people, with the right skills, in the right jobs is at the core of truly person centred integrated care. This requires the workforce to be sufficiently funded and for reforms to address the current and future workforce challenges.

However, the funding gap for social care in 2022 was estimated to be **£7.1 billion** ([the Health Foundation](#)), and levels of public satisfaction are low. In 2022, only 15% of people thought social care services were good in their area and this dropped to 11% in 2023 (Ipsos and Health Foundation).

Our Evidence Review in January 2021, recognised the importance of integration and joined-up working across systems and a need for national leadership on social care, with a shared vision and political consensus on how to address the main challenges.

Our system work in 2022/23

We want local and national decision-makers to **use our high-quality data**, models, intelligence, tools and best practice insights to improve workforce planning, commissioning, and build a national workforce strategy for social care.

To do this, we need to have high quality data accessed by decision-makers. **51%** of CQC regulated workplaces were using ASC-WDS at the end of February 2023 – that is **14,114** workplaces. ASC-WDS had **over 10 million** page views. There were **195,000** tableau views of ASC-WDS data, an increase of 21% on the previous year.

Our annual 'State of the adult social care sector and workforce in England' report is a key part of this work, and brings our data and insights to the forefront of discussions. Our 'State of the adult social care sector and workforce in England' report was downloaded more than **2,700** times.

We want there to be **increased awareness and understanding of social care across the health and care system, including at ICS level**. Nationally, we continued to contribute to high-profile debates and activity, including providing a detailed written submission to the [Hewitt Review of Integrated Care Systems](#), and a wide range of speaking engagements at major conferences and events – including presenting at the NHS Confederation conference. Our robust local engagement allows us to intervene, convene, influence and collaborate with regard to key sector stakeholders and employers.

The importance of developing systems leadership across the sector is paramount and the Messenger review recommends encouraging top talent into parts of the system facing challenges – and to consider incentives and support to enable the best leaders and managers to take on some of the most difficult roles.

Nationally, we helped produce a [guide](#) for system leaders to plan for an integrated workforce in partnership with NHS Employers, ensuring that adult social care language, challenges and priorities were reflected and landed with a key audience through joint promotion with health leaders. The guide was published online and attracted **3,500** users in the first 6 weeks of publication. It was showcased to ICS workforce leads at an ICS conference held in November in order to gather feedback and next steps; it's envisaged a second guide will be released in 2023 on building trust and relationships.

We sought to reflect the challenges and opportunities of social care engagement throughout ICS structures by engaging with key stakeholders and political actors. We worked directly with **over 80%** of Integrated Care Systems and we were members of **32 of the 42** People Boards. We provided oral evidence to the cross-party thought leadership roundtables hosted by the

Trustees' report (continued)

[Health Devolution Commission](#) into ICS workforce planning and management, an address to the NHS Strategic Workforce Forum, a presentation to an NHS Employers Board meeting and a high-profile main stage panel discussion at ConfedExpo 2022.

We continued to engage with and shape policy initiatives and consultation opportunities which influence the direction of integration. This included engagement and a meeting with Dr Claire Fuller on the [Fuller Stocktake](#) and our submission to the Hewitt review helped ensure the final report reflected Skills for Care statistics on the composition and value of adult social care and helped build a "compelling case" for adult social care provider engagement.

We worked closely with DHSC to help shape key integration guidance such as the [preparation of integrated care strategies](#) and the [principles for integrated care partnerships engaging with adult social care](#), where our feedback on earlier drafts ensured the full "diversity and breadth" of provider perspectives were recognised.

Over the short term, we aim to **increase understanding about integration within the sector**. We continued to run networks of registered managers, nominated individuals, CEOs, and other leaders to provide informal peer support and nurture the environment and individuals who will contribute to system leadership. Over **7,000** managers were connected to a Registered Manager Network and a minimum of over **3,300** individual managers attended at least one network meeting.

We have supported four networks for nominated individuals, and a further four networks for CEOs across our areas, reaching over **650** individuals.

We also continue to provide a **support offer to registered managers**, which speaks to the operational pressures and needs they face through the provision of guidance, advice and best practice. In doing so we're able to strengthen our engagement with this key audience, and support the conditions required for the provision of quality care, as well as system leadership. Our series of registered manager webinars remain popular, with over **8,500** views of our recorded webinars and a record attendance for a live webinar in March 2023 with 931 managers joining our session on the CQCs new inspection approach.

We want to support employers and commissioners in **workforce planning**. We have continued to support system partners to join up their local workforce planning and development for health and social care by publishing regional, ICS and local authority level data which we have shared and discussed with Health Education England, **all 151 Local Authorities** and **32 ICS People Boards**. We ran a campaign to raise awareness of what workforce planning is and how we can support it, including sending targeted communications to more than **30,000 leaders and managers**.

We work with colleagues in the health sector providing intelligence, insight and context on the adult social care sector with the aim of **increasing the recognition** (as equal partners) of providers and commissioners in integrated settings. Using our '**What is adult social care**' slide deck, Skills for Care supported a minimum of **40+** workshops, facilitated conversations or presentations at system or place level. We foster links between our networks and support and empower individuals to improve **involvement** and **increase collaboration** between social care and other sectors and stakeholders; at local level we are fostering links between our networks of sector leaders and their ICS to support engagement and develop the Networks position and ability to influence workforce development discussions and planning.

We strengthened links with CQC to inform and support their development of the Local Authority Assurance Framework, including aspects focused on **workforce and commissioning**. Knowledge of this draft framework will be used to inform our work with local authorities. Our **Workforce Transformation, Engagement and Policy Leads** now meet with CQC Head of Adult Social Care Policy monthly to support development of the framework, helping to ensure Skills for Care resources will be central to supporting guidance.

Trustees' report (continued)

These ongoing close connections with the CQC help inform our positioning and support to local authorities during the transitional phase, as the CQC framework is piloted and introduced in 2023/ 24.

The impact of our system work in 2022/23

We worked to increase the reach, intensity and effectiveness of our contact with national and local system leaders. We work directly with **over 80%** of Integrated Care Systems and we are members of **32 of the 42** People Boards. Through these connections, we know that **ICSs are using our data and reports for workforce planning.**

We maintained and **strengthened our engagement with key care providers, leaders and managers in adult social care**, with a continued focus on the provision of an effective offer of support to registered managers. Registered Managers reported that attendance at networks: gives **increased confidence** in their role (71%); makes them feel **more positive** about their role (74%); means they **better understand** how to make **improvements** to their service (73%).

At a recent event of **298** Nominated Individuals, they reported a greater understanding/awareness of ICSs (89%) and felt better placed to include ICSs as a result of attending (62%).

"[The 'State of the adult social care sector and workforce in England'] report is the most comprehensive publicly available source of workforce statistics for the adult social care sector in England" [Office for National Statistics](#)

"I make it a priority to come to the Registered Manager Network meetings. There is just so much to our role that I can't possibly know all the answers. Part of the meeting is to network with others who have similar experiences and to learn from them. We support each other and bring back ideas to our own service that directly benefits our staff and service users."

Registered Manager

Feedback from an event co-delivered with HEE on strategic workforce planning

"Some Excellent workforce data from Skills for Care" Workforce Lead, Regional ADASS

"The whole process was of huge benefit to the entire organisation. After consultation and input from our staff we now have a clear set of values from an idealistic perspective that are also specifically identifiable in terms of the standards of behaviours and attitudes we now absolutely insist on. This has now been embedded into every aspect of our operations from staff attraction, supervisions and appraisals. This has led to a significant improvement in morale, recruitment and retention which in turn has resulted in a higher quality input to our service users, improving the quality and outcomes of the care we deliver."

CEO describing our valuable people programme

Future areas of focus for our system work

We will continue to support any movement towards a social care sector workforce strategy which is essential to ensure we have the workforce for the future. We will continue to play a key role in system leadership and coordination, supporting DHSC to measure and implement reform agenda. For example, we will use ASC-WDS to measure the impact of reform investment.

The involvement of adult social care in local systems remains inconsistent, with ICSs at different stages in their understanding of, and engagement with, the sector. In 2023-24 we will build on our existing connections to the ICS People Boards, with the aim of connecting to all 42 Boards.

Trustees' report (continued)

We will work with partners to develop a shared definition of what successful integrated workforce thinking and planning looks like, and work through our connections to all Local Authorities and at least 32 of the ICS People Boards to embed this approach.

We will continue to facilitate the connection of senior leaders within the social care sector providing support to 25% more leaders within the year. We will support our networks and the individuals within them to connect with their counterparts in health and be meaningfully engaged in integrated workforce planning. We will develop links between at least 15 ICSs and their local networks in 2023-24.

Financial review

Financial internal control environment

Skills for Care operates within a defined risk management and governance framework.

The SfC board approve a set of standing financial instructions (SFIs) each year which set out the context of our internal control environment from scheme of delegation through to signatories on bank transactions. To enable colleagues to comply with these instructions we have a number of policies (inc procurement), processes and standing operating procedures in place underpinned by guidance including roles and responsibilities provided to our budget holders and budget keepers.

Skills for Care reappointed RSM, as internal auditors, to provide third party assurance and advice on the operation of the internal control environment. An annual audit programme taken from our rolling three-year review overseen by the Audit and Risk Committee (A&R) was agreed and included six compliance audits covering: governance, business development, business continuity and disaster recovery, budget monitoring, payroll and digital project management. There were also two advisory reviews of employer engagement and business planning and a follow up audit revisiting 15 recommendations from last year's audits. All recommendations are expected to be completed on time as agreed during each audit and explanations are sought where recommendations are superseded or delayed. The 2023/24 audit plan, agreed in April 2023 by the A&R Committee, includes five compliance audits and one advisory review covering disbursements, creditors and procurement, compliance, treasury, debtors and cash management, and further review of digital projects and business development, as these are key areas to achieve our strategic objectives. The advisory review is looking at the implementation of our performance reporting framework developed this year.

Skills for Care reappointed Brown Butler as external auditors and while they perform the statutory audit as part of this, they highlight areas for improvement in our internal controls which they report to the Board and we address each year. Their report following last year's audit states they 'have not identified any significant deficiencies in internal controls during their audit work and believe that the controls evidenced during their work are adequate for the group and that the group appears to be working proactively, with the use of external advice to seek continuous improvement'.

Skills for Care does not carry out any significant fundraising activities to raise funds from the public.

Group results for the year

Trustees plan for the group to manage costs within funding available, and agreed investments of charitable reserves, to resource and deliver our strategic priorities in year. We planned and budgeted on a number of potential financial funding scenarios.

The financial performance against last year is set out on the Statement of Financial Activities (SOFA) on page 33.

