

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

**Trustees' report and consolidated  
financial statements**

Company registered number 03866683

Charity registered number 1079836

Year ended 31 March 2019

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## Chair and Chief Executive Foreword

In the twelve months that this report covers the focus on social care has continued, with greater recognition of the contribution of the sector and the difference its dedicated workforce of 1.47 million makes to people's lives but much of the attention has been on the lack of progress of Government in resolving the significant funding challenges that social care presents.

The long-awaited Green Paper has not been published and given the difficult political situation the country faces, we cannot have confidence in it appearing in the near future. This is even more frustrating given that the National Health Service (NHS) with whom we need – and want - to work in partnership with has developed a Long-Term Plan to show how its additional funding will be used.

Skills for Care (SfC) has been actively engaged with sector partners in supporting Department of Health and Social Care (DHSC) colleagues to develop a workforce strategy, one of the recommendations from the National Audit Office report published a year ago. The strategy was designed as a chapter in the Green Paper, so the continued delay in publishing means that the sector remains without a workforce strategy.

Skills for Care's role is to ensure the sector is able to: find and recruit people with the right values, keep them by investing in their continuing professional development; and support the development of strong and effective leaders who have the skills, knowledge and confidence to nurture and provide high quality, relationship-based care.

We commissioned an independent evaluator to undertake an impact evaluation of Skills for Care's activities over five years (between 2013/14 and 2017/18), exploring the question 'What difference does Skills for Care make?'. They found that during this period Skills for Care worked with 55% of care providing locations and progressed towards achieving its overall strategic vision. We delivered nearly three million products and resources to the sector and provided at least 670,000 learning and development interventions. Employers and staff reported that Skills for Care improved the skills, knowledge and confidence of their workforce (from entry-level to senior leadership) and improved the quality of their care. 90% of those surveyed were likely to recommend Skills for Care services to peers and colleagues. The evaluation assessed Skills for Care as economical, efficient, and effective, delivering good value for money for the adult social care sector. For every £1 invested, Skills for Care generated at least £2.27 to the England economy. The [infographic and impact evaluation executive summary](#) have been published on our website.

In the body of this report you will find the detail of our work during 2018/19 presented under the themes of our Business Plan: Improving Recruitment and Retention, Prevention and Well-Being, Integration and Workforce Development. The largest part of our activity was delivering a comprehensive Work Programme (WP) for DHSC, details of which can be found in the main body of this report. Some highlights include:

- Adding a well-being resource to our support offer to Registered Managers, underpinned by our research into this vital role.
- Continuing to collect comprehensive workforce intelligence while redeveloping the system for data collection in line with Government Digital Standards (GDS). We are delighted that our team met the GDS standards for the alpha phase of development of the system, one of a minority of GDS projects that have met the standards at the first assessment.
- Providing active support for the DHSC National Recruitment Campaign (NRC), promoting employer engagement, supplying resources and information and organising area events to deliver NRC messages.
- Disbursal to the sector of £19.7m across several funding streams including c£10.3m through the Workforce Development Fund (WDF) to support learning and development.
- Supporting the development of the Nursing Associate role and creating a Professional Leadership Development Programme for nurses working in social care.

We have appointed our first Director of Digital Transformation – Kevin Pyatt. We are grateful for the generous help of Christopher Wroath, Digital Director with NHS Education Scotland who worked with us in developing the role and appointing Kevin to it.

With the Care Provider Alliance, we launched a project to explore the scale of the challenges for employers when drawing on the talent of Black, Asian and Minority Ethnic (BAME) staff. This explored good practice in the sector and sought to put in place practical proposals to overcome the obstacles faced. Workshops around the country informed the Scoping Review on Developing Race Equality in Social Care report which looked at the feasibility of introducing the NHS Workforce Race Equality Standard (WRES) in Social Care.

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

A summit is being arranged to look at best practice in the sector to inform next steps. The Board has established a task and finish group to look at the implications and opportunities for our organisation asking ourselves to what extent we embrace and develop the leadership capabilities highlighted in the report.

There were disappointments too, notably the reduction in numbers of applicants to undertake leadership development programmes reflecting the significant financial constraints organisations are under.

The changes to the qualifications framework (from Qualifications and Credit Framework (QCF) to Regulated Qualifications Framework (RQF)) and the number of Apprenticeship starts (at levels well below previous years) have caused concern. The number of starters are now beginning to show a small and gradual increase. We are delighted to have worked with colleagues across the sector to successfully achieve approval from the Institute of Apprenticeships for an Apprenticeship Social Work degree.

We had an unanticipated move out of our London office base in the summer, having been given notice by the company we were sub-letting from. Our team managed the transition seamlessly and we are now in our refurbished offices on the 2nd floor of Lynton House, providing open, airy office and meeting space for our colleagues and available to other organisations to rent.

Letting office space is one small part of our continuing social enterprise approach, as we supplement funding from DHSC with income from work for other commissioners. We were especially delighted to win the contract from Department for Education (DfE) to provide support for the Assessed and Supported Year in Employment (ASYE) for the children's social work sector alongside our long-standing delivery of ASYE for social workers in adult services.

Affina Organisational Development (AOD) has had a busy and productive year.

As an organisation in receipt of public funds, we focus on efficiency and providing excellent value for money. A headline version of our [Business Plan](#) detailing planned activity for 2019/20 and our [five-year Business Plan](#) are available on our website.

The Skills for Care Board continues its stewardship of the organisation through effective, diligent and proactive governance.

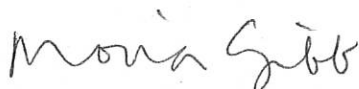
As an employer led organisation the engagement and reach we have as a result of our area teams is complemented through our Skills for Care Fellows, individuals who have demonstrated commitment to leadership and workforce development who work closely with us to improve our offer to employers.

Working in partnership with an increasing range of people and organisations is important to achieve the transformation we know is needed across social care, health and housing. We are pleased to have sustained and developed existing partnerships as well as entered new ones. In particular, we are looking forward to building our relationship with the new regulator for Social Work, Social Work England.

Our UK wide partnership, Skills for Care and Development continues as a rich source of information and ideas exchange about practice and policy between the four nations. Last year we were pleased to produce a report evidencing the economic impact of social care across the UK and within each home nation.

All of the achievements detailed in this report and the level of engagement with employers and partners across the sector are testament to the skills, commitment and enthusiasm of our own workforce without whom none of the above would happen. We have been assessed against the latest Investors in People standards and are delighted to have retained our Silver status. We have produced an Action Plan to address areas for improvement as we continually strive to demonstrate our determination to value our colleagues as they deserve to be valued.

At the end of March, Sharon Allen our CEO for the past nine years, left Skills for Care to take up a new position. We would like to take the opportunity to thank Sharon for her outstanding contribution to both SFC and the sector we work in.



**Dame Moira Gibb**  
Chair



**Andy Tilden**  
Interim Chief Executive



## 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 2019.

### Objectives and activities

#### *Charity objects*

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

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

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

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

#### *Public benefit*

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

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

Our aims link clearly to our annual Business Plan, which contains our Work Programme (WP) for the DHSC. We will –

- Support social care employers to recruit and retain sufficiency of a caring, skilled, competent and values led workforce.
- Use data, workforce intelligence and our unique employer engagement to support development of a workforce that is effective in meeting citizens' needs.
- Model being a Learning Organisation and actively promote learning and development including achievement of qualifications, to enhance provision responding to citizens' needs.
- Promote practice through all of our resources and activity that keeps people safe and that innovates to support new ways of working.
- Develop compassionate leaders at every level to ensure citizen focused services are well-led.
- Maximise investment into leadership and workforce development through our social enterprise.

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

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

Skills for Care has a corporate plan which sets out our vision and aims for 2015-2018. In March 2018 the board agreed the Corporate Plan for 2018-23. This plan will evolve in line with our approach to changes in the way services are planned, designed and delivered.

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

### **Achievements and performance**

Our Skills for Care business plan for 2018/19 included work for our key client the DHSC, other key partner activity and added value and charitable corporate activity.

Our Work Programme for the year ending March 2019 with DHSC was signed on 1 May 2018 and it reflected the outcomes set by government, focusing on four key areas:

- Recruitment and Retention
- Prevention and Wellbeing
- Improvement
- Workforce for Integration

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

#### **1. Recruitment and retention**

We supported DHSC with a national recruitment campaign to drive applications into the adult social care sector by providing sector expertise and hosting information events around the country on their behalf. We developed two resources which aim to help people recognise if working in social care is right for them and supported the development of Individual Employer/Personal Assistant scenarios for A Question of Care.

We continued to develop the I Care... Ambassadors (ICA) programme and there are currently more than 450 employers registered to promote care careers. From evidence gathered from the I Care ... About impact tool, we know one in three people say they are more interested in a career in care and 93% have a better idea of what it's like to work in care having heard from an ambassador. This year we also focussed ICA funding on targeting local authority areas with very low ambassador coverage. This has been successful in supporting services, particularly new partnerships, to get started and significantly raised ambassador sign up and activity in these areas.

We developed new guidance on implementing safe and fair recruitment policies and procedures that will support employers to reach the potential of people with criminal records.

Building on the learning from 17/18 pilots, which showed that people who experience barriers to employment often benefit from a broad range of supportive pre-employment activities, we awarded contracts to a further five pre-employment projects to test out longer-term approaches to engaging people under-represented in the sector. The projects began in October 2018 and will run until March 2020.

We developed new guidance to help regulated providers improve their safe staffing practice. Supported by a range of sector press, online articles and social media campaign, the guide proved our most popular Care Quality Commission (CQC) related resource of the quarter and was downloaded over 2,700 times in the first eight weeks of release.

We supported the social care nursing workforce by developing a statement of role, knowledge and skills in collaboration through our return to practice pilot project. The project involved engaging with 25 nursing homes, registered nurses who work in the care sector, their employers, residents and relatives. Further activity included supporting the development of the new Nursing Associate role and developing a Professional Leadership Development Programme for nurses working in the care sector.

## Trustees' report *(continued)*

### Strategic report *(continued)*

#### 2. Prevention and wellbeing

We delivered a project on diversity, with a particular focus on sexuality and cultural diversity. We ran three events aimed at improving the confidence of care providers in delivering individualised care and support for a diverse client group; focusing on lesbian, gay, bisexual and transgender (LGBT) people's experience of social care and supporting a culturally diverse client group. Working in partnership with CQC, Think Local Act Personal (TLAP), an endorsed training provider, an innovative care provider and Age UK, we developed a series of films and a learning resource to sit alongside it.

We recognise that used effectively, the use of robotics and artificial intelligence could have far reaching impacts on the sector in the context of well-being for both care workers and those that receive care and support to enable them to live independently and manage their health needs. We published a scoping study on the potential impact of robotics and artificial intelligence on the workforce and ran two events to meet the recommendations of the report, which spoke of the need for technologists and social care employers to share their understanding and their ideas in this space. The events provided an opportunity to hear from leading robotics and Artificial Intelligence technologists and for social care employers to put forward their vision and view of potential challenges for this area of work. We produced an overview leaflet, setting out the types of artificial intelligence already in use.

#### 3. Improvement

We disbursed £10.2m funding through the mainstream workforce development fund to help 2,122 establishments invest in developing their workforce, with 9,334 learners benefitting from 10,048 qualifications/learning programmes. A further 14 organisations benefited from our User Led Organisations (ULO) funding stream, with analysis indicating that 3,313 individuals achieved 4,000 learning outcomes. 140 direct IE applications were funded out of the 170 received, which enabled a further 397 PAs and a further 33 IEs to undertake learning and development achieving 1,055 learning outcomes.

We continued to be the membership organisation for registered managers in England. Through our day-to-day work with managers, as well as specific research and consultation activities, we understand and respond to the workforce, leadership and management challenges and opportunities facing registered managers. Our latest research into who registered managers are and what they do, revealed new insights into one of the most influential roles in adult social care and showed a picture of a rewarding, yet challenging and evolving role that needs greater recognition in the sector and robust, ongoing support. Alongside ensuring we provide a support offer to all registered managers, much of our work is focused on routes into the registered manager role and supporting new managers/services. We have 135 networks covering 148 local authority areas, reaching over 30% of registered managers.

From a total funding pot of £1.6m we have helped employers to implement the ASYE for newly qualified social workers (NQSWs) funding 1,328 NQSWs from 163 employers to support them through their ASYE in 18/19. We continued to embed external and national moderation processes in order to improve national consistency in social work practice and had an 86% response rate to national moderation panel evidence review requests.

