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Institute for Apprenticeships & Technical Education

Annual Report and Accounts for year ended 31 March 2021

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HC 319

Institute for Apprenticeships and Technical Education Annual Report and Accounts 2020-21

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Performance report

Chief Executive's Introduction

I am delighted to present the fourth Annual Report and Accounts for the Institute for Apprenticeships and Technical Education (the Institute) - my second as Chief Executive.

The COVID-19 pandemic has presented unprecedented challenges for the skills system over the past year. Many apprentices had their training paused or moved online and those wishing to start an apprenticeship, particularly in sectors hit hardest by lockdowns, saw opportunities evaporate.

The Institute responded rapidly, working with employers, training and assessment providers to put in place over 150 training and assessment flexibilities, maintaining high quality standards, whilst enabling as many apprentices as possible to keep training and undertake their end point assessments. We are particularly proud of the work we undertook with the NHS and Health Education England to enable nursing and other healthcare apprentices to divert to frontline COVID-19 work, whilst still progressing with their apprenticeships.

As a result of the focused work of the Institute, including the introduction of flexibilities, over 50,000 people have completed their apprenticeship standards despite lockdown.

Given the challenges many of our employers faced this year, we had to scale back some activity we had planned pre-pandemic, such as route reviews. Nevertheless we continued to create or update 64 apprenticeships during the pandemic and we are hugely grateful to all our route panel members and trailblazer employers for their continuing support of the Institute.

As the authoritative voice of employers within the apprenticeships and technical education space, we took on a system leadership role, convening virtual groups of employers, FE and HE sector leaders to create a concerted system wide response to the pandemic and this action helped avoid the problems seen elsewhere.

Our T Level delivery programme remains fully on track with three T Levels going into teaching in September 2020 and seven more coming on stream in September 2021. Procurement exercises for T Levels waves 3 and 4 are also still progressing well. We have also successfully launched phase one of our Higher Technical Qualifications programme which will look first at digital before broadening out to cover the whole economy. All this is evidence of a concerted effort to work hard and collaboratively with providers, awarding organisations, the DfE and Ofqual.

Towards the end of the performance year, we were delighted that the Skills for Jobs white paper, endorsed and expanded the principles of an employer led system extending the approach from apprenticeships into all other forms of technical education.

The Skills and Post 16 Education Bill proposes new powers and duties for the Institute to ensure that all apprenticeships and technical qualifications are built on employer set occupation standards. We are excited about this opportunity and stand ready to deploy the employer voice across a wider suite of technical training. We also want to use this opportunity to build the high-quality integrated skills system we need to support economic recovery, the government's ambitions for levelling-up and plans to meet net zero by 2050.

We are working to map out the full range of high-quality training opportunities, supporting people of all ages to thrive and progress, more clearly than ever before through the continuous improvement of our Occupational Maps.

We will also proactively seek out where skills gaps need to be filled and I expect the rollout of T Levels to continue to set an example of what can be achieved in compressed timescales.

Our work to develop a quality mark for Higher Technical Qualifications will gather pace, as will our work to bring employer set standards to bear on technical qualifications at level 3 and below.

Now that we have an inventory of apprenticeships across the whole economy, our focus will shift from the development of new apprenticeships to ensuring what is available to all 15 occupational routes is up to date and truly reflects the modern economy.

We are a confident and influential organisation, working with thousands of employers, whose passion and commitment we rely upon to develop and improve the skills system. Our open and collaborative approach to problem solving has enabled us to make significant improvements to policy and operations that will reap long term benefit.

The Institute is now at the heart of the government's skills agenda and plans for economic recovery post COVID-19. The need for a high quality, employer led skills system has never been greater and we are determined to do all we can to seize this once in a generation opportunity to create the system we need for the future.

Thank you to everyone who has supported the Institute in its endeavours.

Jennifer Coupland,
Chief Executive

Who we are

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

The Institute's powers and duties stem from the Apprenticeships, Skills, Children and Learning Act 2009, as amended by the Enterprise Act 2016 and by the Technical and Further Education Act 2017. Subject to Parliament, they stand to be further adjusted by the Skills and Post-16 Education Bill.