Trustees' report (continued)

Financial review (continued)

The underlying financial performance per SOFA before pension income and expenditure, is a breakeven surplus of £0.03m (2022 (£0.2m) deficit). This outturn is an improved position on our overall total £5m budget deficit due to:

- £2.5m (Budget £2.8m, 2022 £2.8m) capital resources were incurred in year, which are capitalised in the balance sheet as tangible and intangible assets as set out in note 8, and not included in 'resources expended' in the SOFA. As capital assets are depreciated and amortised, costs will be included in resources expended in the SOFA in future periods.
- £0.3m cost saving on total capital budget £2.8m (2022 £2.8m).
- £0.4m saving on depreciation and amortisation of capitalised assets due to timing of assets acquired throughout the year. Depreciation and amortisation of £2.5m (2022 £2.9m) has been charged in year as set out in note 14 and note 8.
- £0.8m saving on pension deficit payment as the £1m agreed in principle by the Board in March 2022, included in budget, was limited to the agreed statutory £0.15m paid in year. (Note 14f).
- £0.8m strategic, emerging and corporate cost savings (£1.1m actual note 14, £1.9m budget).
- £0.3m improved commercial surplus (£1.2m actual note 14, £0.9m budget)

Net incoming resources after FRS102 pension interest income and before 'other comprehensive income' is a £0.16m loss on unrestricted funded activities and £0.2m surplus on restricted funded activities resulting in an overall £0.03m surplus (2022: £0.7m surplus).

Other comprehensive income/costs in the group was £0.5m (2022: gain £7.3m) pension actuarial gain as explained further in Notes 14 and 17. There was an unrealised investment loss of £1.5m (2022: gain £3.1m) (Note 9, 14) due to the adverse financial market environment at the year end. Both of these are outside the Trustees' control.

The overall financial result is a (£0.936m) deficit (2022: surplus £11.1m) net movement in funds made up of (£1.135m) unrestricted deficit (2022 gain £11.7m) and £0.2m (2022 £0.1m) restricted surplus.

Incoming resources

The charitable group was successful in securing total incoming resources of £34.1m (before £1.3m pension interest). This is £3.4m below £37.5m budget (2022: £37.7m (before £0.9m pension interest), £38.6m inc £0.9m FRS102 pension interest). Actual income is in line with forecast and the reduction on budget is explained below:

Incoming resources are made up of £31.5m (2022 £35.8m) restricted and £2.5m (2022 £1.9m) unrestricted and £1.3m (2022 £0.9m) FRS102 pension interest. Although overall income reduced by 10% (2022: 6% increase), our key funders continue to recognise the positive impact we make on the sector delivering our agreed strategic priorities.

See note 4 for the detail of income.

Charitable activities

DHSC funded work programme: Our main client, continued to provide restricted funding for the delivery of our extensive annual work programme aligned to their priorities. We ensured the programme and resources allocated were flexible to meet new and emerging priorities.

Trustees' report (continued)

Financial review (continued)

Total funds for the year were **£25m** (2022: £28.2m), an 11% overall decrease on last year. This is due to an overall 5% reduction on the core workforce revenue and capital funding, £nil (2022: £1.2m) funding for approved mental health professionals and a £75k repayment of Learning Disability funding.

£2.3m ASC-WDS activity is now to be funded by a 2 year commercial contract, which, while being negotiated, DHSC agreed to finance out of unspent workforce revenue grant funds in year. There is accrued income for this, at the balance sheet date included in debtors note 11.

The total cost of the DHSC work programme was funded by DHSC, Skills for Care and securing some sector co-funding as set out in note 14.

Other charitable activities: We secured £6.5m (2022: £7.6m) restricted funding, a 14% decrease (2022: 12% decrease) on last year and 20% reduction on our £8.1m budget. This includes £5.9m (2022: £6.7m) budget £6.3m) Department for Education (DfE) contract income to disburse the Child and Family Assessed and Supported Year in Employment (ASYE). This is the first year of a two-year contract, with a potential opportunity to extend by a further two years towards the end of 23/24. It also includes £0.162m (2022 £0.162m, budget £0.162m) Level 2 Commissioner qualification year 2.

Skills for Care and Development (SfCD) UK activity generated £0.06m (2022: £0.06m) from UK partners, including Skills for Care the company host and England partner. In addition, charitable funding from other funders of £0.6m (2022: £0.6m) was deferred in creditors as activity relates to next year, as set out in the company note 12.

Whilst the budget (which included a stretching income target to secure) has not been wholly achieved, due to some activities overlapping into 2023/24 as the activities have not fully completed, the income for these has been deferred in creditors and we managed our charitable resource costs. In year, we have also invested our reserves in more dedicated commercial and business development resources to ensure we can respond to future opportunities.

Trading activities

Trading activity accounted for in the subsidiaries is set out in notes 3 and 14.

We generated **£2.3m** (Budget £1.9m, 2022: £1.8m), a **30% increase** (2022: 28%). Attendance at our leadership programmes such as 'Moving Up' and our Valuable People recruitment sessions have been in excess of budgets.

In addition, £1.2m (2022: £1.5m) income was secured relating to 2023/24 delivery, so deferred in group creditors as detailed in note 12.

Our activity within Affina Organisation Development Ltd (AOD) increased this year and we **exceeded the £1m income** barrier for the first time (Budget £0.93m, 2022 £0.72m). This was due to a significant proportion of work postponed during the covid pandemic period was rescheduled, with delivery deferred and income realised in 22/23. In addition, a new programme of work supporting compassionate leadership was rapidly designed, developed and rolled out in this period generating a considerable new income stream. Demand for assessment programmes has also increased, with at least 3 programmes delivered in 22/23.

Investments: Bank interest increased to £0.015m from almost nil last year, as interest rates started to rise.

Other income: Nil income this year (2022 £0.002m related to Covid).

Trustees' report (continued)

Financial review (continued)

Pension: £1.3m (2002 £0.9m) FRS102 pension interest and the Trustees considerations for the treatment of the pension asset is set out in note 17, the detailed figures disclosed being provided by the Actuary.

Resources expended

In line with our strategy and business planning cycle, we assess and plan our financial and people resources. Third party and corporate costs were managed within our standing financial instructions, budget holder and budget keeper responsibilities and within our procurement and competitive tendering guidelines, as appropriate. We allocate our resources where appropriate to ensure we delivered priorities within budget, provide value for money and we ensure spend is eligible, within funders' terms.

External professionals supported internal capacity and capabilities such as investment manager, external and internal auditors, pension actuaries, bankers and lawyers.

Throughout the year, we maintained a continuous effort to manage our people costs, third-party costs, engagement, Digital, Data and Technology (DDaT) and other essential corporate resources, delivering in-house, where appropriate. and seeking competitive tenders or changing the scope to achieve value for money.

Our People Directorate continued to oversee all people related activity. Our priorities continued to support delivery of our strategy by attracting and retaining highly talented, engaged and committed people. We have continued to focus on personal development and growth specifically with our Senior Management Team. The team has focused on team development through our AOD Team Journey in collaboration with our AOD partners and strengthening leadership skills with our compassionate leadership programme. Our employee wellbeing programme continues to be a significant feature of our employee experience commitments. Financial wellbeing has been an important part of our offer as we responded to the cost-of-living increases and the pressures that this has placed on many of our colleagues.

Our Belonging strategy which is our internal equality, diversity and inclusion activity has focused on Allyship which will continue into next year with support from our new membership offer with The Employers Network for equality and inclusion (enei).

We have invested in our internal operational infrastructure including transitioning to a new HR system and reviewing our data storage and GDPR compliance.

Continual growth and positioning SfC well for the future in a changing external context to achieve greater focus on impact, increasing our commercial offer and transforming our digital ambition, the Leadership embarked on an organisational change programme which has included responding with changes to roles and responsibilities and structures to support our new way of working.

Total funds carried forward

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

Restricted: The company has £0.20m (2022: £0.08m) funds committed to activities spanning the year end and £0.08m funding carried forward. These DHSC funds are expected to support activities agreed as part of the 2023/24 DHSC work programme.

Unrestricted: Funds are designated to activities as set out in the charitable reserves policy and detailed in note 14.

Trustees' report *(continued)*

Financial review *(continued)*

Reserve policy

The charity has a charitable reserves policy of maintaining unrestricted charitable reserves. The Finance and People Committee (F&P) monitor the charitable reserves policy and underlying assumptions. They make recommendations of designations of those charitable reserves to the Board, at least on an annual basis.

Charitable reserves

Charitable reserves of £40.2m (2022: £41.3m) are accumulated to fund the cost of minimum potential liabilities and not to exceed the estimated maximum costs including statutory redundancy, early retirement costs, six month's operational staff and third-party costs, where applicable, including a period of consultation for all staff, lease and pension liabilities and to cover necessary costs and commitments during an unforeseen period of financial difficulty.

There are sufficient charitable reserves to fund the actual and potential liabilities as set out in note 14 and contingent pension liability in note 15b, should a decision be taken to exit the pension fund.

Both our subsidiaries carry out non-charitable activity with an aim to generate trading surplus for reinvestment into our strategic priorities for the benefit of the sector. The Skills for Care Solutions (SfCSL) Board, AOD Board, F&P Committee and Skills for Care Board have oversight and review what may be required to fund future requirements.

Unrestricted charitable reserves are designated by the trustees for specific purposes as described in note 14.

Investment powers and policy

The charity's governing document gives the trustees the power to engage an investment manager. This authority has been delegated to the Finance and People Committee. The appointed manager throughout the year was CCLA Investment Management Limited, who manage the portfolio on a discretionary basis within agreed risk and return objectives. The portfolio is invested in a blend of CCLA's specialist COIF charity funds.

The Funds held during the year were the Ethical Investment Fund (annual management charge (AMC) 0.60% rebated to 0.50% for balances over £10m); the Fixed Interest Fund (AMC 0.22%) and the Charities Property Fund (AMC 0.65%). We did not realise any gains or losses during the year (2022: nil).

We have an unrealised loss of £1.5m for the year as shown in note 9. The total loss on our investments during the year was 4.2%. The investment objective is to achieve long term growth to maintain the real spending power of our reserves; the rate of return in any one year will depend substantially on market conditions in the underlying asset classes. Over the five-year period ended on 31 March 2023, total returns have averaged 6.7% p.a.

At approximately 45% of our total portfolio, the asset class most heavily represented by value is equities, which make up the majority of our largest COIF fund holding, the multi-asset Ethical Fund. The portfolio return therefore substantially reflects the returns from equity markets over a period in which inflation and interest rates were rising sharply, damaging equity valuations. 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. These other asset classes also suffered deteriorating valuations for much of the period under review.

Trustees' report (continued)

Financial review (continued)

The Finance and People Committee regularly monitors the return of the funds invested by the investment manager and compares the returns against relevant market indices; the committee also receives regular briefings from the investment manager.

We receive regular valuation updates from CCLA and if funds decrease by £0.1m between valuations, the Chair of Finance and People Committee is provided with an explanation.

The Company has a policy of placing funds, which are not invested with the investment manager, or not immediately required for working capital 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%-1% (2022: 0.05%-0.30%) on bank balances.