We worked in partnership with the Scottish Social Services Council (SSSC) to produce the on-line learning resource '23 things leadership'. This included the development of complementary resources such as videos, sound bites and bite sized infomercials to inform managers and potential users of the benefits of a leadership programme for frontline workers and to nudge them towards using the learning resource.

We continued to collect comprehensive workforce intelligence while redeveloping the system for data collection in line with GDS.

The National Minimum Data Set for Social Care (NMDS-SC) has now become the Adult Social Care Workforce Data Set (ASC-WDS). NMDS-SC has been in place for 12 years and the system needed updating. The data is highly valued and is used constantly to inform planning, funding and policy making decisions and we continue to provide expert analysis on the ASC-WDS.

We updated and published the Size and structure of the adult social care sector and workforce, providing the most up-to-date and comprehensive overview of the size and structure of the adult social care sector and workforce in England. Building on this report, we also published the State of the adult social care sector and workforce offering comprehensive workforce characteristics about the entire adult social care workforce in England such as age, gender, ethnicity and specific job role information.

## Trustees' report *(continued)*

### Strategic report *(continued)*

#### 3. Improvement *(continued)*

Our leadership programmes underpin the implementation of our 'New visions for leadership' strategy which sets out our support and development offer to leaders and managers at all levels working in social care. In total we had 19 participants complete the Moving Up programme, 15 participate in the New Directors programme, 10 participate in the Top Leaders programme and 210 participate in the Well-Led programme. Our latest evaluation report shows that our leadership programmes are effective at improving outcomes for participants.

#### 4. Workforce for Integration

We estimate that over half a million adult social care workers support people who are living with a learning disability and/or autistic people in England. We developed a range of worked examples which are based on real-life scenarios of people with learning disabilities and/or autistic people, who display or are at risk of displaying behaviours which challenge. They explain what workforce that individual needs, what skills and knowledge the workforce needs, and how much this training would cost. They're for adult social care commissioners and providers to help identify learning and development needs and plan support.

In partnership with the NHS Leadership Academy, our Graduate Management Programme (GMP) fast-tracks graduates towards leadership roles within innovative health and social care settings. 12 graduate learners successfully graduated from Cohort 7 in 10 January 2019. All learners completed the Mary Seacole Leadership Development Programme and attained the Chartered Management Institute (CMI) Leadership and Management accreditation. 75% of the cohort were offered employment with their host organisation within the GMP and 50% took up those offers. 58% are staying in social care and 91% will be in the public sector.

Cohort 8 recruitment successfully secured 20 graduates who were matched and placed, covering the whole of the UK. Host placements represent the varied environment of social care, including large residential complex homes, housing organisations, Local Authorities (LAs), mental health providers and integrated service providers.

### Financial review

#### *Financial internal control environment*

Skills for Care holds the Sector Skills Council (SSC) licence on behalf of Skills for Care and Development (SfCD). In addition, Skills for Care hosts one member of staff and provides financial support and other services under a service level agreement.

Skills for Care has engaged BDO as internal auditors to provide assurance on the internal control environment. An annual audit programme overseen by the Audit and Risk (A&R) Committee was agreed and covered the following areas in 2018/19: Digital projects and fixed asset accounting, Finance system upgrade and budget monitoring, Time and resource system, Payroll reporting and capacity planning, IT security and infrastructure, Accounting policy compliance, and Management of debtors and cashflow forecasting. In addition, four follow-ups were undertaken to review the implementation of audit recommendations. All recommendations were accepted where appropriate, and we will assess and implement any outstanding recommendations from 2018/19 during 2019/20.

#### Incoming resources

The Charitable group had total resources of £40.1m (2018: £28.3m) which represented an overall increase of 42% (2018: increase 4.7%). Our main client, DHSC provided funds of £26.9m (2018: £23.4m) for the delivery of the DHSC work programme. The total cost of the work programme exceeds DHSC funds, so we utilised sector co-funding and SfC trading surplus as set out in note 14. All funds are shown in Note 14. We were successful in negotiating other restricted charitable funds of £8.9m (2018: £1.4m), an increase of over 500% (2018 increase of 158%). This includes £6m secured to disburse the Child and Family ASYE.

Deferred income is detailed in note 12. Other trading activity income accounted for in subsidiaries is set out in note 3 and 14. Our bank interest income was £0.04m (2018: £0.03m). Other income relates to FRS 102 pension interest as set out in note 17.



## Trustees' report *(continued)*

### Strategic report *(continued)*

#### Resources expended

We continued a cost management strategy of achieving savings across several categories and managed external commissioned work by delivering activities in house, where appropriate. In house capacity continued to be stretched especially our ICT department and we had to use agency developers for business-critical work only and used fixed term and permanent recruitment to deliver our outcomes, where vacant posts were not fulfilled at the beginning of the year. We are continuing this approach and aim to be as flexible and adaptable with our resources to deliver the outcomes of our business plan and DHSC work programme activities.

We undertake competitive tendering processes, where appropriate, to allocate and distribute the WDF. Where competitive tendering is undertaken, applications are evaluated by panels to assess the applicant's ability to deliver the requirements of the funding stream. Direct individual employer funding involves an assessment of each application on receipt to ensure that it meets the purpose of the funding which is to increase the management skills of, or care provided to, individual employers. As a result of changes to qualifications and apprenticeships imposed by the government and introduced in 2018, we had to make changes to move to funding at qualification level which has resulted in the mainstream fund being claimed at a slower rate than in previous years due to delays in certification, and £0.5m has been agreed with DHSC to carry forward to 2019/20.

We continued to work in partnership with Health Education England for Kent, Surrey and Sussex (HEEKSS) to allocate and distribute the Workforce Integration Fund. Applications are assessed by a panel to agree if the set criteria are met. £1.6m (2018 £0.9m) has been disbursed this year with the remainder deferred to future periods as set out in note 12.

Through continued successful cost and headcount resource management and aiming to increase income and margins on trading activity, we have not fully utilised our designated 18/19 business continuity unrestricted reserves.

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

#### 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 to the financial statements.

DHSC funds, SfC reserves and sector co-funding are committed to DHSC work programme activities spanning the financial year end. The unrestricted funds are committed to fund activities as set out in SfC's reserves policy and detailed in note 14.

#### Reserves policy

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

#### Free reserves

Free reserves are accumulated to cover minimum liabilities and not to exceed the estimated maximum statutory redundancy, early retirement costs, an average of six month's operational costs where applicable, lease and pension liabilities and to cover necessary costs and commitments during an unforeseen period of difficulty. At 31 March 2019 (excluding pension), there were sufficient free reserves to fund the maximum £11.6m potential liabilities (2018: £7.3m maximum).

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

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

## Trustees' report *(continued)*

### Strategic report *(continued)*

#### Investment powers and policy

The charity's governing document gives the trustees the power to engage an investment manager. This authority has been delegated to the Finance and General Purposes Committee. The appointed manager throughout the year was CCLA Investment Management Ltd, 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 charity funds. The Funds held during the year were the Charities Official Investment Fund (COIF) Charities Fixed Interest Fund (Annual Management Charge (AMC) 0.22%), COIF Charities Deposit Fund, COIF Charities Property Fund (AMC 0.65%) and COIF Charities Ethical Investment Fund (AMC 0.60% rebated to 0.50% for balances over £10m).

The total return on our investments during the year was 8.8% (2018 4.4%). The rate of return in any one year will depend substantially on market conditions in the underlying asset classes. We did not realise any gains or losses during the year (2018: nil). We have an unrealised gain of £2,052,768 (2018: £1,046,186) as shown on note 9. The Finance and General Purposes 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 updates from the investment manager.

The company has a policy of placing funds, not invested with the investment manager, or not immediately required for cash flow purposes, in deposit accounts with its bankers as its need for access to funds outweighs any ability to generate higher levels of return. We achieved rates of return between 0.05% - 0.35% (2018: 0.05% -0.35%) on bank balances, against a background of continued low bank base rates.

#### Plans for future periods

Skills for Care's 2019/20 annual business plan summaries the activity we will undertake and is presented in two sections. The first section details activity for our key client, DHSC, through our agreed work programme.

In 2019/20 our WP priorities fall into four key areas:

- Recruitment and Retention
- Prevention and well-being
- Improvement
- Workforce for integration.

Our work within these four headings is designed to help employers, get, keep and develop their workforce. We will:

- Improve the knowledge, skills and qualification levels of social care staff
- Improve recruitment practices and retention of a quality workforce
- Promote greater service integration and person-centred health
- Build on our strategic relationships.

The second part of the 2019/20 Business Plan is activity to develop our social enterprise to enable us to reinvest funds into supporting the adult social care sector.

This activity includes:

- **Recruitment and retention solutions** which includes existing and new offers around; finding and keeping the right people seminars, values based interviewing seminars. addition of valued conversations as well as bespoke plans for organisations.
- **Workforce innovation solutions** which includes existing and new offers around; workforce planning and digital solutions.
- **Quality improvement support solutions** which includes providing practical and tailored advice and support to managers to understand how to improve the quality of their workforce and therefore the quality of their service through bespoke open access seminars and day sessions. This also includes designing and piloting additional professional leadership programmes for nurse leaders and occupational therapists and continuing to

## Trustees' report *(continued)*

### Strategic report *(continued)*

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

support employers in child and family services with the disbursement of ASYE funding and delivery of best practice. Also included in this section is using the ASC-WDS to generate a range of workforce intelligence tailored to meet client needs.

- **Workforce for integrated care** which includes continuing to seek opportunities to offer support in disbursing funding to the sector, working jointly with health to develop care pathways for both health and social care staff and developing networks with health colleagues.
- **Added value services** such as a national event series and Accolades ceremony, London meeting room rental, Apprenticeship Certification Service, priced publications, seeking and supporting bids, proposals and sponsorship opportunities and hosting our UK-wide partnership (Skills for Care and Development), and our trading activities within Skills for Care Solutions and Affina Organisation Development.
- **Corporate activities** including market intelligence and ensuring governance, statutory and charitable compliance.

#### Related parties and strategic partnerships

SfC as the Sector Skills licence holder continues its close strategic partnership with the other UK partners: Social Care Wales, the Scottish Social Services Council and the Northern Ireland Social Care Council.

We continue to work with organisations representing people who need care and support and their carers to ensure effective partnership approaches in our work at both national and local levels. We increased our local contact with, and understanding of workforce issues with health. We also continue to work closely with the Federation for Industry Sector Skills & Standards (FISSS).

We continue to be the delivery partner for the DHSC on leadership and workforce in social care. We administer the ASYE for the children's sector on behalf of the Department for Education.

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

We are active members of the Cavendish Coalition, a group of health and social care organisations acting as a shared voice which influences and lobbies on post-EU referendum matters. It also provides those leading the negotiations with expertise and knowledge on the issues affecting the health and social care workforce.

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

#### 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 guarantees at 31 March 2019 was 13 (2018: 13).

##### *Appointment of trustees*

As set out in Clause 30 (1) of the Memorandum and Articles of Association, the board appoints the chair of the trustees. Trustees are selected from areas identified by the board where there is a skills gap. A trustee can serve up to two three-year terms (three terms in exceptional cases), this includes the Chair and Vice-Chair. We seek contributions from people who represent people who need care and support. The board membership is kept under review and re-aligned as appropriate. A specification for board members is used in the selection process.



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

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

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

##### *Trustee induction and training*

The Chair and Chief Executive Officer induct new trustees, so they have a clear understanding of the work of SfC and their duties as trustees. This includes their legal obligations under charity and company law, the content of the Memorandum and Articles of Association, the committee and decision-making process, the work programme, business plan and recent financial performance of the charity. They are required to sign a declaration that states they have read and understood the company's governing documents. During the induction, trustees meet other trustees and key senior staff and are provided with an induction pack. Trustees are encouraged to attend appropriate external training events including people who need care and support user participation training where these will facilitate the undertaking of their role.

##### *Organisational structure*

The board of trustees administers the charity. The board meets at least four times a year to make strategic decisions regarding the charity. There are standing committees covering Finance and General Purposes and Audit and Risk. There are nine area networks. There is also a Workforce Development Forum. A Chief Executive Officer is appointed by the trustees to manage the day-to-day operations of the charity. To facilitate effective operations, the Chief Executive has delegated authority, within terms of delegation approved by the trustees, for operational matters. There is a Leadership Team (LT) to support the Chief Executive.

The charitable company has two wholly owned subsidiaries, Skills for Care Solutions Ltd (company registration number 07938138) and Affina Organisation Development Ltd (company registration number 04644495). During the year the group also had a dormant company National Skills Academy for Social Care Ltd. All accounts are drawn up to 31 March.