Plans for future periods

We are entering the third year of our four-year organisational strategy and continue to focus our work around the four strategic priority areas:

1. Increasing workforce capacity
2. Supporting the workforce's capabilities
3. Improving adult social care's systems
4. Supporting culture and diversity

Our strategy is underpinned by core strengths which are high-quality workforce solutions, strong relationships and networks, and intelligence on and insight into the workforce. These core strengths are very important to us and we will continue to build on these in the future.

We will continue to use our role, as the strategic workforce body for adult social care, to provide advice and guidance, standards and frameworks, influencing and convening, learning and development programme delivery, and peer-to-peer networks.

Our main priorities for 2023/24 will align with the DHSC reform agenda set out in the 'People at the Heart of Care: adult social care reform' White Paper, which will include the Care Workforce Pathway for Adult Social Care which we are working in partnership with DHSC to develop and will create a clear shared understanding of the knowledge, skills, values and behaviours needed to work effectively in adult social care.

We know that capacity in the sector will be a significant focus for both policy makers and providers of care services.

We are planning longer-term solutions as well as responding to short-term needs. As part of that, we are considering how we can maximise digital potential to make recruitment more efficient and encouraging and supporting all demographics of the population into care roles.

Culture and diversity is an important part of our work and we will continue to support the social care workforce race equality standards (WRES) and other programmes in this area.

We will weave our digital ambition into all of our work to ensure we can continue to engage with employers across the sector and to recognise that we are living in a more digital world.

Related parties and strategic partnerships

Our close strategic partnership with our counterparts in the other UK nations now also includes the Republic of Ireland and has expanded to seven organisations: Skills for Care, Social Care Wales, the Scottish Social Services Council, the Northern Ireland Social Care Council, the Early Years Alliance, Social Work England and CORU. This important relationship, under the

Trustees' report (continued)

Related parties and strategic partnerships (continued)

Skills for Care and Development umbrella, allows us 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.

This year we saw considerable and frequent changes in Government agenda, policy direction and personnel. As the delivery partner for the Department of Health and Social Care (DHSC) on leadership and workforce in adult social care, we have continued to work with colleagues at DHSC to influence the development of a range of activities, including the Care Workforce Pathway for adult social care. We also engaged with other government departments including the Department for Education and the Department of Work and Pensions.

This year, we have continued 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 and the organisations that represent them. This engagement enables us to seek to ensure that policy decisions will achieve positive outcomes for all.

We are an active partner in Think Local Act Personal (TLAP). We work closely with the Association of Directors of Adult Social Services (ADASS) at national level on their Workforce Development Network and locally with ADASS regional branch members. We have formed a strategic relationship with the National Care Forum (NCF) with a view to furthering the good history of collaboration between our two organisations.

Key activities included: convening round tables with the leaders of large national employers focusing on reform and capacity; the delivery of The Managers Conference in partnership with NCF, which attracted over 200+ frontline managers; the formation of a Care Worker Forum (CWF) on behalf of DHSC and NHS Transformation Directorate (NHSTD) to act as a sounding board with regard to their reform and wider activity; the participation of the DHSC in forums and groups convened by us including our Registered Manager Reference Group (RMRG) and Large Employers Group; close partnership working with The Outstanding Society; and delivery of our second annual national event for nominated individuals.

Skills for Care's area teams continue to maintain close relationships with key stakeholders and continue to have an important role at a local level in informing, intervening and influencing on behalf of the sector. Examples include:

- In the East, we have worked in close partnership with ADASS East through all stages of the International Recruitment funding bid development process. We have utilised our contacts to involve care associations, nominated individuals and registered managers throughout the bid development process and we have been a key voice at a range of stakeholder meetings linked to the bid development.
- In the South West, we have been key in supporting the development of a regional Integrated Care Systems and Social Care joint Community of Practice, working to share good practice ideas and challenges in integrated working with Adult Social Care across the 7 Integrated Care systems.
- In the North West, we facilitated CEO & Commissioners network activities on ways to link more closely with ICSs and develop the voice of social care providers in strategic workforce development discussions. Our team is now approaching the ICS Programme Directors to support the development of further integration between health and care.
- In the Midlands, the area team has worked with local authority and ICS leads across Nottinghamshire and Nottingham City on scoping work and supporting the development of a workforce strategy for the Care & Health workforce.

Trustees' report (continued)

Related parties and strategic partnerships (continued)

We deliver, quality assure and administer - including disbursement of resources - the ASYE for the child and family sector on behalf of the DfE.

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

We work in partnership with the Chief Social Worker and Chief Nurse in DHSC, influencing and supporting them and their teams on relevant strategic workforce issues. We worked with Health Education England, NHS England and DHSC over an extended period on the development of a refreshed 'Framework 15' Strategic Workforce Framework which for the first time included the Regulated Workforce in social care. The report was significantly influenced by Skills for Care and the wider social care sector and sets out the need to clearly understand the shape of care, education and work in order to effectively understand the shape of the future workforce and effectively plan for it. We hosted a social care stakeholder group, and helped to facilitate the national deliberative debates, as well as ensuring that senior leaders, learners and people with experience of drawing on care were included in the process.

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 2023 was 10 (2022: 13).

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, and a role specification is used in the selection process. The Remuneration and Nominations Committee (R&N) lead the trustee recruitment process and regularly 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. The membership of the Board is kept under review and re-aligned as appropriate.

Trustee induction and training

The Chair and CEO 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 DHSC work programme, business plan and recent financial performance of the charity.

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

Organisational structure

The Board of Trustees administer the charity and meet at least four times a year to make strategic decisions regarding the charity. There are standing committees covering Finance and People, Audit and Risk, and Remuneration and Nominations.

A CEO is appointed by 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.

Trustees' report (continued)

Structure, governance and management (continued)

Charity governance code

We have adopted the principles of the Charity Governance Code. The assessments within the three-year cycle of Board evaluation are based around the principles of the Code. The Trustee handbook is also based around the principles of the Code.

Evaluation

We have a rolling three-year evaluation cycle in place 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 Charity Governance Code principles and identify areas for improvement.

In 2022/23, Trustees agreed to postpone the external evaluation for a year to allow time for the new Chair to settle into post, so the annual evaluation was based on a combination of year 1 and year 2 assessments. This included an initial assessment of the overall governance of Skills for Care against the principal statements of the Charity Governance Code by executive colleagues, followed by a similar assessment through a survey to Trustees and the Leadership Team. The survey also included some free text questions to give the opportunity to give more in-depth feedback. The findings were presented to Trustees in October 2022, where a series of recommendations were agreed. The actions identified in the review are being completed over the course of the following 12 months.

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 are also encouraged to confidentially feedback on the performance of the Board and to suggest any improvements through one-to-one discussions with the Chair of the Board.

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

The Trustees have considered the disclosure requirements of The Companies (Miscellaneous Reporting) Regulations 2018 and The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) and Regulations 2018 and how they apply to the Skills for Care Group. While we are not mandated to make such disclosure, we believe it is best practise to report what actions we are currently taking to comply with them.

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

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

- (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,

Trustees' report (*continued*)

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

(e) the desirability of the Group and its companies maintaining a reputation for high standards of business conduct, and

(f) the need to act fairly as between management members of the Group and its companies.

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

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

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

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

Our strategy sets 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 remain 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. We embrace using 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.

We are an organisation who always strives to maintain a reputation for high standards and business conduct. We have engaged independent internal auditors to regularly review our operations and procedures so we can continually improve as detailed in the section above for the internal control environment. 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 A&R Committee to ensure all objectives are aligned and risks mitigated for each individual organisation within the group.

As part of our work to become 'tender ready', we need to comply with Procurement Policy Note (PPN) 06/21 which requires suppliers bidding for major government contracts to commit to achieving Net Zero by 2050. We have calculated our carbon footprint across scope 1, 2 and partial 2 carbon emissions and have achieved public procurement PPN 06/21 compliance using the Government approved Green House Gases (GHG) Protocol and have been able to

Trustees' report (*continued*)

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

pinpoint the carbon hotspots within our organisation to develop a PPN 06/21 compliant carbon reduction plan which is available on our website for external stakeholders.

Internally we have developed an implementation plan with steps to reduce our emissions year on year led by a 'green team' who will be responsible for taking forward the actions and championing our approach.

We continue to review ways in which we can reduce our carbon footprint and the business miles we incur. We have continued significantly working from home, since the start of the pandemic in March 2020, reducing the impact of our usual travel and use of office space upon the environment and having had this experience, we invoked the break clause on our London office and in addition, we have significantly downsized our Leeds office to a space for only 24 desks and one meeting room which will reduce the number of colleagues working in an office environment.

Risk management

Skills for Care has a defined risk management framework to assess, review, control, 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 with associated escalation processes.

Principal risks and uncertainties

Throughout the year significant risks and uncertainties were reviewed by the Leadership Team (LT) through the corporate and directorate risk registers. Regular in-depth reviews were undertaken for known key risks and emerging risks. LT review key and emerging risks each month as a minimum and more frequently should key risks change significantly or significant emerging risks identified either from projects, the sector or wider funding landscape. The remit of the A&R Committee is to seek assurance that risks are being managed and ensure that any major risks are reported to the board for further consideration and agreement of further action if required. The committee members are also responsible for identifying, with LT, a number of activities for internal audit each year as part of the risk assurance framework; 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 cyclical schedule of audit.

At each A&R committee meeting, members review the corporate risks, undertaking an in depth review of specific key risks facing the organisation together with any project risks escalated by LT at each meeting.

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. Skills for Care 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 and routinely reviewed by the A&R committee. The risk registers for both subsidiaries were regularly reviewed and updated.

During the year, the major risks reported to the Board arose from uncertainty around future funding and how such funding will be accessed. Whilst this risk has been somewhat alleviated for 2023/24 by reaching agreement with DHSC on the grant to be awarded for that year there is still uncertainty for the long-term funding due to planned tendering processes to be

Trustees' report (continued)

Risk management (continued)

implemented by DHSC. Skills for Care are undertaking a strategic review to ensure they have an appropriate team to enable them to secure this funding in the future.

We undertook an in-depth review of data compliance to provide assurance that this area of risk is well managed.

Reference and administrative information

On 31 March 2023, there were 10 Board members. We had a number of Board members leave the Board as their final term had expired, and a number of new Board members appointed.

Trustees	Date of appointment or resignation
John Coughlan (<i>Chair</i>)	
Suzie Bailey	
Louise Bladen	Resigned 19 July 2023
Susan Bott	Resigned 27 June 2022
James Bullion	Appointed 30 August 2022
Gillian Day	Appointed 6 June 2022
Penelope Fell	Appointed 17 November 2022
Keith (Mark) Lever	Resigned 19 July 2022
Mahiben Maruthappu	Resigned 12 August 2022
Susan McMillan	Resigned 12 October 2022
William Mumford	Appointed 17 November 2022
Stephen Scown	Resigned 16 January 2023
Paul Snell	Resigned 12 October 2022
Neil Taylor	Resigned 12 October 2022
Munira Thobani	Resigned 14 December 2022
Amanda Thorn	
Naser Turabi	Appointed 17 November 2022
Mark Ward	

Chief Executive

Oonagh Smyth

Audit & Risk Committee

Louise Bladen (Chair) (until 19 July 2023)

Suzie Bailey

Penelope Fell (from 17 November 2022)

Susan McMillan (until 12 October 2022)

Bill Mumford (from 17 November 2022)

Stephen Scown (until 16 January 2023)

The Audit & Risk Committee reviews the annual Trustees' report and financial statements; ensures there is an effective system of internal control and risk management; ensures compliance policies and procedures are followed and relevant legislation and statutory requirements are adhered to.