##### *Risk Management*

Skills for Care has a defined risk management process and associated procedures to review, mitigate and report the risks faced by the organisation. This includes a defined risk management process for identifying risks from individual project level to strategic level. The A&R Committee identify a number of activities for internal audit each year, some activities are audited more frequently where the risk is deemed to be greater, for example financial management, whilst others are reviewed as part of a long term schedule of audit.

##### *Principal risks and uncertainties*

Significant risks and uncertainties are reviewed by the LT quarterly, together with any project risks that have been escalated for their review as defined in our risk management procedures.

The remit of the A&R committee is the ownership of risk management and reporting of major risks to the Board. The A&R Committee review the corporate risks and any project risks escalated by LT. Both trading subsidiary companies SfC Solutions and AOD have corporate risk registers. These risks registers are reviewed by LT and any concerns escalated to A&R committee and each individual company board. The AOD risk register is in its infancy and will develop further as the business develops. No major risks were reported during the year. The Solutions risk register was also reviewed regularly, and no major risks were reported during the year.

At each Board meeting, trustees receive a risk report detailing any risks identified as major risks and an overview of the other main risks, together with the relevant mitigations and associated actions. Risk appetite surveys have previously been undertaken by trustees and LT colleagues for SfC and SfC Solutions and this year we completed the same for AOD. After analysing the results and considering how to take this work forward, the board agreed to use the difference in the average scores of LT and the Board as the risk tolerance. All risks that are rated above the risk appetite or outside of the risk tolerance are escalated by A&R to the Board.

During the year the major risks reported to the Board was the risk to our reputation in the sector during the re-procurement, design and delivery of the NMDS-SC, now known as ASC-WDS, and the risk around compliance with the General Data Protection Regulations (GDPR) introduced in May 2018. The trustees reviewed and monitored these risks throughout the year and were re-assured that they are being mitigated and managed effectively.

## Trustees' report *(continued)*

### Strategic report *(continued)*

#### *Brexit*

It is expected that there will be changes to the policy landscape affecting our sector in the immediate and long-term aftermath of the UK's exit from the EU, bringing both challenge and opportunity. The DHSC have established an EU Exit Programme to deliver a smooth and orderly exit from the EU in such a way that the health and care system continues to focus on improving outcomes and efficiencies and Skills for Care will continue to monitor and respond to key government initiatives pro-actively.

### Reference and administrative information

At 31 March 2019, there were 13 board members.

| <b>Trustees</b>  | <b>Date of appointment or resignation</b> |
|--|---|
| Dame Moira Gibb (Chair of Board)                                   |   |
| Suzie Bailey   | Appointed 24 October 2018                 |
| Louise Bladen  |   |
| Susan Bott   |   |
| Des Kelly  | Retired 24 October 2018                   |
| Mark Lever   |   |
| Mahiben Maruthappu   |   |
| Susan McMillan   |   |
| Steve Scown  | Appointed 24 October 2018                 |
| Paul Snell   |   |
| Neil Taylor (Vice-Chair of Board; Chair of SfCSL and Chair of AOD) |   |
| Munira Thobani   |   |
| Mandy Thorn  |   |
| Helen Wilcox   | Retired 24 October 2018                   |
| Mark Ward  | Appointed 3 July 2019                     |
| Rachel Wardell   |   |
| <b>Chief Executive</b>   |   |
| Sharon Allen (until 29 March 2019)                                 |   |
| Andy Tilden (Interim CEO from 29 March 2019)                       |   |

### Audit & Risk Committee

|                 |                           |
|-----------------|---------------------------|
| Louise Bladen   | Chair                     |
| Susan McMillan  |                           |
| Steve Scown     | Appointed 24 October 2018 |
| Paul Snell      |                           |
| Rachael Wardell | Appointed 28 June         |

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

### Finance & General Purposes Committee

|                    |                         |
|--------------------|-------------------------|
| Mark Lever (Chair) |                         |
| Susan Bott         |                         |
| Des Kelly          | Retired 24 October 2018 |
| Neil Taylor        |                         |
| Mandy Thorn        |                         |
| Helen Wilcox       | Retired 24 October 2018 |

The Committee agrees Skills for Care indicative budgets annually and makes recommendations to the Skills for Care board. It reviews performance of the DHSC work programme, business development, and overall SfC business plan. It

## Trustees' report *(continued)*

### Strategic report *(continued)*

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

also monitors the quarterly accounts, reserves and the financial position of the organisation. It ensures compliance with relevant statutory and auditing reporting requirements and provides direction to the Investment Manager and monitors their performance at agreed intervals.

#### Company references

Skills for Care - Company number 03866683 – Charity number 1079836

Skills for Care Solutions Ltd – Company number 07938138

Affina Organisation Development Ltd – Company number 04644495

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

#### Leeds Head Office

Westgate  
6 Grace Street  
Leeds  
LS1 2RP

#### London Office

Lynton House  
7-12 Tavistock Square  
London  
WC1H 9LT

#### Advisors

##### External Auditor

KPMG LLP  
1 Sovereign Square  
Sovereign Street  
Leeds  
LS1 4DA

##### Internal Auditor

BDO  
Central Square  
29 Wellington Street  
Leeds  
LS1 4DL

#### Solicitors

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

#### Solicitors

Wrigleys  
19 Cookridge Street  
Leeds  
West Yorkshire  
LS2 3AG

#### Bankers

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

#### Investment Manager

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

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

#### Auditor

A resolution to tender for the appointment of external auditors of the group was approved by the Board at the July Meeting.

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

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

**Approval**

This report is approved by the board of trustees on 31 July 2019 and is signed on its behalf.

By order of the board



Dame Moira Gibb

Westgate  
6 Grace Street  
Leeds  
LS1 2RP

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

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

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

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

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

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

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

### **Opinion**

We have audited the financial statements of Skills for Care Limited ("the charitable company") for the year ended 31 March 2019 which comprise the Consolidated and Company Balance Sheet, the Consolidated Statement of Financial Activities and the Consolidated Cash Flow Statement and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 March 2019 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 UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **The impact of uncertainties due to the UK exiting the European Union on our audit**

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the group's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the group's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

### **Going concern**

The trustees have prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the charitable company or to cease their operations, and as they have concluded that the group and charitable company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the trustees' conclusions, we considered the inherent risks to the group's business model, including the impact of Brexit, and analysed how those risks might affect the group and charitable company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the group or the charitable company will continue in operation.

### **Other information**

The trustees are responsible for the other information, which comprises Trustees' Report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:



- we have not identified material misstatements in the other information;
- in our opinion the information given in the Trustees' Report, which constitutes the strategic report and the directors' report for the financial year, is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

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

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

**Trustees' responsibilities**

As explained more fully in their statement set out on page 14, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; assessing the group's and the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the group or the charitable company or to cease operations, or have no realistic alternative but to do so.

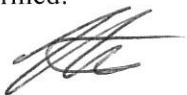
**Auditor's responsibilities**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

**The purpose of our audit work and to whom we owe our responsibilities**

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 its members as a body, for our audit work, for this report, or for the opinions we have formed.



**Clare Partridge (Senior Statutory Auditor)  
for and on behalf of KPMG LLP, Statutory Auditor**

*Chartered Accountants*

1 Sovereign Square  
Sovereign Street, Leeds, LS1 4DA

*5 August* 2019



**Consolidated Statement of Financial Activities** *(incorporating income and expenditure account and other comprehensive income)*

|   | Note   | 2019<br>Unrestricted<br>£ | 2019<br>Restricted<br>£ | 2019<br>Total<br>£ | Restated<br>2018<br>Total<br>£ |
|---|--------|---------------------------|-------------------------|--------------------|--------------------------------|
| <b>Income</b>   |        |                           |                         |                    |                                |
| Trading activities  | 4      | 3,108,755                 | -                       | 3,108,755          | 2,510,047                      |
| Investments   | 4      | 41,580                    | -                       | 41,580             | 32,229                         |
| Charitable activities                                     | 4      | 196,629                   | 35,854,337              | 36,050,966         | 24,930,312                     |
| Pension   | 4,17   | 889,000                   | -                       | 889,000            | 852,000                        |
| <b>Total income</b>                                       | 4, 14  | <b>4,235,964</b>          | <b>35,854,337</b>       | <b>40,090,301</b>  | <b>28,324,588</b>              |
| Raising funds   |        | 1,881,139                 | -                       | 1,881,139          | 1,543,379                      |
| Charitable activities                                     |        | 1,118,092                 | 32,833,896              | 33,951,988         | 26,435,672                     |
| Pension   |        | 1,126,000                 | -                       | 1,126,000          | 949,000                        |
| <b>Total resources expended</b>                           | 5      | <b>4,125,231</b>          | <b>32,833,896</b>       | <b>36,959,127</b>  | <b>28,928,051</b>              |
| <b>Net incoming/(outgoing) resources before transfers</b> |        | <b>110,733</b>            | <b>3,020,441</b>        | <b>3,131,174</b>   | <b>(603,463)</b>               |
| Transfers and designations                                | 14d    | 2,737,914                 | (2,737,914)             | -                  | -                              |
| <b>Net incoming/(outgoing) resources</b>                  |        | <b>2,848,647</b>          | <b>282,527</b>          | <b>3,131,174</b>   | <b>(603,463)</b>               |
| <i>Other comprehensive income</i>                         |        |                           |                         |                    |                                |
| Actuarial loss on pension scheme                          | 14, 17 | (4,402,000)               | -                       | (4,402,000)        | (455,000)                      |
| Net unrealised investment gain                            | 9, 14  | 2,052,768                 | -                       | 2,052,768          | 1,046,186                      |
| <b>Net movement in funds</b>                              |        | <b>499,415</b>            | <b>282,527</b>          | <b>781,942</b>     | <b>(12,277)</b>                |
| <b>Total funds brought forward</b>                        | 14     | <b>24,586,367</b>         | <b>448,030</b>          | <b>25,034,397</b>  | <b>25,046,674</b>              |
| <b>Total funds carried forward</b>                        | 14     | <b>25,085,782</b>         | <b>730,557</b>          | <b>25,816,339</b>  | <b>25,034,397</b>              |


The notes on pages 21 to 42 form part of the financial statements.

**Consolidated Balance Sheet**  
*at 31 March*

|  | Note | 2019<br>£                  | 2019<br>£                 | Restated<br>2018<br>£      | Restated<br>2018<br>£     |
|--|------|----------------------------|---------------------------|----------------------------|---------------------------|
| <b>Fixed assets</b>                            |      |                            |                           |                            |                           |
| Intangible assets                              | 8    | 2,976,110                  |                           | 902,634                    |                           |
| Tangible assets                                | 8    | 361,209                    |                           | 92,209                     |                           |
| Investments                                    | 9    | 27,491,226                 |                           | 25,438,458                 |                           |
|  |      |                            | <b>30,828,545</b>         |                            | 26,433,301                |
| <b>Current assets</b>                          |      |                            |                           |                            |                           |
| Stock – publications                           |      | 51,650                     |                           | 59,336                     |                           |
| Debtors due within one year                    | 11   | 3,346,627                  |                           | 1,294,794                  |                           |
| Cash at bank in hand                           |      | 11,583,996                 |                           | 9,862,109                  |                           |
|  |      |                            |                           |                            |                           |
| Creditors: amounts falling due within one year | 12   | 14,982,273<br>(12,904,095) |                           | 11,216,239<br>(10,143,760) |                           |
|  |      |                            | <b>2,078,178</b>          |                            | 1,072,479                 |
| <b>Total assets less current liabilities</b>   |      |                            |                           |                            |                           |
| Provisions for liabilities and charges         | 13   |                            | 32,906,723<br>(137,384)   |                            | 27,505,780<br>(157,384)   |
|  |      |                            |                           |                            |                           |
| <b>Net assets before pension liability</b>     |      |                            |                           |                            |                           |
| Pension liability                              | 17   |                            | 32,769,339<br>(6,953,000) |                            | 27,348,396<br>(2,314,000) |
|  |      |                            |                           |                            |                           |
| <b>Net assets after pension liability</b>      |      |                            |                           |                            |                           |
|  |      |                            | <b>25,816,339</b>         |                            | 25,034,396                |
| <b>Funds</b>                                   |      |                            |                           |                            |                           |
| Unrestricted (before pension)                  | 14   |                            | 32,038,782                |                            | 26,900,366                |
| Pension liability                              | 14   |                            | (6,953,000)               |                            | (2,314,000)               |
|  |      |                            |                           |                            |                           |
| Unrestricted funds                             | 14   |                            | 25,085,782                |                            | 24,586,366                |
| Restricted funds                               | 14   |                            | 730,557                   |                            | 448,030                   |
|  |      |                            |                           |                            |                           |
| <b>Total group funds</b>                       |      |                            |                           |                            |                           |
|  |      |                            | <b>25,816,339</b>         |                            | 25,034,396                |