Trustees' report (continued)

Reference and administrative information (continued)

Finance & People Committee

Keith Mark Lever (Chair) (until 19 July 2022)

Gillian Day (Board member from 6 June 2022, Chair of F&P from 19 July 2022)

Susan Bott (until 27 June 2022)

James Bullion (from 30 August 2022)

Mahiben Maruthappu (until 12 August 2022)

Neil Taylor (until 12 October 2022)

Amanda Thorn

Naser Turabi (from 17 November 2022)

Mark Ward

The Finance & People Committee oversees the groups finances to ensure short and long-term sustainability in line with the organisational strategy. It monitors the quarterly management accounts and charitable reserves and liabilities and escalates issues to the Board. It makes recommendations to the Board for agreement on the annual budget including principles and assumptions, and the year-end financials included in the draft Trustees' report and financial statements and accounting policies. It maintains an overview of investments and treasury management. The Committee also oversees people and culture activity associated with the strategy including workforce planning and key organisational developments, talent management, performance management, employee engagement, learning, development and growth and alignment of these activities to our values. It reviews the financials associated with people activity including headcount, reward and benefits and makes recommendations to the Board.

Remuneration & Nominations Committee

Susan McMillan (Chair until 12 October 2022)

Suzie Bailey (from 12 October 2022)

James Bullion (from 12 October 2022)

John Coughlan (Chair from 12 October 2022)

Paul Snell (until 12 October 2022)

Neil Taylor (until 12 October 2022)

The Remuneration & Nominations 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 leads the Trustee recruitment process, including the Chair's recruitment process, involving other Trustees to ensure there is the right expertise and knowledge on the panel, and makes recommendations to the Board on appointments. It considers succession planning and the composition of the Board to ensure it has the skills and knowledge to continue to operate effectively.

Company references

Skills for Care Ltd; Company number 03866683, Charity number 1079836

Skills for Care Solutions Limited; Company number 07938138

Affina Organisation Development Limited; Company number 04644495

The National Skills Academy for Social Care Limited; Company number 09698766 (*Dormant*)

Skills for Care Services Ltd; Company number 13778192 (*Dormant*)

All accounts are drawn up to 31 March.

Trustees' report (continued)

Reference and administrative information (continued)

Principal and Registered office

Westgate
6 Grace Street
Leeds
LS1 2RP

Advisors

External auditor

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

Internal auditor

RSM
Central Square
29 Wellington Street
Leeds
LS1 4DL

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

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 appointed Brown Butler as external auditors of the group for a period of five years to act for the audit of the financial years up to the year ending 31 March 2024.

Approval

The Trustee's Report, which incorporates the Strategic report, is approved by the Board of Trustees on 19 July 2023 and is signed on its behalf.

By order of the Board


John Coughlan (Aug 8, 2023 13:39 GMT+1)

John Coughlan CBE
Chair of the Board

West Gate
6 Grace Street
Leeds
LS1 2RP

Statement of responsibilities of the trustees of Skills for Care Ltd (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 2023, 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 2023 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and 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 Statement of responsibilities of the trustees set out on page 29, 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. This description forms part of our auditor's report.

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

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 and the 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 the Republic of Ireland (second addition – October 2019). 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:

- 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. We also discussed related party relationships and transactions involving them.

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: 19/9/23

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

	Note	2023 Unrestricted £	2023 Restricted £	2023 Total £	2022 Total £
Income					
Charitable activities	4	244,922	31,489,075	31,733,997	35,889,703
Trading activities	4	2,308,461	-	2,308,461	1,787,000
Investments	4	15,939	-	15,939	389
Other income	4	-	-	-	1,974
Pension	4, 17	1,257,000	-	1,257,000	875,000
Total income	4, 14	3,826,322	31,489,075	35,315,397	38,554,066
Raising funds	5	1,141,019	-	1,141,019	853,820
Investments	5	3,906	-	3,906	3,720
Charitable activities	5	3,944,278	28,934,704	32,878,982	36,985,700
Pension	5, 17	1,257,000	-	1,257,000	5,000
Total resources expended	5	6,346,203	28,934,704	35,280,907	37,848,240
Net (outgoing) / incoming resources before transfers		(2,519,881)	2,554,371	34,490	705,826
Transfers and designations	14 e	2,355,026	(2,355,026)	-	-
Net (outgoing) / incoming resources before		(164,855)	199,345	34,490	705,826
<i>Other comprehensive income</i>					
Actuarial gain on pension	14, 17	487,000	-	487,000	7,258,000
Unrealised investment (loss) / gain	9, 14	(1,457,204)	-	(1,457,204)	3,102,366
Net movement in funds		(1,135,059)	199,345	(935,714)	11,066,192
Total funds brought forward	14	41,295,105	83,379	41,378,484	30,312,292
Total funds carried forward	14	40,160,046	282,724	40,442,770	41,378,484

The notes on pages 37 to 63 form part of the financial statements.

Consolidated group balance sheet

At 31 March 2023

	Note	2023	2023	2022	2022
		£	£	£	£
Fixed assets					
Intangible assets	8	4,374,238		4,458,618	
Tangible assets	8	192,463		58,222	
Investments	9	33,531,625		35,125,409	
			38,098,326		39,642,249
Current assets					
Stock		7,304		12,221	
Debtors due within one year	11	5,544,712		5,385,336	
Cash at bank in hand		9,058,353		11,176,634	
		14,610,369		16,574,191	
Creditors: amounts falling due within one year	12	(12,026,580)		(14,111,611)	
Net current assets			2,583,789		2,462,580
Total assets less current liabilities			40,682,115		42,104,82
Provision for liabilities and charges	13		(239,345)		(239,345)
Net assets before pension			40,442,770		41,865,484
Pension liability	15b, 17b,c		-		(487,000)
Funds					
Unrestricted (<i>before pension</i>)	14		40,160,046		41,782,105
Pension liability	14		-		(487,000)
Unrestricted funds	14		40,160,046		41,295,105
Restricted funds	14		282,724		83,379
Total group funds			40,442,770		41,378,484

The notes on pages 37 to 63 form part of the financial statements

These financial statements were approved by the Board of Trustees on 19 July 2023 and were signed on its behalf by:

John Coughlan
John Coughlan (Aug 8, 2023 13:39 GMT+1)

John Coughlan CBE

Trustee and Chair of the Board

Company registered number: 03866683

Company balance sheet
At 31 March 2023

	Note	2023 £	2023 £	2022 £	2022 £
Fixed assets					
Intangible assets	8	4,374,238		4,458,618	
Tangible assets	8	192,463		58,222	
Investments	9	33,531,625		35,125,410	
Investment in subsidiaries	10	20,000		20,000	
			38,118,326		39,662,250
Current assets					
Debtors due within one year	11	5,193,524		4,476,976	
Cash at bank and in hand		7,642,962		10,105,087	
		12,836,486		14,582,063	
Creditors: amounts falling due within one year	12	(10,272,697)		(12,139,484)	
Net current assets			2,563,789		2,442,579
Total assets less current liabilities			40,682,115		42,104,829
Provisions for liabilities and charges	13	(239,345)		(239,345)	
Net assets before pension liability			40,442,770		41,865,484
Pension liability	15b, 17		-	(487,000)	
Net assets after pension liability			40,442,770		41,378,484
Funds					
Unrestricted (<i>before pension</i>)	14	40,160,046		41,782,105	
Pension liability	14		-	(487,000)	
Unrestricted funds	14	40,160,046		41,295,105	
Restricted funds	14	282,724		83,379	
Total charitable company funds			40,442,770		41,378,484

The notes on pages 37 to 63 form part of the financial statements

These financial statements were approved by the Board of Trustees on 19 July 2023 and were signed on its behalf by:


John Coughlan (Aug 8, 2023 13:39 GMT+1)

John Coughlan CBE

Trustee and Chair of the Board

Company registered number: 03866683

Consolidated cash flow statement

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

	Note	2023 £	2022 £
Net incoming resources		34,490	705,826
<i>Adjustment for:</i>			
Depreciation and amortisation	5, 6, 8	2,488,552	2,851,800
Impairment of investment	9	136,581	-
Disposal of fixed assets	8	-	21,586
		-	-
Interest income	4, 6	(15,939)	(389)
Net pension movement	14, 17	-	(870,000)
		<u>2,643,684</u>	2,708,824
(Increase) in debtors	11	(159,377)	(4,216,803)
Decrease in stock		4,917	12,036
(Decrease) / increase in creditors	12	(2,085,031)	4,127,719
Increase in dilapidations provision	13	-	139,345
		<u>404,193</u>	<u>2,771,120</u>
Cash flows from investing activities			
Interest received	4, 6	15,939	389
Acquisition of intangible fixed assets	8	(2,393,612)	(2,856,256)
Acquisition of tangible fixed assets	8	(144,801)	(5,339)
		<u>(2,522,474)</u>	<u>(2,861,206)</u>
Net cash (outflow) from investing activities			
Net (decrease) in cash and cash equivalents		(2,118,281)	(90,086)
Cash and cash equivalents at 1 April		11,176,634	11,266,720
		<u>9,058,353</u>	<u>11,176,634</u>
Cash and cash equivalents at 31 March			

Analysis of changes in net debt

	1 April 2022	Cash flow	Other non-cash change	31 March 2023
	£	£	£	£
Cash and cash equivalents	<u>11,176,634</u>	<u>(2,118,281)</u>	<u>-</u>	<u>9,058,353</u>

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. The presentational currency is £ sterling and except for note 17, all figures are stated to the nearest pound sterling (£). 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 the pension liability as an admitted body in the West Yorkshire Pension Fund. The pension 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 calculation are detailed in note 17.

The FRS102 liability as at 31 March 2023 accrued as a liability is £nil (2022: £0.5m) as disclosed in note 17b.

For transparency, a contingent pension exit liability of £7.5m is disclosed in note 15b.

The Trustees designated reserves towards funding the contingent pension exit deficit as detailed in note 14.

(ii) Income recognition

Where income received in the year is related to activity yet to take place, unspent income is deferred to the following year to fund delivery of the activity. Total income deferred is £1.8m (2022: £2.1m).

Where income is expected and meets the criteria of FRS102 paragraph 5.8, income is recognised in the year. Accrued income includes £2.3m for ASC-WDS (2022: £nil) as we have not signed the formal contractual agreement, but intention and assurance has been given.

(iii) Amortisation of intangibles and useful life of depreciable assets

Management regularly reviews the development of its major depreciable asset, ASC-WDS to estimate its useful life by assessing the reporting requests, the indication of ongoing requirements, the success of agreeing future developments and any future government plans which might require data from the service. The impact of agile developments 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 and other capital assets for the year is £2.5m (2022: £2.5m).

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 2022) - (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

Notes (forming part of the financial statements)

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 financial statements have been prepared on a going concern basis. Our DHSC sponsor has indicated funding for 2023/24 will be based at least on the same level of workforce revenue funding as 2022/23, increased capital grant funding and approval of second year ASC-WDS funding. Our work programme has been submitted for approval and agreed. Since the year end, DHSC has signed our revenue and capital grant letters.

The charity also has unrestricted charitable reserves at 31 March 2023 which the Trustees believe, together with the above, are sufficient to allow the charity to continue as a going concern for a period of at least 12 months from the date of signing these accounts. As a result, the Trustees believe it is appropriate to prepare the accounts on a going concern basis.

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 net movement in funds for the company only for the year is a loss £935,711 (2022: gain £11,088,298)

The group owns a minority interest in the ordinary share capital of Care Friends Limited and due to the size of the shareholding, is not accounted for as a subsidiary or associate (see notes 9b and 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 £0.28m DHSC funds to carry forward (2022: £0.08m) of which £0.2m is committed and £0.08m agreed carry forward for work to be agreed by the office of the chief social worker. 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 budget as agreed by the Board.

Budget holders are allocated specific resources in order to deliver the required outcomes.

Activities requiring commissioned work with outstanding milestones as at 31 March 2023 or relating to the outcomes of the 22/23 work programme are accounted for on an accruals basis and the costs relating to these milestones are included in the accounts.

Notes (forming part of the financial statements)

Commitments to meet future outcomes are not included in the financial statements and are shown in note 14 (f).

Governance costs incurred in connection with the strategic management of Skills for Care resources, compliance with constitutional and statutory requirements, including legal and audit costs. These are 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. A three-year lease exists for office space in Leeds which was signed in March 2022.

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 Statement of Financial Activities.

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.

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.

See note 17 for further details.

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:

Notes (forming part of the financial statements)

Restricted funds are funds subject to specific instructions or restrictions, which have been imposed by the 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 the Board and for the purpose of funding transitional changes, strategy development, pension liabilities, potential closure costs and periods of financial uncertainty, in accordance with the charitable reserves policy. At 31 March 2023, the unrestricted funds are sufficient to fund the estimated liabilities and contingent liabilities as detailed in note 14.

1.11 VAT

A significant proportion of input 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. Activities which are vatable fully recover input vat where relevant.

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; plus the fair value of the equity instruments issued; plus directly attributable transaction costs: less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities and contingent liabilities assumed.

1.14 Intangible assets, goodwill and negative goodwill

1.14.1 Goodwill

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

1.14.2 Other intangible assets

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

Notes (forming part of the financial statements)

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

1.14.3 Amortisation

Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful life of all intangible assets including ASC-WDS is 3 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.

1.16 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on a notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2. Goodwill on acquisition

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

3. Subsidiary undertakings

The company has two trading subsidiaries, Skills for Care Solutions Limited and Affina Organisation Development Limited. The aim of trading is to generate surplus funds paid to the charitable company under gift aid, for strategic investment into the sector and to pursue future charitable activities.

The group trading income and expenditure is shown in note 10 and as unrestricted activity in note 14.

Notes (forming part of the financial statements)

4. Income

	Group 2023 £	Group 2022 £
Restricted		
DHSC	24,981,940	28,223,250
Other funders	6,507,135	7,586,803
Total restricted income	31,489,075	35,810,053
Unrestricted		
Trading income less trading bank interest included below	2,308,461	1,787,000
Charitable income	244,922	79,650
Bank interest	15,939	389
Other income – Job retention scheme	-	1,974
Unrestricted (before pension)	2,569,322	1,869,013
FRS 102 pension income (note 17)	1,257,000	875,000
Total unrestricted income	3,826,322	2,744,013
Total income	35,315,397	38,554,066
Workforce revenue grant	21,906,341	23,820,000
ASC-WDS contract income (note 1 (ii))	2,293,356	-
Workforce capital grant	447,467	2,790,000
Approved mental health professionals	-	1,195,024
Neurodiversity, Disability and Learning Disability	180,000	180,000
Office of the Chief Social Worker grant	110,000	91,658
Office of the Chief Social Worker - WRES contract	70,000	-
NHSTD grant	50,000	-
Liberty Protection Safeguard (repayment) / income	(75,224)	146,568
Total DHSC restricted income	24,981,940	28,223,250
Dept for Education	5,924,724	6,699,038
Health Education England	292,801	120,345
NHS England	107,936	493,754
Capita Business Services	-	134,521
Registered Nursing Home Association	77,236	54,186
Local Authorities	60,000	45,833
Others	44,438	39,126
Total other restricted income	6,507,135	7,586,803
Total restricted income	31,489,075	35,810,053
Total unrestricted and restricted income	35,315,397	38,554,066

Notes (forming part of the financial statements)

5. Total resources expended

	Note	Staff costs 5 (a) £	Other costs £	Group Total 2023 £	Staff costs £	Other costs £	Group Total 2022 £
Trading activity cost of raising funds	14	494,735	646,284	1,141,019	430,768	423,052	853,820
Investments	5b	3,906	-	3,906	3,720	-	3,720
Charitable activities	5c	9,419,186	23,459,796	32,878,982	9,734,894	27,250,806	36,985,700
Pension	5f, 17c	9,000	1,248,000	1,257,000	(1,028,000)	1,033,000	5,000
Charitable activities	5c	9,432,092	24,707,796	34,139,888	8,710,614	28,283,806	36,994,420
Total resources expended	14	9,926,827	25,354,080	35,280,907	9,141,382	28,706,858	37,848,240
		£	£	£	£	£	£
Unrestricted		239,673	6,106,530	6,346,203	(1,813,854)	6,218,199	4,404,345
Restricted		9,687,154	19,247,550	28,934,704	10,955,236	22,488,659	33,443,895
Total resources expended	5d	9,926,827	25,354,080	35,280,907	9,141,382	28,706,858	37,848,240

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:

	2023 £	2022 £
Charitable activities	535,185	445,185
Trading activities	68,618	79,083
Investment activities	3,906	3,720
Total	607,709	527,988

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

5e) Disbursements of £18.1m (2022: £20.3m) include £10.8m (2022: £10.8m) WDF, £1.9m (2022: £1.6m) Adults ASYE, £5.2m (2022: £6.2m) DfE Child & Family ASYE, £0.04m (2022: £1.2m) AMHP, £nil (2022: £0.4m) volunteer programme and £0.16m (2022: £0.3m) other.

Notes (forming part of the financial statements)

5f) As per the changes to the fair value of assets section in pension note 17 and payroll note 7, £9,000 (2022 £1,028,000 credit) is the difference between £1.63m (2022 £1.8m) pension contributions made in the year and £0.7m (2022 £0.8m) current service cost and overpaid contributions in 2023 £0.9m (note 11b).

	Notes	2023 £	2022 £
Payroll (inc pension)	7, 17	9,926,827	9,141,382
Agency	7	353,918	203,016
Learning, development and recruitment		173,411	202,826
Travel		216,222	69,044
Commissioned work		1,554,625	2,217,018
Disbursements	5e	18,096,160	20,264,551
Workshops and meetings		92,442	79,432
Board and committees		17,088	3,525
Conferences and exhibitions		76,349	3,390
Rent, rates, utilities, and lease termination		183,665	607,168
Insurance		35,401	37,989
Cleaning and maintenance		9,610	10,194
Software, telecoms and equipment		103,891	199,409
IT leases, rentals, and licenses		188,406	524,138
Postage and courier		28,107	12,835
Printing and stationery		29,846	146,403
Subscriptions and publications		82,664	86,169
Promotion and advertising		119,455	25,336
Fees paid to external auditors	6	48,895	49,322
Internal audit, taxation services and legal costs	6	85,018	75,350
Bad debt		(12,188)	(16,644)
Pension interest	17c	1,248,000	1,033,000
(Profit) / loss on sale of assets	8d	(2,038)	21,587
Impairment of investment	9	136,581	-
Depreciation and amortisation	8	2,488,552	2,851,800
Total resources expended		35,280,907	37,848,240

6. Net incoming resources before transfer is stated as follows:

	Group	
	2023 £	2022 £
<i>After charging:</i>		
Auditors' remuneration - audit of these financial statements	37,510	35,419
Auditors' remuneration - audit of financial statements of subsidiaries	11,385	13,903
Auditors' remuneration - taxation and compliance services	13,280	4,029
Auditors' remuneration - internal audit services	50,996	43,754
Operating lease rentals - buildings and equipment	79,964	295,029
Amortisation of goodwill and intangible assets and depreciation of tangible fixed assets (note 5, 8)	2,488,554	2,851,800
Impairment of investment (note 9)	136,581	-
(Profit) / loss on disposal of assets (note 8d)	(2,038)	21,587
Other pension interest (note 5, 17c)	1,248,000	1,033,000
<i>And after crediting:</i>		
Bank interest receivable (note 4)	15,939	389
Other income - pension interest adjustment (note 4, 17c)	1,257,000	875,000

Notes (forming part of the financial statements)

7. Staff numbers and costs

The Remuneration & Nominations Committee determine all matters relating to the remuneration of the Chair and Chief Executive Officer. They receive proposals from the CEO and make decisions on any changes to the Leadership Team structure and remuneration outside of any organisational wide proposal. Proposals are presented to the F&P 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 well-being 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 £259,271 (2022: £206,475). The average number of staff employed by the group during the year, analysed by category, were as follows:

	2023	2022
Key management personnel (Leadership team)	10	9
Engagement including Marketing and Communications	75	72
Strategy, Impact and Policy	35	39
Operations	28	22
Digital, Data and Technology	11	13
People, Finance, Procurement, Disbursement, Risk & Compliance, Governance and Corporate resource support	31	34
Business Development and AOD	8	7
SfCD UK partnership hosted staff	1	1
	<u>199</u>	<u>197</u>

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

	2023	2022
	£	£
Gross salaries	8,987,189	8,284,182
Labour costs capitalised	(1,163,221)	(1,092,153)
	<u>7,823,968</u>	<u>7,192,029</u>
Employer's social security costs	1,001,928	869,230
Employer's pension costs (<i>before FRS102 adjustments</i>)	1,091,931	2,108,123
	<u>9,917,827</u>	<u>10,169,382</u>
Employer's pension contributions including one off lump sum payments	(1,630,000)	(1,865,000)
Current service cost	708,000	837,000
Overpaid deficit contributions (note 11b) and other (note 17)	931,000	-
	<u>9,926,827</u>	<u>9,141,382</u>

The above payroll costs exclude agency and secondment staff costs of £0.4m (2022: £0.2m).