The notes on pages 21 to <sup>42</sup>41 form part of the financial statements

These financial statements were approved by the board of trustees on 31 July 2019 and were signed on its behalf by:



Dame Moira Gibb  
Trustee and Chair of Board



Neil Taylor  
Vice Chair

Company registered number: 03866683

**Company Balance Sheet**  
*at 31 March*

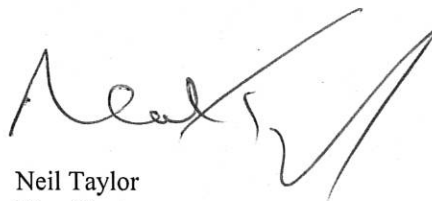
|   | Note | 2019<br>£           | 2019<br>£          | Restated<br>2018<br>£ | Restated<br>2018<br>£ |
|---|------|---------------------|--------------------|-----------------------|-----------------------|
| <b>Fixed assets</b>                                   |      |                     |                    |                       |                       |
| Intangible assets                                     | 8    | 2,910,760           |                    | 699,464               |                       |
| Tangible assets                                       |      | 358,749             |                    | 103,056               |                       |
| Investments   | 9    | 27,491,226          |                    | 25,438,458            |                       |
| Investment in subsidiaries                            | 10   | 75,469              |                    | 213,293               |                       |
|   |      |                     | <u>30,836,204</u>  |                       | 26,454,271            |
| <b>Current assets</b>                                 |      |                     |                    |                       |                       |
| Debtors due within one year                           | 11   | 4,935,493           |                    | 2,864,398             |                       |
| Cash at bank and in hand                              |      | 10,018,047          |                    | 8,414,163             |                       |
|   |      | <u>14,953,540</u>   |                    | 11,178,561            |                       |
| <b>Creditors: amounts falling due within one year</b> | 12   | <b>(12,872,094)</b> |                    | <b>(10,213,790)</b>   |                       |
|   |      |                     |                    |                       |                       |
| <b>Net current assets</b>                             |      |                     | <u>2,081,446</u>   |                       | 1,064,771             |
| <b>Total assets less current liabilities</b>          |      |                     |                    |                       |                       |
| Provisions for liabilities and charges                | 13   |                     | <b>(137,384)</b>   |                       | <b>(157,384)</b>      |
|   |      |                     | <u>32,780,266</u>  |                       | 27,361,658            |
| <b>Net assets before pension liability</b>            |      |                     | <b>32,780,266</b>  |                       | 27,361,658            |
| <b>Pension liability</b>                              | 17   |                     | <b>(6,953,000)</b> |                       | <b>(2,314,000)</b>    |
|   |      |                     | <u>25,827,266</u>  |                       | 25,047,658            |
| <b>Net assets after pension liability</b>             |      |                     | <u>25,827,266</u>  |                       | 25,047,658            |
| <b>Funds</b>  |      |                     |                    |                       |                       |
| Unrestricted (before pension)                         | 14   |                     | 32,049,709         |                       | 26,913,628            |
| Pension liability                                     | 14   |                     | (6,953,000)        |                       | (2,314,000)           |
|   |      |                     | <u>25,096,709</u>  |                       | 24,599,628            |
| Unrestricted funds                                    | 14   |                     | 25,096,709         |                       | 24,599,628            |
| Restricted funds                                      | 14   |                     | 730,557            |                       | 448,030               |
|   |      |                     | <u>25,827,266</u>  |                       | 25,047,658            |
| <b>Total charitable company funds</b>                 |      |                     | <u>25,827,266</u>  |                       | 25,047,658            |

The notes on pages 21 to <sup>42</sup>44 form part of the financial statements

These financial statements were approved by the board of trustees on 31 July 2019 and were signed on its behalf by:



Dame Moira Gibb  
Trustee and Chair of Board



Neil Taylor  
Vice Chair

Company registered number: 03866683

## Consolidated Cash Flow Statement

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

|  | <i>Note</i> | 2019<br>£                | 2018<br>£              |
|--|-------------|--------------------------|------------------------|
| Net incoming/(outgoing) resources before transfers |             | 3,131,174                | (603,463)              |
| <i>Adjustment for:</i>                             |             |                          |                        |
| Depreciation and amortisation                      | 5, 6, 8     | 939,668                  | 1,848,352              |
| Disposal of fixed assets                           | 8           | -                        | 32,408                 |
| Interest income                                    | 6           | (41,580)                 | (32,229)               |
| Net FRS102 pension movement                        | 14, 17      | 237,000                  | 97,000                 |
|  |             | <hr/>                    | <hr/>                  |
| (Increase)/decrease in debtors                     | 1           | 4,266,262<br>(2,069,982) | 1,342,068<br>1,931,912 |
| Decrease in stock                                  |             | 7,686                    | 22,095                 |
| Increase in creditors                              |             | 2,778,485                | 2,693,950              |
| (Decrease) in dilapidations provision              |             | (20,000)                 | -                      |
|  |             | <hr/>                    | <hr/>                  |
| <b>Net cash from operating activities</b>          |             | <b>4,962,451</b>         | <b>5,990,025</b>       |
|  |             | <hr/>                    | <hr/>                  |
| <b>Cash flows from investing activities</b>        |             |                          |                        |
| Interest received                                  | 6           | 41,580                   | 32,229                 |
| Acquisition of intangible fixed assets             | 8           | (2,881,936)              | (910,894)              |
| Acquisition of tangible fixed assets               | 8           | (400,208)                | (25,923)               |
| Net acquisition of businesses                      | 2           | -                        | (361,236)              |
| Transfer of cash to investment manager             | 9           | -                        | (1,600,000)            |
|  |             | <hr/>                    | <hr/>                  |
| <b>Net cash from investing activities</b>          |             | <b>(3,240,564)</b>       | <b>(2,865,824)</b>     |
|  |             | <hr/>                    | <hr/>                  |
| Net increase in cash and cash equivalents          |             | 1,721,887                | 3,124,201              |
| Cash and cash equivalents at 1 April               |             | 9,862,109                | 6,737,908              |
|  |             | <hr/>                    | <hr/>                  |
| <b>Cash and cash equivalents at 31 March</b>       |             | <b>11,583,996</b>        | <b>9,862,109</b>       |
|  |             | <hr/>                    | <hr/>                  |

## Notes

*(forming part of the financial statements)*

### 1. Accounting policies

The company is limited by guarantee and registered as a charity under the Charities Act 2006 (registered charity number 1079836).

The accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

### Significant management judgements

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

#### (i) Pension liability

Skills for Care is committed to meeting the pension liability of the West Yorkshire pension scheme and the potential deficit is provided by AON who are independent actuaries. The present value of those future deficit payments is recognised in the balance sheet and underlying assumptions of the pension scheme are detailed in note 17. The liability as at 31 March 2019 is £6.9m. This liability would increase by £0.21m if new pension rulings were taken into account (£0.004m GMP indexation and £0.208m McCloud).

#### (ii) Income recognition

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

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

Management regularly review the development of its major depreciable asset, ASC-WDS to estimate its useful life. The impact of agile working which is in line with DHSC Government digital services and achieving a minimum viable product much earlier than the expected live launch means the depreciation of the asset is calculated as costs are incurred. Total depreciation of the ASC-WDS asset as at 31 March 2019 is £0.2m

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

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

### 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 (FRS102) (effective 1 January 2015) - (Charities SORP (FRS102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) and the Companies Act 2006.

Skills for Care meets the definition of a public benefit entity under FRS102. 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 accounts have been prepared on a going concern basis, as a work programme is in place with Department of Health and Social Care (DHSC) for 2019/20 and we have received signed revenue and grant letters for 2019/20. Discussions around the work programme for 2020/21 commenced in June 2019 and will not be finalised prior to the accounts being signed. However, the charity has unrestricted reserves at 31 March 2019 which the Trustees believe are sufficient to allow the charity to continue for a period of at least 12 months from the date of signing these accounts. As a result, the Trustees believe it is appropriate to prepare the accounts on a going concern basis, taking into account its reserves policy.

### 1.3 Basis of consolidation

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings, Skills for Care (SfC) Solutions Ltd and Affina OD Ltd (AOD), are made up to 31 March. 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. SfC Solutions Ltd and AOD Ltd are subsidiary organisations wholly owned by Skills for Care Ltd and their results are set out in note 3.

## Notes (continued)

### Accounting policies (continued)

#### 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 that Skills for Care has some DHSC funds to carry forward all of which are fully committed. All funds receivable from the DHSC are treated as restricted in accordance with grant letters.

#### 1.5 Resources expended

Resources are allocated at a strategic level based on the costed Work Programme (WP) with the DHSC, other funding agreements and the business plan as agreed by the Board. Budget holders are allocated specific resources in order to deliver the required outcomes. Activities requiring commissioned work with outstanding milestones as at 31 March 2019 or relating to the outcomes of the 2018/19 work programme are accounted for on an accruals basis and the costs relating to these milestones are included in the accounts.

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

#### 1.6 Fixed assets and depreciation

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

|                                |           |
|--------------------------------|-----------|
| Office furniture and equipment | - 3 years |
| IT Hardware                    | - 3 years |

#### 1.7 Leases and hire purchase agreements

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

#### 1.8 Pensions

The company makes contributions to the West Yorkshire Pension Fund (WYPF), a multi-employer defined benefit scheme. The company's share of the underlying assets and liabilities of this defined benefits scheme is accounted for in accordance with FRS 102 'Retirements Benefits'. The service cost of pension provision relating to the year, together with the cost of any benefits relating to the past service if the benefits have vested, is charged to the Statement of Financial Activities. 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 (SOFA). The scheme closed to new members in 2008. The difference between the market value of the assets of the scheme and the present value of the accrued pension liabilities is shown as an asset or liability on the balance sheet. Any differences between the actual and expected return on assets during the year are recognised in the Statement of Financial Activities along with differences arising from experience or assumption changes. The pension cost charge represents contributions payable by the company to the fund in respect of the year for current and former employees. See note 17 for further details.

The also company 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.

## Notes (continued)

### Accounting policies (continued)

#### 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 undertakings are stated at cost less provision for permanent diminution in value.

#### 1.10 Restricted, unrestricted and designated funds

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

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

**Unrestricted funds** are expendable at the discretion of the trustees in furtherance of the objects of the charity. Funds earmarked for particular purposes by the trustees are designated as separate funds. The designation has an administrative purpose only and does not legally restrict the trustees' discretion to apply the fund. These funds are used to fund potential commitments and projects as agreed by SfC Board and for the purpose of funding potential closure, pension fund liabilities and periods of financial uncertainty in accordance with the reserves policy. At 31 March 2019, the unrestricted funds are sufficient to meet the minimum potential liabilities.

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

#### 1.11 VAT

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

#### 1.12 Taxation

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

#### 1.13 Business combinations

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

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

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

#### 1.14 Intangible assets, goodwill and negative goodwill

##### 1.14.1 Goodwill

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



## **Notes** *(continued)*

### **Accounting policies** *(continued)*

#### **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.

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

The cost of intangible assets acquired in a business combination are capitalised separately from goodwill if the fair value can be measured reliably at the acquisition date.

#### **1.14.3 Amortisation**

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

- Software and ASC-WDS – 3 years
- Other intangible assets - 2 years

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

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

### **1.15 Stock**

Stock relates to the estimate of the cost and quantity of publications and other marketing materials held for resale at the year-end. A physical stock take is undertaken as close to the year-end as possible.

## **2. Acquisition**

### **2.1 Acquisition**

There were no acquisitions in the year. In September 2017, the Group acquired 100% of the ordinary share capital of AOD.

### **2.2 Goodwill on acquisition**

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

## **3. Subsidiary undertakings**

The company has two trading subsidiaries, Skills for Care Solutions Ltd and Affina Organisation Development Ltd. The aim of trading is to generate surplus funds which would be paid to the charitable company under gift aid, for investment into the sector and to pursue future charitable activities. Skills for Care Solutions contributed income of £2.4m (2018: £2.02m) and net profit of £1.2m (2018: £0.88m) to SfC charitable group. As AOD had a net loss of £5.5k (2018: net profit £7.1k) there were nil distributable funds to pay to SfC under gift aid.

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

**Notes** (continued)

**4. Income**

|   | <b>Group</b>      |                   |
|---|-------------------|-------------------|
|   | <b>2019</b>       | 2018              |
|   | <b>£</b>          | <b>£</b>          |
| <b>Restricted</b>   |                   |                   |
| DHSC  | 26,920,378        | 23,433,196        |
| Other   | 8,933,959         | 1,435,116         |
|   | <hr/>             | <hr/>             |
| <b>Total restricted income</b>                            | <b>35,854,337</b> | <b>24,868,312</b> |
|   | <hr/>             | <hr/>             |
| <b>Unrestricted</b>                                       |                   |                   |
| Trading activity (less trading bank interest)             | 3,108,755         | 2,510,047         |
| Bank interest   | 41,580            | 32,229            |
| SfCD  | 185,960           | 62,000            |
| FRS 102 pension income                                    | 889,000           | 852,000           |
| Other charitable income                                   | 10,669            | -                 |
|   | <hr/>             | <hr/>             |
| <b>Total unrestricted income</b>                          | <b>4,235,964</b>  | <b>3,456,276</b>  |
|   | <hr/>             | <hr/>             |
| <b>Total income</b>                                       | <b>40,090,301</b> | <b>28,324,588</b> |
|   | <hr/>             | <hr/>             |
| Revenue   | 23,470,000        | 22,186,577        |
| Capital   | 2,980,000         | 950,000           |
| Transforming Care   | 180,000           | 170,000           |
| Dementia  | -                 | 55,875            |
| Chief Social Worker                                       | 161,431           | 70,744            |
| Best practice toolkit for autism                          | 55,713            | -                 |
| Principal Social Worker (PSW)                             | 42,384            | -                 |
| Workforce strategy consultation                           | 30,850            | -                 |
|   | <hr/>             | <hr/>             |
| <b>Total DHSC restricted income</b>                       | <b>26,920,378</b> | <b>23,433,196</b> |
|   | <hr/>             | <hr/>             |
| Dept for Education  | 5,985,734         | 15,609            |
| Health Education England                                  | 2,486,191         | 924,980           |
| NHS England   | 183,042           | 329,606           |
| Local Authorities   | 119,260           | 44,981            |
| Federation for Industry Sector Skills & Standards (FISSS) | 2,146             | 40,000            |
| Other   | 157,586           | 79,940            |
|   | <hr/>             | <hr/>             |
| <b>Total other restricted income</b>                      | <b>8,933,959</b>  | <b>1,435,116</b>  |
|   | <hr/>             | <hr/>             |
| <b>Total restricted income</b>                            | <b>35,854,337</b> | <b>24,868,312</b> |
|   | <hr/>             | <hr/>             |
| <b>Total unrestricted and restricted income</b>           | <b>40,090,301</b> | <b>28,324,588</b> |
|   | <hr/>             | <hr/>             |

Notes (continued)

5. Total resources expended

|  | Notes | Staff costs<br>5(a)<br>£ | Other costs<br>£ | Group Total<br>2019<br>£ | Restated Group Total<br>2018<br>£ |
|--|-------|--------------------------|------------------|--------------------------|-----------------------------------|
| Trading activity – cost of raising funds | 14    | 457,752                  | 1,423,387        | 1,881,139                | 1,543,379                         |
| Investments                              | 5b    | 3,214                    | -                | 3,214                    | 3,061                             |
| Charitable activities                    |       | 8,078,593                | 25,870,181       | 33,948,774               | 26,432,611                        |
| Pension                                  | 17    | 185,000                  | 941,000          | 1,126,000                | 949,000                           |
|  |       |                          |                  |                          |                                   |
| Charitable activities                    | 5c    | 8,266,807                | 26,811,181       | 35,077,988               | 27,384,672                        |
|  |       |                          |                  |                          |                                   |
| Total resources expended                 | 14    | 8,724,559                | 28,234,568       | 36,959,127               | 28,928,051                        |
|  |       |                          |                  |                          |                                   |
| Unrestricted                             |       | 6,914,041                | (2,788,810)      | 4,125,231                | 4,880,599                         |
| Restricted                               |       | 1,810,518                | 31,023,378       | 32,833,896               | 24,047,452                        |
|  |       |                          |                  |                          |                                   |
|  | 5d    | 8,724,559                | 28,234,568       | 36,959,127               | 28,928,051                        |

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.

Costs have been apportioned across activities as follows:

- Direct costs which can be attributed to specific activities are allocated directly.
- Support costs which are not attributable to a specific activity are allocated based on the proportion of direct resources allocated.

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

5e) Disbursements include £7.1m Assessed and Supported Year in Employment (ASYE), £10.2m Workforce Development Fund (WDF) and £2.2m Health Education England for Kent, Surrey, and Sussex (HEEKSS) grants, and £0.1m to personal health budget holders for support. Of these grants, £0.7m were awarded to individuals with the remainder being to organisations.

**Notes** (continued)

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

|                                  | Notes | 2019<br>£         | Restated<br>2018<br>£ |
|----------------------------------|-------|-------------------|-----------------------|
| Payroll costs                    | 7     | 8,724,559         | 8,242,394             |
| Agency costs                     | 7     | 263,187           | 54,524                |
| Service level agreement          |       | -                 | -                     |
| Training and recruitment         |       | 141,478           | 88,868                |
| Travel                           |       | 684,985           | 587,269               |
| Contracts and consultancy        |       | 2,377,351         | 1,625,791             |
| Disbursements                    | 5e    | 19,716,513        | 13,230,238            |
| Graduate bursaries               |       | 375,075           | 60,012                |
| Workshops and meetings           |       | 482,954           | 250,935               |
| Board and committees             |       | 10,564            | 10,143                |
| Conferences and exhibitions      |       | 185,025           | 165,219               |
| Rent, rates, utilities           |       | 713,709           | 759,977               |
| Insurance                        |       | 20,704            | 25,281                |
| Cleaning and maintenance         |       | 45,719            | 29,530                |
| Software, telecoms and equipment |       | 227,327           | 252,107               |
| IT leases, rentals and licenses  |       | 326,367           | 266,883               |
| Postage and courier              |       | 86,116            | 72,237                |
| Printing and stationery          |       | 191,271           | 214,919               |
| Subscriptions and publications   |       | 79,736            | 28,758                |
| Promotion and advertising        |       | 179,529           | 241,083               |
| Fees paid to external auditors   | 6     | 60,555            | 50,128                |
| Accountancy and legal costs      | 6     | 113,991           | 62,653                |
| Bad debt provision               |       | 21,051            | (64,209)              |
| London office move               |       | 46,787            | -                     |
| Corporate office costs           |       | 3,906             | 2,619                 |
| FRS 102 pension interest         | 17    | 941,000           | 888,000               |
| Depreciation and amortisation    | 8     | 939,668           | 1,782,692             |
| <b>Total resources expended</b>  |       | <b>36,959,127</b> | <b>28,928,051</b>     |

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

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

|   | Group     |           |
|---|-----------|-----------|
|   | 2019<br>£ | 2018<br>£ |
| <i>After charging:</i>  |           |           |
| Auditors' remuneration - audit of these financial statements  | 41,080    | 35,400    |
| Auditors' remuneration - audit of financial statements of subsidiaries                                  | 3,495     | 3,000     |
| Auditors' remuneration - taxation and compliance service  | 4,330     | 5,665     |
| Auditors' remuneration – due diligence  | -         | 64,800    |
| Auditors' remuneration – internal audit services  | 28,941    | 17,715    |
| Remuneration paid to other auditors for subsidiary company audits                                       | 11,650    | 6,063     |
| Operating lease rentals - buildings and equipment   | 644,948   | 680,086   |
| Amortisation of goodwill and intangible assets and depreciation of tangible fixed assets (note 5 and 8) | 939,668   | 1,782,692 |
| Other pension interest (note 17 and note 5)   | 941,000   | 888,000   |
| <i>And after crediting:</i>   |           |           |
| Bank interest receivable (note 4)   | 41,580    | 32,229    |
| Other income - FRS102 interest adjustment (note 17 and note 4)  | 889,000   | 852,000   |

**Notes** (continued)

**7. Staff numbers and costs**

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

As no staff are employed by the subsidiary company Skills for Care Solutions Ltd, resources utilised to deliver trading activities are charged within the service level agreement with the subsidiary for £822,867 (2018: £941,473). The average number of full time equivalent (FTE) staff employed by the group during the year, analysed by category, was as follows:

|   | Group - number of employees |             |
|---|-----------------------------|-------------|
|   | 2019                        | 2018        |
| Key management personnel (Leadership Team)                      | 6                           | 6           |
| Programme heads, project managers, area managers and officers   | 111                         | 108         |
| Project management office, engagement and other project support | 47                          | 43          |
| Corporate resources   | 37                          | 36          |
| SfCD hosted staff   | 1                           | 1           |
|   | <hr/>                       | <hr/>       |
|   | 202                         | 194         |
|   | <hr/> <hr/>                 | <hr/> <hr/> |

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

|  | 2019           | 2019        | 2018        |
|--|----------------|-------------|-------------|
|  | £              | £           | £           |
| Gross wages  | 7,434,426      |             |             |
| Labour costs capitalised   | (970,964)      |             |             |
| Restructure and other non-pay costs  | <u>534,506</u> |             |             |
|  |                | 6,997,968   | 6,842,661   |
| Employers social security costs  |                | 807,760     | 720,762     |
| Employers pension costs (before FRS102 adjustments)                                  |                | 733,831     | 617,971     |
|  |                | <hr/>       | <hr/>       |
|  |                | 8,539,559   | 8,181,394   |
| Employers pension contributions included above (including one off lump sum payments) |                | (622,000)   | (725,000)   |
| Current service cost   |                | 684,000     | 733,000     |
| Past service cost  |                | 123,000     | 53,000      |
|  |                | <hr/>       | <hr/>       |
|  |                | 8,724,559   | 8,242,394   |
|  |                | <hr/> <hr/> | <hr/> <hr/> |

The above payroll costs exclude agency and secondment staff costs of £0.23m (2018: £0.054m). The above costs include £0.22m (2018: £0.027m) in relation to the costs of redundancy, notice pay and pension payments relating to six members of staff and £0.24m for other potential restructure costs.

The average number of employees in the group whose emoluments (including NIC but excluding pension) fell within each of the following bands was:

|                     | 2019  | 2018  |
|---------------------|-------|-------|
| £60,001 - £70,000   | 19    | 19    |
| £70,001 - £80,000   | 3     | 1     |
| £80,001 - £90,000   | 1     | 3     |
| £90,001 - £130,000  | 0     | 1     |
| £130,001 - £150,000 | 1     | 1     |
|                     | <hr/> | <hr/> |

**Notes** *(continued)*

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

Total pension contributions for the above employees totalled £196,946 (2018: £202,283).

SfC used the agreed contribution rate of 21.9% (2018: 19.9 %) for the employer's contribution paid to the WYPF scheme. Deficit payments totalling £0.03m (2018: £0.2m) were made.

15 trustees (2018: 13) were reimbursed for expenses of £8,599 (2018: £9,023) for travel and subsistence. Trustee indemnity insurance is covered under the Directors and Officers policy with Aviva Insurance Ltd. The trustees consider that the officers and members liability insurance is adequate.

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

| <b>Trustee directors' emoluments</b>   | <b>2019</b>   | <b>2018</b>   |
|--|---------------|---------------|
|  | <b>£</b>      | <b>£</b>      |
| Aggregate emoluments (including employer's National Insurance Contribution (NIC)) (pension £nil) | <b>38,668</b> | <b>39,870</b> |

The Chair is entitled to £35,000 per annum (2018: £35,000) and the vice chair received £nil (2018: £4,869). The board agreed to remove the honoraria for the vice chair as a result of a change in the role. These honoraria are 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.