Agency costs supported activities as a recruitment freeze was in place until DHSC agreed the work programme.

The above costs include £0.1m (2022: £0.005m) in relation to the costs of redundancy, settlements, notice pay and pension payments relating to 2 members of staff.

Notes (forming part of the financial statements)

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:

	2023	2022
£ 60,001 - £70,000	9	5
£ 70,001 - £80,000	2	-
£ 80,001 - £90,000	6	5
£120,001 - £130,000	1	1

The key management personnel compensation, for the Leadership Team and the Trustees, for the year is £896,177 (2022: £959,785). Total pension contributions for the above employees totalled £130,708 (2022: £158,232).

SfC used the agreed recommended contribution rate of 37.1% (2022: 37.1%) for the employer's contribution paid to the WYPF scheme.

As recommended by the 2022 triennial valuation, future employer contributions of 35.5% and statutory deficit payments were approved by the March 2023 Board.

Deficit payments totalling £0.152m (2022: £0.147m) were made, as SfC honours its statutory deficit obligations.

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

The Board started some face-to-face meetings during the year and eight trustees were reimbursed a total of £778 for out-of-pocket expenses. (2022: 1 trustee £40).

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.

Trustee directors' emoluments	2023	2022
	£	£
Aggregate emoluments (including employer's NIC) (pension £nil)	<u>39,848</u>	<u>37,897</u>

The Chair is entitled to £35,000 per annum (2022: £35,000).

The honoraria is authorised by Skills for Care's governing document and approved by the Charity Commission and are commensurate with the time dedicated to the company's affairs.

Notes (forming part of the financial statements)

8. Fixed assets

8a) Intangible and tangible assets

	ICT software and licenses		ASC-WDS (note 8b)		Company intangible assets		Goodwill & other (note 8d)		Group intangible assets		Office furniture & equipment		ICT hardware & project development		Group & Company tangible assets (note 8c)		Group intangibles & tangible assets	
	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	
Cost																		
At beginning of year	678,436	7,529,016	8,207,452	109,116	8,316,568	75,075	79,660	154,735	8,471,303	154,735	79,660	154,735	79,660	154,735	8,471,303	154,735	8,471,303	154,735
Additions	314,933	2,078,679	2,393,612	-	2,393,612	52,083	92,718	-	2,538,413	52,083	92,718	144,801	92,718	144,801	2,538,413	144,801	2,538,413	144,801
At end of year	993,369	9,607,695	10,601,064	109,116	10,710,180	127,158	172,378	109,116	11,009,716	127,158	172,378	299,536	172,378	299,536	11,009,716	299,536	11,009,716	299,536
Depreciation and amortisation																		
At beginning of year	603,874	3,144,960	3,748,834	109,116	3,857,950	70,552	25,961	109,116	3,967,011	70,552	25,961	96,513	25,961	96,513	3,967,011	96,513	3,967,011	96,513
Charge for the year	155,607	2,322,385	2,477,992	-	2,477,992	1,447	9,113	-	2,487,104	1,447	9,113	10,560	9,113	10,560	2,487,104	10,560	2,487,104	10,560
At end of year	759,481	5,467,345	6,226,826	109,116	6,335,942	71,999	35,074	109,116	6,444,015	71,999	35,074	107,073	35,074	107,073	6,444,015	107,073	6,444,015	107,073
Net book value																		
At 31 March 2023	233,888	4,140,350	4,374,238	-	4,374,238	55,159	137,304	-	4,518,543	55,159	137,304	192,463	137,304	192,463	4,518,543	192,463	4,518,543	192,463
At 31 March 2022	74,562	4,384,056	4,458,618	-	4,458,618	4,523	53,699	-	4,512,141	4,523	53,699	58,222	53,699	58,222	4,512,141	58,222	4,512,141	58,222

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

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

8d) As shown in note 5, a profit of £2,038 has arisen in the year on the disposal of assets that have been fully depreciated and written off in the previous year and therefore not included in the schedule above.

Notes (forming part of the financial statements)

9. Investments

Group and Company	2023		2022	
	Cost £	Bid value £	Cost £	Bid value £
At beginning of year (note 9a)	21,471,432	35,125,410	21,471,432	32,023,044
Impairment during the year (note 9b)	-	(136,581)	-	-
Unrealised (loss) / gain in year	-	(1,457,204)	-	3,102,366
At end of year	21,471,432	33,531,625	21,471,432	35,125,410

9a) The investment portfolio is managed by CCLA, our investment managers, through a blend of funds from the Charities Official Investment Fund (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 Board made a decision to write off the cost of investment resulting in impairment costs.

9c) As detailed in the financial review section of this report, the investment portfolio has experienced significant fluctuations and has resulted in an unrealised loss of £1.5m.

10. Fixed asset investments – Company

	Note	Shares in group undertakings £
Costs		
At beginning and end of year	3	309,185
Provisions		
At beginning and end of year		(289,185)
Net book value		
At 31 March 2023 and 2022		20,000

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.

Notes (forming part of the financial statements)

Summary profit and loss accounts of the subsidiaries

	SfCSL	AOD	2023 Total	2022 Total
	£	£	£	£
Turnover	1,333,269	1,027,055	2,360,324	1,711,358
Cost of sales	(359,197)	(410,983)	(770,181)	(523,738)
Gross profit	974,072	616,072	1,590,143	1,187,620
Administrative expenses	(48,971)	(321,867)	(370,838)	(330,083)
Operating profit	925,101	294,205	1,219,305	857,537
Interest receivable	4,055	22	4,077	46
Profit before taxation	929,156	294,227	1,223,383	857,583
Tax on profit on ordinary activities	-	-	-	-
Profit for the year	929,156	294,227	1,223,383	857,583

Assets and liabilities:	SfCSL	AOD	2023 Total	2022 Total
	£	£	£	£
Current assets	1,181,511	943,986	2,125,497	2,087,100
Current liabilities	(1,171,511)	(933,986)	(2,105,497)	(2,067,100)
Total net assets	10,000	10,000	20,000	20,000
Called up share capital	10,000	10,000	20,000	20,000
Profit and loss account	-	-	-	-
Shareholders' funds	10,000	10,000	20,000	20,000

11. Debtors

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Trade debtors	1,289,030	4,700,665	600,680	3,710,805
Group undertakings	-	-	351,626	84,738
Prepayments	30,132	10,671	26,862	7,433
Accrued income (11a)	3,377,550	674,000	3,366,356	674,000
Other debtors (11b)	848,000	-	848,000	-
	5,544,712	5,385,336	5,193,524	4,476,976

11a) Accrued income includes £2.3m ASCWDS income due for a DHSC commercial contract under negotiation (2022 £nil). It also includes £1m (2022 £0.67m) DfE income due for Children and families ASYE registrations and completions in year, but not invoiced until after the year end.

11b) Other debtors include £0.84m pension refund due for overpaid pension contributions.

Notes (forming part of the financial statements)

12. Creditors: amounts falling due within one year

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Trade creditors	527,205	286,182	431,160	225,673
Other creditors	462,508	758,005	251,429	472,316
Accruals (note 12a)	9,182,739	10,978,604	9,003,481	10,904,508
Deferred income	1,854,128	2,088,820	586,627	536,987
	<u>12,026,580</u>	<u>14,111,611</u>	<u>10,272,697</u>	<u>12,139,484</u>

12a) Accruals include disbursements and contracts for services of £7m (2022: £8m) which are committed to the payment of milestones relating to activities undertaken during the year.

The remainder of the accruals are purchase orders £0.5m (2022: £0.8m) and other accruals £1.8m (2022: £1.2m).

13. Provision for liabilities and charges

	2023	2022
	£	£
At beginning of year	239,345	100,000
Increase in provision for Leeds office (2 nd floor)	-	139,345
At end of year	<u>239,345</u>	<u>239,345</u>

The provision relates to the potential dilapidation costs of the leased offices in Leeds.

As at 1 April 2023, we are still in negotiations with our landlords regarding the dilapidation costs of the 2nd floor.

Notes (forming part of the financial statements)

14. Reserves

	At beginning of year		Incoming resources		Resources expended		Gift aid payment and taxation		Unrealised gain/(loss)		Transfers and designation		At 31 March 2023		Commitments (note 14f)		At end of year		
	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	
Restricted																			
DHSC																			
Revenue grant	1,494	21,956,341	(21,992,800)	-	-	78,427	-	-	-	-	-	-	43,462	(43,462)	-	-	-	-	-
Capital grant	2,332	447,467	-	-	-	(449,799)	-	-	-	-	-	-	-	-	-	-	-	-	-
Neurodiversity, Disability and Learning Disability	-	180,000	(169,960)	-	-	-	-	-	-	-	-	-	10,040	(10,040)	-	-	-	-	-
Office of the Chief Social Worker	-	110,000	(13,502)	-	-	2,798	-	-	-	-	-	-	99,296	(19,296)	80,000	-	-	-	-
Liberty protection and safeguarding	79,553	(75,224)	(4,329)	-	-	-	-	-	-	-	-	-	-	(70,000)	-	-	-	-	-
Office of the Chief Social Worker – WRES	-	70,000	-	-	-	-	-	-	-	-	-	-	70,000	(70,000)	-	-	-	-	-
DHSC work programme	83,379	22,688,584	(22,180,591)	-	-	(368,574)	-	-	-	-	-	222,798	(142,798)	80,000	-	-	-	-	-
ASC-WDS contract (Note 11a)	-	2,293,356	(154,751)	-	-	(2,078,679)	-	-	-	-	-	59,926	(59,926)	-	-	-	-	-	-
DHSC	83,379	24,981,940	(22,335,342)	-	-	(2,447,253)	-	-	-	-	-	282,724	(202,724)	80,000	-	-	-	-	-
Other																			
Dept for Education	-	5,924,724	(5,758,005)	-	-	(166,719)	-	-	-	-	-	-	-	-	-	-	-	-	-
Health Education England	-	242,844	(210,123)	-	-	(32,721)	-	-	-	-	-	-	-	-	-	-	-	-	-
Other funders and costs of bids and proposals	-	339,567	(631,234)	-	-	291,667	-	-	-	-	-	-	-	-	-	-	-	-	-
Other restricted funding	-	6,507,135	(6,599,362)	-	-	92,227	-	-	-	-	-	-	-	-	-	-	-	-	-
Total restricted funding	83,379	31,489,075	(28,934,704)	-	-	(2,355,026)	-	-	-	-	-	282,724	(202,724)	80,000	-	-	-	-	-

Notes (forming part of the financial statements)