**8. Fixed assets**

| <b>8a) Intangible assets</b> | <i>Note</i>  | <b>ICT Software<br/>&amp; Licences</b> | <b>ASC - WDS</b> | <b>Total</b>     |
|------------------------------|--------------|--|------------------|------------------|
| <b>Company</b>               |              | <b>£</b>                               | <b>£</b>         | <b>£</b>         |
| <i>Cost</i>                  |              |  |                  |                  |
| At 1 April 2018 restated     | <i>8g/8a</i> | 1,208,829                              | 3,904,834        | <b>5,113,663</b> |
| Additions                    |              | 518,622                                | 2,363,313        | <b>2,881,935</b> |
| <b>At end of year</b>        |              | <b>1,727,451</b>                       | <b>6,268,147</b> | <b>7,995,598</b> |
| <i>Amortisation</i>          |              |  |                  |                  |
| At 1 April 2018 restated     | <i>8g/8a</i> | 509,365                                | 3,904,834        | <b>4,414,199</b> |
| Charge for the year          |              | 447,805                                | 222,833          | <b>670,638</b>   |
| <b>At end of year</b>        |              | <b>957,170</b>                         | <b>4,127,667</b> | <b>5,084,837</b> |
| <i>Net book value</i>        |              |  |                  |                  |
| <b>At 31 March 2019</b>      |              | <b>770,281</b>                         | <b>2,140,480</b> | <b>2,910,761</b> |
| At 31 March 2018 restated    | <i>8g</i>    | 699,464                                | -                | 699,464          |

**Notes** (continued)

| 8b) Intangible assets     | Note  | ICT Software<br>& Licences<br>£ | ASC –<br>WDS<br>£ | Goodwill<br>£  | Other<br>£     | Total<br>£       |
|---------------------------|-------|---------------------------------|-------------------|----------------|----------------|------------------|
| <b>Group</b>              |       |                                 |                   |                |                |                  |
| <i>Cost</i>               |       |                                 |                   |                |                |                  |
| At 1 April 2018 restated  | 8a/8g | 1,208,826                       | 3,904,833         | 109,116        | 252,000        | 5,474,775        |
| Additions                 |       | 518,625                         | 2,363,310         | -              | -              | 2,881,935        |
| At end of year            |       | <u>1,727,451</u>                | <u>6,268,143</u>  | <u>109,116</u> | <u>252,000</u> | <u>8,356,710</u> |
| <i>Amortisation</i>       |       |                                 |                   |                |                |                  |
| At 1 April 2018 restated  | 8g    | 509,365                         | 3,904,833         | 21,943         | 136,000        | 4,572,141        |
| Charge for the year       |       | 447,803                         | 222,833           | 21,823         | 116,000        | 808,459          |
| At end of year            |       | <u>957,168</u>                  | <u>4,127,666</u>  | <u>43,766</u>  | <u>252,000</u> | <u>5,380,600</u> |
| <i>Net book value</i>     |       |                                 |                   |                |                |                  |
| At 31 March 2019          |       | <u>770,283</u>                  | <u>2,140,477</u>  | <u>65,350</u>  | -              | <u>2,976,110</u> |
| At 31 March 2018 restated | 8g    | <u>699,461</u>                  | <u>-</u>          | <u>87,173</u>  | <u>116,000</u> | <u>902,634</u>   |

**8c) Tangible fixed assets**

| Company                       | Note | Office<br>furniture &<br>equipment<br>£ | Hardware &<br>project<br>development<br>£ | Total<br>£       |
|-------------------------------|------|---|---|------------------|
| <i>Cost</i>                   |      |   |   |                  |
| At beginning of year restated | 8g   | 331,734                                 | 577,919                                   | 909,653          |
| Additions                     | 8b   | 283,932                                 | 102,029                                   | 385,961          |
| Disposals                     |      | -                                       | (242,452)                                 | (242,452)        |
| At end of year                |      | <u>615,666</u>                          | <u>437,496</u>                            | <u>1,053,162</u> |
| <i>Depreciation</i>           |      |   |   |                  |
| At beginning of year restated | 8g   | 320,838                                 | 485,759                                   | 806,597          |
| Charge for year               |      | 43,342                                  | 86,926                                    | 130,268          |
| Disposals                     |      | -                                       | (242,452)                                 | (242,452)        |
| At end of year                |      | <u>364,180</u>                          | <u>330,233</u>                            | <u>694,413</u>   |
| <i>Net book value</i>         |      |   |   |                  |
| At 31 March 2019              |      | <u>251,486</u>                          | <u>107,263</u>                            | <u>358,749</u>   |
| At 31 March 2018 restated     | 8g   | <u>10,896</u>                           | <u>92,160</u>                             | <u>103,056</u>   |



**Notes** (continued)

**8d) Tangible fixed assets**

| Group                         | Note | Office<br>furniture &<br>equipment<br>£ | Hardware<br>& project<br>development<br>£ | Total<br>£            |
|-------------------------------|------|---|---|-----------------------|
| <b>Cost</b>                   |      |   |   |                       |
| At beginning of year restated | 8g   | 335,006                                 | 577,919                                   | 912,925               |
| Additions                     | 8f   | 287,015                                 | 113,194                                   | 400,209               |
| Disposals                     |      | -                                       | (242,452)                                 | (242,452)             |
|                               |      | <u>622,021</u>                          | <u>448,661</u>                            | <u>1,070,682</u>      |
| <b>Depreciation</b>           |      |   |   |                       |
| At beginning of year restated | 8g   | 334,957                                 | 485,759                                   | 820,716               |
| Charge for year               |      | 33,556                                  | 97,653                                    | 131,209               |
| Disposals                     |      | -                                       | (242,452)                                 | (242,452)             |
|                               |      | <u>368,513</u>                          | <u>340,960</u>                            | <u>709,473</u>        |
| <b>Net book value</b>         |      |   |   |                       |
| <b>At 31 March 2019</b>       |      | <u><b>253,508</b></u>                   | <u><b>107,701</b></u>                     | <u><b>361,209</b></u> |
| At 31 March 2018 restated     | 8g   | 49                                      | 92,160                                    | 92,209                |

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

We did not decommission the previous version of NMDS-SC as expected during the year, which was fully depreciated as it is no longer being developed. This will be decommissioned once we are satisfied all users have migrated to ASC-WDS. The system was developed in partnership with a wide range of key stakeholders and contains data on circa 22,000 care providing establishments and 730,000 workers across England. It informs government policy, supports employers in workforce strategy and planning and provides a unique and trusted source of data for research. The data is valuable to Skills for Care as provides robust evidence for the range of projects and products we deliver. Skills for Care also manages the annual, mandatory, Local Authority Workforce Return on behalf of the NHS Digital via the NMDS-SC and the report, co-produced with NHS Digital, holds National Statistic status. The next version of the product is in the final stages of development and will be in its public beta phases during July 2019. The development process of the new product and service, ASC-WDS, funded by DHSC falls under the Agile / Government Digital Standards (GDS) framework and therefore must comply with their development standards. This consists of performing a discovery, developing alpha prototypes and moving into development, once GDS have assessed and agreed to moving into public Beta. At all stages there is a team of user researchers, content designers and developers developing to the framework. The quality assurance approach ensures the product is fit for purpose from public beta onwards. The capital investment has funded Alpha and Beta developments in preparation for operation in July 2019.

In addition to ASC-WDS capital additions of £2.3m (2018 £0.2m), there are support costs of £1.5m (2018 £1.3m) expensed during the year.

**8f)** All company tangible fixed assets are held for direct charitable purposes. AOD has tangible assets of £2k.

**8g)** The opening position has been restated to classify ICT software & licenses as intangible assets, as opposed to Tangible.

**Notes** (continued)

**9. Investments**

| Group and Company         | 2019              |                   | 2018              |                   |
|---------------------------|-------------------|-------------------|-------------------|-------------------|
|                           | Cost<br>£         | Bid value<br>£    | Cost<br>£         | Bid value<br>£    |
| At beginning of year      | 21,334,851        | 25,438,458        | 19,734,851        | 22,792,272        |
| Additions during the year | -                 | -                 | 1,600,000         | 1,600,000         |
| Unrealised gain in year   | -                 | 2,052,768         | -                 | 1,046,186         |
| <b>At end of year</b>     | <b>21,334,851</b> | <b>27,491,226</b> | <b>21,334,851</b> | <b>25,438,458</b> |

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.

**10. Fixed asset investments - Company**

|   | Note | Shares in<br>group<br>undertakings<br>£ |
|---|------|---|
| <b>Costs</b>                                |      |   |
| At 1 April 2018 restated and at end of year | 2    | 299,305                                 |
| <b>Provisions</b>                           |      |   |
| At 1 April 2018 restated                    |      | 86,012                                  |
| Impairment                                  |      | 137,824                                 |
| <b>At 31 March 2019</b>                     |      | <b>223,836</b>                          |
| <b>Net book value</b>                       |      |   |
| At 31 March 2019                            |      | 75,469                                  |
| At 31 March 2018 restated                   |      | 213,293                                 |

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

| Subsidiary undertakings                      | Registered office                        | Company registered number | Principle activity | Country of registration | Percentage of ordinary shares held |
|--|--|---------------------------|--------------------|-------------------------|------------------------------------|
| Skills for Care Solutions Ltd                | West Gate, 6 Grace Street, Leeds LS1 2RP | 07938138                  | Trading            | England and Wales       | 100                                |
| Affina Organisation Development Ltd (Note 2) | West Gate, 6 Grace Street, Leeds LS1 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 balance sheet.

**Notes** (continued)

**11. Debtors**

|   | Group            |                  | Company          |                  |
|---|------------------|------------------|------------------|------------------|
|   | 2019             | 2018             | 2019             | 2018             |
|   | £                | £                | £                | £                |
| Trade debtors                                 | 2,892,798        | 1,038,641        | 2,315,041        | 399,796          |
| Amounts owed by group undertakings            | -                | -                | 2,178,271        | 2,264,960        |
| Prepayments, other debtors and accrued income | 453,830          | 256,153          | 442,181          | 199,642          |
|   | <u>3,346,627</u> | <u>1,294,794</u> | <u>4,935,493</u> | <u>2,864,398</u> |

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

|                                    | Group             |                   | Company           |                   |
|------------------------------------|-------------------|-------------------|-------------------|-------------------|
|                                    | 2019              | 2018              | 2019              | 2018              |
|                                    | £                 | £                 | £                 | £                 |
| Trade creditors                    | 446,165           | 487,110           | 366,489           | 416,656           |
| Other creditors                    | 949,938           | 674,952           | 765,305           | 533,676           |
| Amounts owed to group undertakings | -                 | -                 | 780,258           | 1,168,807         |
| Accruals (note 12a)                | 8,809,678         | 4,567,200         | 8,670,697         | 3,838,282         |
| Deferred income (note 12b)         | 2,698,315         | 4,414,498         | 2,289,345         | 4,256,369         |
|                                    | <u>12,904,095</u> | <u>10,143,760</u> | <u>12,872,094</u> | <u>10,213,790</u> |

**12a)** Accruals and deferred income include contract accruals of £7.3m (2018: £2.8m) which are committed to contracts which have milestones relating to outcomes of activities undertaken during the year. The remainder being purchase orders of £1.1m (2018: £0.6m) and other accruals of £0.4m (2018 £0.6m).

**12b)** HEEKSS extended their Workforce Integration fund to allow for greater impact on the sector and £1.4m income has been deferred to complete by September 2019. The remainder of deferred income includes £0.5m for other Health Education England (HEE) projects and £0.8m from other funders to be disbursed to the sector.

**13. Provision for liabilities and charges**

|  | 2019           | 2018           |
|--|----------------|----------------|
|  | £              | £              |
| At beginning of year                                       | 157,384        | 157,384        |
| Charge in the year   | (53,700)       | -              |
| Release of provision for terminated London office premises | (26,300)       | -              |
| Provision for dilapidation of new London office premises   | 60,000         | -              |
|  | <u>137,384</u> | <u>157,384</u> |

The provision relates to the potential dilapidation costs of the leased offices in Leeds and London. This provision is reviewed annually and is released on the termination of the leases, when costs to revert the premises back to their original condition are incurred. During 2018/19 we moved premises from the 4th floor of Lynton House to the 2nd floor. Although we are in the same office block our landlords have changed and we incurred £0.053m of costs to make good the 4th floor as required by our lease conditions.

**Notes (continued)**

**14. Reserves**

|  | Restated at<br>31 March<br>2018 | Incoming<br>resources | Resources<br>expended | Gift aid<br>payment and<br>taxation | Unrealised<br>gain/(loss) | Transfers<br>and<br>designations | At 31<br>March 2019 | Commitments<br>(note 14d) | At 31<br>March<br>2019 |
|--|---------------------------------|-----------------------|-----------------------|-------------------------------------|---------------------------|----------------------------------|---------------------|---------------------------|------------------------|
|  | £                               | £                     | £                     | £                                   | £                         | £                                | £                   | £                         | £                      |
| <b>Restricted</b>  |                                 |                       |                       |                                     |                           |                                  |                     |                           |                        |
| <b>DHSC</b>  |                                 |                       |                       |                                     |                           |                                  |                     |                           |                        |
| Revenue grant  | (601,636)                       | 23,470,000            | (23,671,215)          | -                                   | -                         | 1,474,146                        | 671,295             | (101,100)                 | 570,195                |
| Capital grant  | 13,183                          | 2,980,000             | -                     | -                                   | -                         | (2,953,603)                      | 39,580              | (39,580)                  | -                      |
| Transforming care  | 64,671                          | 180,000               | (244,671)             | -                                   | -                         | -                                | -                   | -                         | -                      |
| Chief social worker  | -                               | 161,431               | (161,431)             | -                                   | -                         | -                                | -                   | -                         | -                      |
| Principal social worker  | -                               | 42,384                | (39,501)              | -                                   | -                         | -                                | 2,883               | -                         | 2,883                  |
| Workforce strategy consultation  | (30,850)                        | 30,850                | (24,218)              | -                                   | -                         | 24,218                           | -                   | -                         | -                      |
| Best practice toolkit for autism   | -                               | 55,713                | (38,914)              | -                                   | -                         | -                                | 16,799              | (15,746)                  | 1,053                  |
| <b>Total SfC Work Programme</b>  | <b>(554,632)</b>                | <b>26,920,378</b>     | <b>(24,179,950)</b>   | -                                   | -                         | <b>(1,455,239)</b>               | <b>730,557</b>      | <b>(156,426)</b>          | <b>574,131</b>         |
| <b>Unrestricted sector income<br/>contributing to funding the<br/>work programme</b> | <b>1,002,662</b>                | -                     | -                     | -                                   | -                         | (1,002,662)                      | -                   | -                         | -                      |
| DfE  | -                               | 5,985,734             | (5,790,055)           | -                                   | -                         | (195,679)                        | -                   | -                         | -                      |
| Others   | -                               | 2,948,225             | (2,863,891)           | -                                   | -                         | (84,334)                         | -                   | -                         | -                      |
| <b>Other restricted funding</b>  | -                               | <b>8,933,959</b>      | <b>(8,653,946)</b>    | -                                   | -                         | <b>(280,013)</b>                 | -                   | -                         | -                      |
| <b>Total restricted and<br/>unrestricted cofunding</b>                               | <b>448,030</b>                  | <b>35,854,337</b>     | <b>(32,833,896)</b>   | -                                   | -                         | <b>(2,737,914)</b>               | <b>730,557</b>      | <b>(156,426)</b>          | <b>574,131</b>         |
| <b>Unrestricted funds</b>  | £                               | £                     | £                     | £                                   | £                         | £                                | £                   | £                         | £                      |
| 1718 Business plan   | 144,517                         | -                     | -                     | -                                   | -                         | -                                | 144,517             | (144,517)                 | -                      |
| ACEQUAS  | 276,466                         | -                     | -                     | -                                   | -                         | (116,068)                        | 160,398             | -                         | 160,398                |
| 1819 Business plan   | 1,000,000                       | 35,722                | (9,156)               | -                                   | -                         | (511,302)                        | 515,264             | (515,264)                 | -                      |
| 920 Business plan  | -                               | -                     | -                     | -                                   | -                         | 1,000,000                        | 1,000,000           | -                         | 1,000,000              |
| SfC Business continuity  | 5,345,843                       | -                     | -                     | -                                   | -                         | (3,258,357)                      | 2,087,486           | -                         | 2,087,486              |
| Gift Aid from SfCSL to SfC   | -                               | 1,248,447             | -                     | -                                   | -                         | (1,248,447)                      | -                   | -                         | -                      |
| AOD Business continuity  | 35,369                          | -                     | -                     | -                                   | -                         | (5,489)                          | 29,880              | -                         | 29,880                 |

| 14. Reserves (continued)              | Restated at<br>31 March<br>2018 | Incoming<br>resources | Resources<br>expended | Gift aid<br>payment and<br>taxation | Unrealised<br>gain/(loss) | Transfers<br>and<br>designations | At 31             |                   |
|---------------------------------------|---------------------------------|-----------------------|-----------------------|-------------------------------------|---------------------------|----------------------------------|-------------------|-------------------|
|                                       |                                 |                       |                       |                                     |                           |                                  | March 2019        | March 2019        |
|                                       | £                               | £                     | £                     | £                                   | £                         | £                                | £                 | £                 |
| <b>Unrestricted funds (continued)</b> |                                 |                       |                       |                                     |                           |                                  |                   |                   |
| SfC closure reserve                   | 7,273,403                       | -                     | -                     | -                                   | 1,143,557                 | -                                | 8,416,960         | 8,416,960         |
| Lease renewal                         | 3,610,734                       | -                     | -                     | -                                   | (583,398)                 | -                                | 3,027,336         | 3,027,336         |
| SfCD business continuity              | 152,876                         | 187,145               | (116,506)             | -                                   | -                         | -                                | 223,515           | 130,922           |
| FRS 102 pension                       | 2,314,000                       | -                     | -                     | -                                   | -                         | 4,639,000                        | 6,953,000         | 6,953,000         |
| SfC WYPF pension                      | 1,651,000                       | -                     | -                     | -                                   | (1,651,000)               | -                                | -                 | -                 |
| Fixed asset                           | 802,520                         | -                     | (800,906)             | -                                   | -                         | 3,267,895                        | 3,269,509         | 3,269,509         |
| Investment in AOD                     | 203,293                         | -                     | (137,824)             | -                                   | -                         | -                                | 65,469            | 65,469            |
| Dilapidations reserve                 | 157,384                         | -                     | (53,700)              | -                                   | -                         | 33,700                           | 137,384           | 137,384           |
| Dilapidations provision               | (157,384)                       | -                     | -                     | -                                   | -                         | 20,000                           | (137,384)         | (137,384)         |
| Investments                           | 4,103,607                       | -                     | -                     | -                                   | 2,052,768                 | -                                | 6,156,375         | 6,156,375         |
| Unrestricted (before pension)         | 26,913,628                      | 1,471,314             | (1,118,092)           | -                                   | 2,052,768                 | 2,730,091                        | 32,049,709        | 31,783,116        |
| Pension liability                     | (2,314,000)                     | 889,000               | (1,126,000)           | -                                   | (4,402,000)               | -                                | (6,953,000)       | (6,953,000)       |
| Unrestricted                          | 24,599,628                      | 2,360,314             | (2,244,093)           | -                                   | (2,349,232)               | 2,730,091                        | 25,096,709        | 24,830,116        |
| <b>Total company funds</b>            | <b>25,047,658</b>               | <b>38,241,651</b>     | <b>(35,077,988)</b>   | -                                   | <b>(2,349,232)</b>        | <b>(7,823)</b>                   | <b>25,827,266</b> | <b>25,404,247</b> |
| SfCSL                                 | -                               | 2,409,437             | (1,160,990)           | (1,248,447)                         | -                         | -                                | -                 | -                 |
| AOD                                   | -                               | 714,660               | (720,149)             | -                                   | -                         | 5,489                            | -                 | -                 |
| <b>Total trading activities</b>       | -                               | <b>3,124,097</b>      | <b>(1,881,139)</b>    | <b>(1,248,447)</b>                  | -                         | <b>5,489</b>                     | -                 | -                 |
| Total aggregate funds                 | 25,047,658                      | 41,338,748            | (36,959,127)          | (1,248,447)                         | (2,349,232)               | (2,334)                          | 25,827,266        | 25,404,247        |
| Total consolidating adjustments       | (13,261)                        | (1,248,447)           | -                     | 1,248,447                           | -                         | 2,334                            | (10,927)          | (10,927)          |
| Group unrestricted funds              | 24,586,367                      | 4,235,964             | (4,125,231)           | -                                   | (2,349,232)               | 2,737,914                        | 25,085,782        | 24,819,189        |
| <b>Total group funds</b>              | <b>25,034,397</b>               | <b>40,090,301</b>     | <b>(36,959,127)</b>   | -                                   | <b>(2,349,232)</b>        | -                                | <b>25,816,339</b> | <b>25,393,320</b> |

To note: Funds brought forward from 1 April 2018 have been restated by £0.068m to account for consolidating acquisition costs.

**Notes** (continued)

**14a) Unrestricted reserves**

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

Free reserves are accumulated to fund potential liabilities of SfC. Potential liabilities include estimated redundancy and early retirement costs, up to 6 month's operational costs, lease liabilities, and necessary costs and commitments that Skills for Care may face during an unforeseen period of funding difficulty. At 31 March 2019, the designated funds were sufficient to fund the minimum potential liabilities. The Finance and General Purposes Committee, SfC Solutions, AOD board and the SfC Board oversee the business development strategy to plan to fund any potential funding gap in the future.

The free reserves of the group are determined as follows:

|   | 2019<br>£         | <i>Restated</i><br>2018<br>£ |
|---|-------------------|------------------------------|
| <b>Unrestricted reserves (before pension)</b>           | <b>32,038,782</b> | 26,900,366                   |
| <b>Non free reserves (14b)</b>                          |                   |                              |
| Investment reserve                                      | (6,156,375)       | (4,103,607)                  |
| Fixed asset reserve                                     | (3,269,509)       | (802,520)                    |
| Goodwill in AOD   | (65,469)          | (203,293)                    |
|   | <u>22,547,429</u> | <u>21,790,946</u>            |
|   |                   |                              |
|   | 2019<br>£         | 2018<br>£                    |
| <b>Free reserves (14c)</b>                              |                   |                              |
| <b>Made up of:</b>                                      |                   |                              |
| SfC Business continuity                                 | 2,076,559         | 5,332,581                    |
| AOD Business continuity                                 | 29,880            | 35,369                       |
| 2019/20 Business plan                                   | 1,000,000         | -                            |
| 2018/19 Business plan                                   | 515,264           | 1,000,000                    |
| 2017/18 Business plan                                   | 144,517           | 144,517                      |
| Adult Care External Quality Assurance Service (ACEQUAS) | 160,398           | 276,466                      |
| Lease renewal   | 3,027,336         | 3,610,734                    |
| SfC closure   | 8,416,960         | 7,273,403                    |
| SfCD Business continuity                                | 223,515           | 152,876                      |
| FRS102 pension  | 6,953,000         | 2,314,000                    |
| SfC WYPF pension  | -                 | 1,651,000                    |
| Dilapidations reserve                                   | 137,384           | 157,384                      |
| Dilapidations provision                                 | (137,384)         | (157,384)                    |
|   | <u>22,547,429</u> | <u>21,790,946</u>            |

## Notes (continued)

### 14b) Non free reserves

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

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

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

### 14c) Free reserves

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

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

**1920 Business plan:** Funds designated by the Trustees to fulfil any potential funding gap in the following year

**1819 Business plan:** Funds designated by the Trustees to meet previous year's commitments.

**1718 Business plan:** Funds designated by the Trustees to meet previous year's commitments.

**Lease renewal:** Funds designated to fund the leases on the Leeds and London offices. The leases expired during the year. The Leeds lease was renegotiated on similar terms with a one year break clause and a move to the 2nd floor in London was undertaken with a new lease signed with new landlords and on similar terms with a three year break clause.

**SfC closure reserve:** Funds designated by the Trustees to fulfil potential closure costs which may be incurred if the company ceased activities in the future. As at 31 March 2019, the minimum potential closure liability (excluding pension) is £8.4m (2018: £7.3m) and the maximum is £11.6m (2018 £7.3m).

**SfCD business continuity:** Funds set up by the SfCD Board to fulfil any future funding gap as income streams do not cover planned core activity costs. £0.13m is designated to meet the 2019/20 budget requirements after commitments of £0.09m in place are honoured.

**FRS102 Pension:** The Company make contributions to the WYPF, a multi-employer defined benefit scheme. The pension scheme FRS102 valuation gave rise to an estimated deficit of £6.9m as at 31 March 2019 (2018 £2.3m). Trustees designated reserves to meet this deficit.

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

### 14d) Transfers and designations

The following transfers and designations were made during the year:

#### Restricted Funds £2.7m transfer to unrestricted

**DHSC funds:** A transfer of £0.5m (£1.47m total, less £1.0m from prior years) has been made from 2018/19 unrestricted sector income funds to cover the deficit in restricted funds. A transfer of £2.9m has been made from the restricted capital grant to fund the cost of fixed assets additions.

**Other funds:** There is a net surplus of £0.28m on charitable projects transferred to unrestricted funds to contribute to corporate and governance costs and business continuity.

#### Unrestricted funds

Trading surplus gift aided to SfC, income from bank interest, surplus from charitable activities, unspent 18/19 reserve and lease renewal savings were transferred and designated into the business continuity reserve to fund potential 2019/20 business plan funding requirements.