14. Reserves (continued)	At beginning of year	Incoming resources	Resources expended	Gift aid payment and taxation	Unrealised gain/(loss)	Transfers and designations	At 31 March 2023	Commitments (note 14d)	At end of year
	£	£	£	£	£	£	£	£	£
Unrestricted reserves									
Unrealised investment reserve	13,653,978	-	-	-	(1,457,204)	-	12,196,774	-	12,196,774
SfC closure reserve	8,595,158	-	-	-	-	1,135,657	9,730,816	-	9,730,816
Contingent pension exit reserve (15b)	3,151,413	-	(152,000)	-	-	4,500,587	7,500,000	-	7,500,000
SfC Strategy, development & business continuity	10,787,638	39,712	(1,269,200)	-	-	(4,289,769)	5,268,381	-	5,268,381
Fixed asset reserve	4,516,834	-	(2,488,553)	-	-	2,538,413	4,566,694	-	4,566,694
FRS102 pension reserve (17b,c)	487,000	-	-	-	-	(487,000)	-	-	-
AOD cumulative return on investment	289,683	-	-	-	-	294,227	583,910	-	583,910
Dilapidation reserve to fund	239,345	-	-	-	-	-	239,345	-	239,345
Dilapidation provision accrued	(239,345)	-	-	-	-	-	(239,345)	-	(239,345)
Lease renewal reserve	152,711	-	-	-	-	5,394	158,105	-	158,105
SfCD reserve	137,690	60,672	(52,996)	-	-	-	145,366	-	145,366
AOD goodwill reserve	10,000	-	(25,437)	-	-	-	10,000	-	10,000
Other charitable income	-	144,538	-	-	-	(119,101)	-	-	-
SfCSL and AOD gift aid	-	-	-	1,223,382	-	(1,223,382)	-	-	-
Unrestricted (before pension)	41,782,105	244,922	(3,988,186)	1,223,382	(1,457,204)	2,355,026	40,160,046	-	40,160,046
FRS102 pension liability (17b)	(487,000)	1,257,000	(1,257,000)	-	487,000	-	-	-	-
Unrestricted reserves	41,295,105	1,501,922	(5,245,186)	1,223,382	(970,204)	2,355,026	40,160,046	-	40,160,046
Total company funds carried forward	41,378,484	32,990,997	(34,179,890)	1,223,382	(970,204)	-	40,442,770	(202,724)	40,240,046

Notes (forming part of the financial statements)

14. Reserves (continued)	At beginning of year	Incoming resources	Resources expended	Gift aid payment and taxation	Unrealised gain/(loss)	Transfers and designations	At 31 March 2023	Commitments (note 14d)	At end of year
	£	£	£	£	£	£	£	£	£
SfCSL (Note 3)	-	1,337,325	(408,169)	(929,156)	-	-	-	-	-
AOD (Note 3)	-	1,027,077	(732,850)	(294,227)	-	-	-	-	-
Total trading activities	-	2,364,402	(1,141,019)	(1,223,383)	-	-	-	-	-
Total aggregate funds	41,378,484	35,355,399	(35,320,909)	-	(970,204)	-	40,442,770	(202,724)	40,240,046
Consolidating adjustments	-	(40,002)	40,002	-	-	-	-	-	-
Group unrestricted funds	41,295,105	3,826,322	(6,346,203)	-	(970,204)	2,355,026	40,160,046	-	40,160,046
Total group funds	41,378,484	35,315,397	(35,280,907)	-	(970,204)	-	40,442,770	(202,724)	40,240,046

Notes (forming part of the financial statements)

14 a) Unrestricted charitable reserves

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

Charitable reserves are accumulated to fund the cost of minimum potential liabilities and not to exceed the estimated maximum costs including statutory redundancy and early retirement costs, six month's operational staff and third-party costs, where applicable, including a period of consultation for all staff, lease and pension liabilities and to cover necessary costs and commitments that Skills for Care may face during an unforeseen period of funding difficulty.

The F&P Committee, SfC Solutions Board, AOD Board and the Skills for Care Board oversee the resource requirements of the strategy and ensure the charitable reserves policy aligns to fund any potential funding gap in the future.

The maximum potential liabilities including contingent pension exit deficit (note 15b) are £22.1m (2022: £21.9m).

At 31 March 2023, charitable reserves of £23.4m (2022: £23.6m) are sufficient to fund the potential liabilities.

The free reserves of the group and company are as follows:

	2023	2022
	£	£
Unrestricted reserves (before pension)	40,160,044	41,782,105
Non free reserves (14b)		
Investment reserve	(12,196,774)	(13,653,978)
Fixed asset reserve	(4,566,694)	(4,516,834)
Goodwill in AOD	(10,000)	(10,000)
Free reserves	23,386,576	23,601,293

14 b) Non free reserves

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

Fixed asset reserve: The total value of capital funds spent on capital fixed assets less accumulated depreciation, amortisation and impairment charged to date. This is an accounting reserve only and is not a free reserve. It will reduce to nil when the capitalised assets are fully depreciated, amortised and impaired.

Goodwill: The total value not amortised.

Notes (forming part of the financial statements)

14 c) Charitable reserves designations to fund

	2023	2022
	£	£
SfC closure costs	9,730,815	8,595,158
Contingent pension exit deficit (Note 15b)	7,500,000	3,151,413
Strategy, development & business continuity	5,268,381	10,787,638
AOD cumulative return on investment	583,909	289,683
Lease renewal costs	158,105	152,711
Dilapidation reserve to fund	239,345	239,345
Dilapidation liability accrued	(239,345)	(239,345)
FRS102 pension liability (note 17b, c)	-	487,000
SfCD business continuity costs	145,365	137,690
	<u>23,386,575</u>	<u>23,601,293</u>

14 d) Reserves designations

FRS102 pension reserve: The company makes contributions to the WYPF, a multi-employer defined benefit scheme. The FRS102 pension deficit valuation at 31 March 2023 is nil (2022: £0.5m) as set out in note 17b. The Trustees designated the equivalent reserves to fund the FRS102 accounting deficit accrued £nil (2022 £0.5m).

Contingent pension exit deficit reserve: SfC Board of Trustees is committed to funding the pension exit deficit. It sought independent pension advice to consider options, including providing security to provide evidence as part of WYPF and the actuary's risk assessment of SfC Charity in its formal triennial valuation as at 31 March 2022.

The Board agreed in principle in March 2022 to designate charitable reserves of £1m per annum for three years to contribute to funding the pension exit liability. This would be reviewed every year before payment. Following the designation in 2022, £3m charitable reserves remained to contribute towards funding the pension exit liability.

SfC has a contingent exit deficit of £7.5m as stated in note 17b. This is also disclosed in note 15b. The Finance and People committee recommended and the Board agreed, a further year end designation towards funding the contingent exit deficit estimated at £7.5m (note 15b).

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 2023, the minimum potential closure liability (excluding pension) is £9.7m (2022: £8.6m).

SfC strategy and development reserve: Funds designated by the Trustees to fulfil any potential future funding gap or investment requirements where business cases meet the criteria agreed by members. The Board receive business cases requiring funding from this reserve for investment or business critical developments, not funded elsewhere.

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

Dilapidation reserve and provision: Funds designated by the Trustees to meet potential future costs if the company vacates the Leeds premises which includes the dilapidations cost of moving from the 2nd floor of the Leeds office which is still under negotiation.

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

SfCD business continuity: Funds set up by the SfCD Board to fund any future funding gap if income does not cover planned core activity costs.

Notes (forming part of the financial statements)

14 e) Transfers

The following transfers were made during the year:

Restricted funds £2.4m (2022: £3m): transferred to unrestricted funds are:

SfC funds £2.5m (2022: £2.6m DHSC funds): Transfers include £2.6m (2022: £2.9m) ASC-WDS costs incurred and funded by SfC, plus capital grant funded additions capitalised in the balance sheet represented by the transfer to fixed asset accounting reserve, less £0.1m (2022: £0.3m) sector funding from unrestricted funds to cofund DHSC WP activity.

Other funds deficit (£0.1m) (2022: surplus £0.4m): on charitable projects that have no further restrictions transferred from or to unrestricted funds.

14 f) DHSC work programme funds; The company has £0.20m committed to activities which span the year end (2022: £0.08m) and £0.08m carried forward.

15. Commitments and contingent liabilities

15 a) Commitments under non-cancellable operating leases are as follows:

	2023		2022	
	Land and buildings	Other	Land and buildings	Other
	£	£	£	£
<i>Operating leases where payments are due:</i>				
Within one year	79,052	25,313	79,052	27,826
Within second to fifth years	79,052	50,255	158,105	76,594
	<u>158,105</u>	<u>75,568</u>	<u>237,157</u>	<u>104,420</u>

15 b) Other contingent liability

West Yorkshire Pension Fund exit liability is £7.5m.

As detailed in Note 17, should a decision be taken by the Trustees to exit the West Yorkshire Pension Fund, the Trustees are aware that there would be an actual liability payable, estimated by the Actuary as at 31 March 2023 to be approximately £7.5m.

The amount that would need to be settled is uncertain and more accurate calculations would be required at the time the decision was taken and notified to the West Yorkshire Pension Fund Trustees, who would arrange to calculate the actual liability at the date of exit.

For transparency, the Trustees believe it is important to highlight such a potential liability should a decision be taken to exit the Fund in future, particularly as the FRS102 valuation as at 31 March 2023 was calculated to be an asset position and no liability is included in the accounts.

Notes (forming part of the financial statements)

16. Analysis of group net assets between funds

	Restricted	Unrestricted funds	Total
	£	£	£
Tangible fixed assets	-	192,463	192,463
Intangible assets	-	4,374,238	4,374,238
Investments	-	33,531,625	33,531,625
Current assets	7,083,931	7,526,439	14,610,369
Creditors falling due within one year	(6,801,207)	(5,225,374)	(12,026,580)
Creditors falling due after more than one year	-	(239,345)	(239,345)
Net assets as at 31 March 2023	282,724	40,160,046	40,442,770
<i>Net assets as at 31 March 2022</i>	<i>83,379</i>	<i>41,295,105</i>	<i>41,378,484</i>

17. Pension schemes

17 a) 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 £0.3m (2022: £0.3m).

There were no outstanding contributions at the end of the financial year.

17 b) West Yorkshire Pension Fund (WYPF)

Some 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.

At the year end date, under FRS 102 basis of calculation, the Fund Actuary has calculated the FRS102 valuation of the pension fund position to be a surplus of c£12.6m.

The recognition of this asset is governed by FRS102 by the amount of economic benefit the Trustees believe will be received by the charity either through a direct refund or through a reduction in future contributions.

The Local Government Pension Scheme Regulations do not permit the re-payment of contributions or surplus assets to employers whilst they are an ongoing employer in the fund as was the position at the year end date. However, the Regulations do permit a payment of an "exit credit" to an employer who exits the Fund. Therefore, the Trustees must consider the possibility of exiting the fund in order to obtain this economic benefit for the charity whilst market conditions are favorable.

The basis on which an exit position is calculated is very different from the basis used for FRS102 calculations. The Trustees have therefore asked for an indicative value of the exit position to assist in their decision making.

Based on the information provided at the triennial valuation at 31 March 2022 and information submitted to enable the FRS102 calculation to be made, the Actuary has calculated the exit position would be a deficit position in the region of c£7.5m.