**Notes** (continued)

**15. Commitments and contingent liabilities**

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

|   | 2019                       |               | 2018                       |               |
|---|----------------------------|---------------|----------------------------|---------------|
|   | Land and<br>buildings<br>£ | Other<br>£    | Land and<br>buildings<br>£ | Other<br>£    |
| <i>Operating leases where payments are due:</i> |                            |               |                            |               |
| Within one year                                 | 805,050                    | 31,925        | 423,955                    | 31,925        |
| Within second to fifth years                    | 3,220,200                  | 43,731        | -                          | 49,557        |
| Over five years                                 | 495,138                    | -             | -                          | -             |
|   | <u>4,520,388</u>           | <u>75,656</u> | <u>423,955</u>             | <u>81,482</u> |

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

|                                     | Restricted<br>£ | Unrestricted<br>funds<br>£ | Total<br>£        |
|-------------------------------------|-----------------|----------------------------|-------------------|
| Tangible fixed assets               | -               | 361,209                    | 361,209           |
| Intangible assets                   | -               | 2,976,112                  | 2,976,112         |
| Investments                         | -               | 27,491,226                 | 27,491,226        |
| Current assets                      | 6,595,969       | 6,931,065                  | 14,982,273        |
| Current liabilities                 | (5,865,412)     | (7,038,683)                | (12,904,095)      |
|                                     | <u>730,557</u>  | <u>25,085,782</u>          | <u>25,816,339</u> |
| Restated assets as at 31 March 2018 | <u>448,030</u>  | <u>24,586,367</u>          | <u>25,034,397</u> |

**17. Pension schemes**

**Standard Life stakeholder pension scheme**

The group operates a defined contribution pension scheme. The pension cost charge for the period represents employer's contributions payable by the Group to the scheme and amounted to £186,308 (2018: £144,607). There were outstanding contributions at the end of the financial year of £31,121 (2018: £25,580).

**West Yorkshire Pension Fund (WYPF)**

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

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

The latest actuarial valuation of Skills for Care's liabilities took place as at 31 March 2016. Liabilities have been estimated by the independent qualified actuary on an actuarial basis using the projected unit credit method. The principal assumptions used by the actuary in updating the latest valuation of the Fund for FRS 102 purposes were:

**Notes** (continued)

**17. Pension schemes** (continued)

| Key assumptions (% per annum)     | 2019 | 2018 | 2017 |
|-----------------------------------|------|------|------|
| Discount rate for liabilities     | 2.4  | 2.6  | 2.6  |
| RPI inflation                     | 3.3  | 3.2  | 3.0  |
| CPI inflation                     | 2.2  | 2.1  | 2.0  |
| Pension increases                 | 2.2  | 2.1  | 2.0  |
| Pension accounts revaluation rate | 2.2  | 2.1  | 2.0  |
| Salary increases                  | 3.45 | 1.0  | 1.0  |

**Mortality assumptions**

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

| Assumed life expectancy at age 65 | 2019         | 2018         |
|-----------------------------------|--------------|--------------|
| <b>Males</b>                      |              |              |
| Member aged 65 at accounting date | 22.2         | 22.1         |
| Member aged 45 at accounting date | 23.2         | 23.1         |
| <b>Females</b>                    |              |              |
| Member aged 65 at accounting date | 25.4         | 25.3         |
| Member aged 45 at accounting date | 27.2         | 27.1         |
| <b>Asset allocation</b>           | <b>2019</b>  | <b>2018</b>  |
|                                   | %            | %            |
| Equities                          | 74.0         | 74.1         |
| Property                          | 4.7          | 4.4          |
| Government bonds                  | 11.2         | 11.0         |
| Corporate bonds                   | 4.0          | 3.7          |
| Cash                              | 2.3          | 1.9          |
| Other**                           | 3.8          | 4.9          |
| <b>Total</b>                      | <b>100.0</b> | <b>100.0</b> |

\*\* The administering 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           | 2019           | 2018           |
|--|----------------|----------------|
|  | £'000          | £'000          |
| Fair value of assets                                       | 36,449         | 34,148         |
| Present value of defined benefit obligation                | (43,402)       | (36,462)       |
| <b>Pension (liability) recognised on the balance sheet</b> | <b>(6,953)</b> | <b>(2,314)</b> |

**Notes** *(continued)*

**17. Pension schemes** *(continued)*

|   | 2019          | 2018          |
|---|---------------|---------------|
| The split of the liabilities at the last valuation date between the various categories of members was as follows: | %             | %             |
| Active members  | 44            | 44            |
| Deferred pensioners   | 32            | 32            |
| Pensioners  | 24            | 24            |
| <b>Amount recognised in the income statement</b>  | <b>2019</b>   | <b>2018</b>   |
|   | <b>£'000</b>  | <b>£'000</b>  |
| <b>Operating cost</b>   |               |               |
| Current service cost  | 684           | 733           |
| Past service cost   | 123           | 53            |
| <b>Financing cost</b>   |               |               |
| Interest on net defined benefit liability/(asset)   | 52            | 36            |
|   | <hr/>         | <hr/>         |
| <b>Pension expense recognised in profit and loss</b>  | <b>859</b>    | <b>822</b>    |
|   | <hr/> <hr/>   | <hr/> <hr/>   |
| Allowance for administration expenses included in current service cost £'000                                      | 9             | 6             |
| <b>Amounts recognised in other comprehensive income</b>   | <b>2019</b>   | <b>2018</b>   |
|   | <b>£'000</b>  | <b>£'000</b>  |
| Asset gains/(losses) arising during period  | 1,330         | 430           |
| Liability gains/(losses) arising during period  | (5,732)       | (885)         |
|   | <hr/>         | <hr/>         |
| Total amount recognised in other comprehensive income and credited/(charged) to SOFA                              | (4,402)       | (455)         |
|   | <hr/> <hr/>   | <hr/> <hr/>   |
| <b>Changes to the present value of the defined benefit obligation</b>   | <b>2019</b>   | <b>2018</b>   |
|   | <b>£'000</b>  | <b>£'000</b>  |
| Opening defined benefit obligation  | 36,462        | 34,432        |
| Current service cost  | 684           | 733           |
| Interest expense on defined benefit obligation  | 941           | 888           |
| Contributions by participants   | 164           | 184           |
| Re-measurement losses on liabilities  | 5,732         | 885           |
| Net benefits paid out   | (704)         | (713)         |
| Past service cost   | 123           | 53            |
|   | <hr/>         | <hr/>         |
| <b>Closing defined benefit obligation</b>   | <b>43,402</b> | <b>36,462</b> |
|   | <hr/> <hr/>   | <hr/> <hr/>   |

**Notes** (continued)

**17. Pension schemes** (continued)

| <b>Changes to the fair value of assets</b>  | <b>2019</b>   | <b>2018</b>   |
|---|---------------|---------------|
|   | <b>£'000</b>  | <b>£'000</b>  |
| <b>Opening fair value of assets</b>   | <b>34,148</b> | <b>32,670</b> |
| Interest income in assets   | 889           | 852           |
| Re-measurement gains on assets  | 1,330         | 430           |
| Contributions by employer   | 622           | 725           |
| Contributions by participants   | 164           | 184           |
| Net benefits paid   | (704)         | (713)         |
|   | <hr/>         | <hr/>         |
| <b>Closing fair value of assets</b>   | <b>36,449</b> | <b>34,148</b> |
|   | <hr/>         | <hr/>         |
|   | <b>2019</b>   | <b>2018</b>   |
|   | <b>£'000</b>  | <b>£'000</b>  |
| <b>Actual return on assets</b>  |               |               |
| Interest income on assets   | 889           | 852           |
| Gain/(losses) on assets   | 1,330         | 430           |
|   | <hr/>         | <hr/>         |
| <b>Actual return on assets</b>  | <b>2,219</b>  | <b>1,282</b>  |
|   | <hr/>         | <hr/>         |
|   | <b>2019</b>   | <b>2018</b>   |
|   | <b>£'000</b>  | <b>£'000</b>  |
| <b>Amount credited to other income</b>  |               |               |
| Interest income on assets   | 889           | 852           |
| Interest Cost   | (941)         | (888)         |
|   | <hr/>         | <hr/>         |
| <b>Net expected return on pension assets</b>                                      | <b>(52)</b>   | <b>(36)</b>   |
| Current service cost  | (684)         | (733)         |
| Past service cost   | (123)         | (53)          |
|   | <hr/>         | <hr/>         |
| <b>Net amount credited/ (charged) to statement of financial activities (SOFA)</b> | <b>(859)</b>  | <b>(822)</b>  |
|   | <hr/>         | <hr/>         |

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

An estimate of the charges to the profit and loss account under FRS102, based on assumptions as at 31 March 2019 are as follows:

|   |              |
|---|--------------|
| <b>Estimated pension expense in future periods</b>                    | <b>2020</b>  |
|   | <b>£'000</b> |
| <b>Current service costs</b>  | <b>764</b>   |
| Net internal cost on net defined benefit liability                    | 160          |
|   | <hr/>        |
|   | <b>924</b>   |
|   | <hr/>        |
| Allowance for administration expenses include in current service cost | 7            |
| Estimated pensionable payroll over period ending March                | 2,220        |
|   | <hr/>        |

**Notes** *(continued)*

**18. Related party transactions**

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

| <b>Board Member</b> | <b>Contractor/<br/>Organisation</b> | <b>Relationship of Board<br/>member with<br/>contractor/organisation</b> | <b>Type of contract/s<br/>awarded to<br/>contractor/organisation</b> | <b>Value<br/>£</b> |
|---------------------|-------------------------------------|--|--|--------------------|
| Moira Gibb          | Croydon Council                     | Independent Chair of<br>Governance Review                                | Adults ASYE  | 17,608             |
| Moira Gibb          | Croydon Council                     | Independent Chair of<br>Governance Review                                | Child & Family ASYE  | 21,000             |
| Mark Lever          | National Autistic<br>Society        | CEO  | Commissioning guidance<br>and best practice toolkit<br>on autism.    | 24,840             |
| Mark Lever          | MIND                                | Trustee on Retail Board  | Adults ASYE (MIND<br>Hull & East Yorks)                              | 2,150              |
| Mandy Thorn         | Shropshire Partners in<br>Care      | Non-Executive Director   | Registered Managers<br>Funding                                       | 892                |
| Mandy Thorn         | Shropshire Partners in<br>Care      | Non-Executive Director   | WDF Innovation<br>Funding  | 9,550              |
| Rachael Wardell     | London Borough of<br>Merton         | Director of Childrens,<br>Schools, and Families<br>(from 14 May 2018)    | Child & Family ASYE  | 7,000              |

**Glossary of terms**

|         |  |
|---------|--|
| A&R     | Audit & Risk   |
| ACEQUAS | Adult Care External Quality Assurance Service        |
| ASC-WDS | Adult Social Care Workforce Dataset                  |
| ADASS   | Association of Directors of Adult Social Services    |
| AMC     | Annual Management Charge                             |
| AOD     | Affina Organisation Development                      |
| ASYE    | Assessed and Supported Year in Employment            |
| BAME    | Black, Asian and Minority Ethnic                     |
| CMI     | Chartered Management Institute                       |
| COIF    | Charities Official Investment Fund                   |
| CPI     | Customer Price Index                                 |
| CQC     | Care Quality Commission                              |
| DfE     | Department for Education                             |
| DHSC    | Department of Health and Social Care                 |
| F&GP    | Finance & General Purposes                           |
| FISSS   | Federation for Industry Sector Skills & Standards    |
| FRS     | Financial Reporting Standard                         |
| FTE     | Full Time Equivalent                                 |
| GDPR    | General Data Protection Regulations                  |
| GDS     | Government Digital Standards                         |
| HEE     | Health Education England                             |
| HEEKSS  | Health Education England for Kent, Surrey and Sussex |
| ICA     | I Care Ambassador                                    |
| IE      | Individual Employer                                  |
| LA      | Local Authority                                      |
| LGA     | Local Government Association                         |
| LGBT    | Lesbian, Gay, Bisexual and Transgender               |
| LGPS    | Local Government Pension Scheme                      |
| LT      | Leadership Team                                      |
| NHS     | National Health Service                              |
| NHSE    | NHS England  |
| NIC     | National Insurance Contribution                      |
| NMDS-SC | National Minimum Dataset for Social Care             |
| NQSW    | Newly Qualified Social Worker                        |
| NRC     | National Recruitment Campaign                        |
| PA      | Personal Assistant                                   |
| PSW     | Principal Social Worker                              |
| QCF     | Qualifications and Credit Framework                  |
| RPI     | Retail Price Index                                   |

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

|      |                                       |
|------|---------------------------------------|
| RQF  | Regulated Qualifications Framework    |
| SfC  | Skills for Care                       |
| SfCD | Skills for Care and Development       |
| SOFA | Statement of Financial Activities     |
| SSC  | Sector Skills Council                 |
| SSSC | Scottish Social Services Council      |
| TLAP | Think Local Act Personal              |
| ULO  | User Lead Organisation                |
| VAT  | Value Added Tax                       |
| WDF  | Workforce Development Fund            |
| WDIF | Workforce Development Innovation Fund |
| WP   | Work Programme                        |
| WRES | Workforce Race Equality Standard      |
| WYPF | West Yorkshire Pension Fund           |