Notes (forming part of the financial statements)

This figure would inevitably change, should this option be taken, when the more accurate calculations required were performed to agree the exit position between the Pension Fund Trustees and Skills for Care. This estimation does however lead to the conclusion that no refund from the Fund could be made to support the FRS102 calculated asset being recognised in the balance sheet under the direct refund basis. Should the charity exit the fund in future, this does demonstrate that there would be a significant liability (which at present cannot be reliably calculated without significant further work) and no such decision has been taken.

Under FRS102, for recognition of the asset, we also need to consider the second basis for recognition being whether economic benefit could be gained from a reduction in future contributions. The Actuary has calculated this position could be a partial recognition of the c£12.6m at a level up to £3.382m.

This does not reflect any minimum funding requirement in place therefore any "prospective payments under an existing Rates and Adjustments Certificate could lead to a loss of economic value", giving rise to uncertainty about the asset value.

This calculation is also based on the assumptions that the charity will remain in the scheme until the final active member leaves the Fund, which is estimated at 9.3 years, and that the charity will be able to reduce contributions to the Fund, neither assumption being able to be supported with certainty particularly as current contribution rates include past service deficit funding and are set by the Fund Trustees every three years.

Therefore, as the assumptions cannot be supported with certainty the Trustees do not believe it is appropriate to recognise the FRS 102 calculated asset as realisation of such an asset is uncertain.

The Trustees have therefore concluded, due to the uncertainty detailed above, to report neither an asset nor a liability at the year-end date more accurately reflects the position and note the possibility of a contingent liability should, after due process, a decision be taken in the future to exit the scheme, see note 15b.

17c) WYPF actuarial assumptions

The latest formal triennial actuarial valuation of Skills for Care's liabilities took place as at 31 March 2022. Liabilities have been estimated by the independent qualified actuary on an actuarial basis using the projected unit credit method.

The orphan exit basis deficit valuation as at 31 March 2022 included on the triennial valuation received in December 2022 is £8.48m (2019 valuation: £13.114m). The ongoing orphan funding target is £6.591m (2019 valuation: £8.836m).

The principal assumptions used by the actuary in updating the latest valuation of the Fund for FRS102 purposes were:

Key assumptions (% per annum)	2023	2022	2021
Discount rate for liabilities	4.7	2.7	2.1
Customer Price Index (CPI) inflation	2.7	3.0	2.7
Pension increases	2.7	3.0	2.7
Pension accounts revaluation rate	2.7	3.0	2.7
Salary increases	3.95	4.25	3.95
At last full actuarial valuation			
Duration of liabilities		17.3 years	
Contributions next year		£1.382m	

Notes (forming part of the financial statements)

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.

Assumed life expectancy at age 65	2023	2022
Males		
Member aged 65 at accounting date	21.6	21.8
Member aged 45 at accounting date	22.9	22.5
Females		
Member aged 65 at accounting date	24.6	24.6
Member aged 45 at accounting date	25.7	25.7
Asset allocation	2023	2022
	%	%
Equities	80.8	79.8
Property	3.3	4.0
Government bonds	6.9	7.4
Corporate bonds	4.6	4.8
Cash	2.3	2.9
Other**	2.1	1.1
Total	100	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.

Reconciliation of funded status to balance sheet	2023	2022
	£'000	£'000
Fair value of assets	47,544	46,282
Present value of defined benefit obligation	(34,898)	(46,769)
Unrecognised (asset) see note 17b	(12,646)	-
Asset / (liability) recognised on the balance sheet	-	(487)

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

	2023	2022
	%	%
Active members	25	37
Deferred pensioners	22	28
Pensioners	53	35

Amount recognised in the income statement	2023	2022
	£'000	£'000
Operating cost		
Current service cost	708	837
Financing cost		
Interest on net defined benefit liability	(9)	158
Pension expense recognised in profit and loss	699	995
Allowance for administration expenses in current service cost £'000	5	7

Notes (forming part of the financial statements)

Amounts recognised in other comprehensive income	2023	2022
	£'000	£'000
Asset gains / (losses) arising during period	(550)	3,660
Actuarial (gains) / losses due to changes in financial assumptions	18,326	-
Actuarial (gains) / losses due to changes in demographic assumptions	(36)	-
Actuarial (gains) / losses due to changes in liability experience	(5,538)	-
Liability gains / (losses) arising during period	-	3,598
Total not recognised in SOFA/profit and loss account	(11,715)	-
Total amount recognised in other comprehensive income and (charged) / credited to SOFA	487	7,258
Changes to the present value of defined benefit obligation	2023	2022
	£'000	£'000
Opening defined benefit obligation	46,769	49,883
Prior year adjustment	-	12
Current service cost	708	837
Interest expense on defined benefit obligation	1,248	1,033
Contributions by participants	134	141
Actuarial (gains) / losses due to changes in financial assumptions	(18,326)	-
Actuarial (gains) / losses due to changes in demographic assumptions	36	-
Actuarial (gains) / losses due to changes in liability experience	5,538	(3,610)
Net benefits paid out	(1,209)	(1,527)
Closing defined benefit obligation	34,898	46,769
Changes to the fair value of assets	2023	2022
	£'000	£'000
Opening fair value of assets	46,282	41,268
Prior year adjustment	-	149
Interest income in assets	1,257	875
Re-measurement gains/(losses) on assets	(550)	3,511
Contributions by employer	1,630	1,865
Contributions by participants	134	141
Net benefits paid	(1,209)	(1,527)
Closing fair value of assets	47,544	46,282
Actual return on assets	2023	2022
	£'000	£'000
Interest income on assets	1,257	875
(Losses) / gains on assets	(550)	3,511
Actual return on assets	707	4,386
Amount credited to other income	2023	2022
	£'000	£'000
Interest income on assets	1,257	875
Interest cost	(1,248)	(1,033)
Net expected return on pension assets	9	(158)
Current service cost	(708)	(837)
Net amount (charged) to statement of financial activities (SOFA)	(699)	(995)

Notes (forming part of the financial statements)

Included in note 5 and note 7, resources expended is the difference of £nil (2022 £1.028m) 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 2023 are as follows:

	31 March 2024
	£'m
Current service costs	0.376
Net interest cost on net defined benefit liability	(0.626)
Total estimated pension expense	(0.250)
Allowance for administration expenses include in current service cost	0.007
Estimated pensionable payroll over period	1.802

Notes (forming part of the financial statements)

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.

Board member	Organisation	Relationship of board member with organisation	Type of contracts awarded to organisation	2023 £	2022 £
James Bullion	Norfolk County Council	Employed position	ASYE Child & Family	64,000	-
			ASYE Adults	18,000	-
			Funding for Occupational Therapists	1,500	-
John Coughlan	West Sussex County Council	DfE Commissioner / advisor for children's social care	ASYE Child & Family	55,000	-
			ASYE Adults	20,000	25,342
			ASYE Child & Family Peer Review	2,500	-
			Registered Managers funding	-	1,500
			AMHP funding	-	20,000
	Buckinghamshire Council	Improvement advisor for social care	ASYE Child & Family	51,000	-
			ASYE Adults	13,000	26,492
			Registered managers network	750	750
			AMHP Funding	-	10,000
			Birmingham Council	DfE Commissioner for SEND	ASYE Adults
		AMHP Funding	-	50,000	
£25,250 payable at year end					
Mahiben Maruthappu (resigned 12 August 2022)	Cera Care	Employed position	WDF grant	25,000	-
Rachael Wardell (resigned 15 December 2021)	Surrey County Council	Executive Director of Children, Families and Lifelong Learning	ASYE Adults	-	22,092
			Registered Managers Network	-	400
			AMHP funding	-	5,000
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

Notes (forming part of the financial statements)

19. Comparative consolidated statement of financial activities

	Note	2022 Unrestricted £	2022 Restricted £	2022 Total £
Income				
Trading activities	4	1,787,000	-	1,787,000
Investments	4	389	-	389
Charitable activities	4	79,650	35,810,053	35,889,703
Other income	4	1,974	-	1,974
Pension	4, 17	875,000	-	875,000
Total income	4	2,744,013	35,810,053	38,554,066
Raising funds				
Investments	5	853,820	-	853,820
Charitable activities	5	3,720	-	3,720
Pension	5, 17	3,541,805	33,443,895	36,985,700
		5,000	-	5,000
Total resources expended	5	4,404,345	33,443,895	37,848,240
Net (outgoing) / incoming resources				
Transfers	14e	(1,660,332)	2,366,158	705,826
		2,973,869	(2,973,869)	-
Net incoming / (outgoing) resources		1,313,537	(607,711)	705,826
Actuarial gain on pension scheme	17	7,258,000	-	7,258,000
Net unrealised investment gain	9	3,102,366	-	3,102,366
Net movement in funds		11,673,903	(607,711)	11,066,192
Total funds brought forward		29,621,202	691,090	30,312,292
Total funds carried forward	14	41,295,105	83,379	41,378,484

Glossary of terms

A&R or ARC	Audit and Risk Committee
ASC-WDS	Adult Social Care Workforce Data Set
ADASS	Association of Directors of Adult Social Services
AMC	Annual Management Charge
AMHP	Approved Mental Health Professional
AOD	Affina Organisation Development Ltd
ASYE	Assessed and Supported Year in Employment
CCLA	Churches, Charities and Local Authorities
CEO	Chief Executive Officer
COIF	Charities Official Investment Fund
CQC	Care Quality Commission
DDaT	Digital, Data and Technology
DfE	Department for Education
DHSC	Department of Health and Social Care
DWP	Department for Work and Pensions
EDI	Equality Diversity and Inclusion
F&P	Finance and People Committee
FISSS	Federation for Industry Sector Skills and Standards
GEMs	Group for Ethnic Minority Social Workers
GHG	Green House Gases
HEE	Health Education England
ICS	Integrated Care System
IE	Individual Employer
JCP	JobCentre Plus
LA	Local Authority
LGA	Local Government Association
LGPS	Local Government Pension Scheme
LT	Leadership Team
NCF	National Care Forum
NHS	National Health Service
NHSE	NHS England
NHSTD	NHS Transformation Directorate
NIC	National Insurance Contribution
NQSW	Newly Qualified Social Worker
OCSW	Officer of the Chief Social Worker

OMMT	Oliver McGowan Mandatory Training
PA	Personal Assistant
PPN	Procurement Policy Note
R&N	Remuneration and Nominations Committee
RMRG	Registered Managers Reference Group
SC-WRES	Workforce Race Equality Standard for Social Care
SfC	Skills for Care
SfCD	Skills for Care and Development
SfCSL	Skills for Care Solutions
SFIs	Standing Financial Instructions
SOFA	Statement of Financial Activities
TLAP	Think Local Act Personal
VAT	Value Added Tax
WDF	Workforce Development Fund
WP	Work Programme
WYPF	West Yorkshire Pension Fund