Mission

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

Vision

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

We are revising our strategy, but currently pursue our vision through three strategic objectives:

Efficient

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

Collaborative

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

Authoritative

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

What we do

Developing apprenticeships and T Levels on employer set standards ensures that we provide employers and apprentices with confidence that training is high quality and meets industry expectations and that assessment is a reliable test of occupational competence.

Working with employers

We work with groups of employers called trailblazers and T Level panels who develop apprenticeships and technical qualifications. Our board approve these based on recommendations provided by our route panels.

The 15 route panels represent the employer voice within the Institute. Route panels are responsible for ensuring that apprenticeships and T Level qualifications are high quality and meet the needs of employers, apprentices and learners and the economy at large.

Apprenticeships

We work with employers to ensure they continue to meet the needs of employers and apprentices by:

- developing new apprenticeships
- reviewing apprenticeships
- updating established apprenticeships

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

Technical education

On 31 January 2019, we took on the responsibility for:

- approving outline content for all T Levels
- running procurements
- issuing contracts to awarding organisations to develop the detailed qualifications

We are also responsible for the approval process for Higher Technical Qualifications. The quality mark will identify those qualifications that deliver against the knowledge, skills and behaviours employers have set out in the standards for the occupation. These quality marked qualifications will be available for teaching from September 2022.

Accountability Landscape

The Institute has a set of important functions and accountabilities within the wider skills system, but it is also responsible for work in partnerships with other statutory bodies that have complementary and supporting functions. The table below sets out the respective accountabilities across the system.

	T Levels (Level 3)	Apprenticeships		
		Technician Level (2 to 3)	Higher Technician Level (4 to 5)	Professional Level (6+)
Department for Education (through ESFA)	Overall accountability and policy lead for T Level programme, including provision of industry placements	Overall accountability for the apprenticeship programme, policy, strategy and quality Overall accountability for Higher Technical Qualification policy including funding and raising quality of higher technical provision		
Institute		Accountability for quality in relation to its statutory duties		
	Production of outline content, qualification development, review and approval	Standards development, review and approval		
	Managing quality through contract procurement	Oversight of External Quality Assurance of end-point assessment		
		Quality of approved Higher Technical Qualifications: analysis and approval of Higher Technical Qualifications in accordance with statutory duties		
Ofsted	Quality of teaching	Quality of training provision		
Ofqual	Accreditation and quality of qualifications in Register of Regulated Qualifications	Quality Assurance of end-point assessment		
		Advise Institute on quality of qualifications submitted for Higher Technical Qualifications approval		
		External Quality Assurance, where nominated		

	T Levels (Level 3)	Apprenticeships		
		Technician Level (2 to 3)	Higher Technician Level (4 to 5)	Professional Level (6+)
Office for Students (OfS)				Quality of training provision
				Quality of end-point assessment

Further information can be found in the Apprenticeship Accountability Statement and the T Level Accountability Statement.

Impact of COVID-19

The COVID-19 pandemic has influenced the work of the Institute and the skills sector more broadly. Most notably there was a significant drop off in apprenticeship opportunities in the first lockdown and the closure of places of work. Our response has been to prioritise the health and wellbeing of our employees and that of everyone impacted by our work. In parallel, we have focused on maintaining the delivery of apprenticeships and T Levels without compromising quality.

Route Panels have functioned well remotely, and the Institute has continued to approve apprenticeship standards, albeit some challenges have been experienced in obtaining quotes for funding band recommendations. It is pleasing that apprenticeship starts have recovered in many sectors and that many apprentices managed to continue with off the job training during periods of lockdown. To help with maintaining completion rates despite imposition of lockdowns and revised working arrangements, the Institute worked with employers and providers to implement over 150 flexibilities in how End Point Assessments (EPA) could be delivered without compromising quality. This has had a significant, positive impact on the ability of apprentices to complete their apprenticeships over the period. The innovations in assessment approach will now be reviewed and those that are judged to be betterment will be retained.

T Level development has been more challenging during the COVID-19 period, but the programme has been maintained. Delivery has been inconvenienced and learners have been impacted by lockdowns and the shift from classroom based to online learning for periods of time. However, we have seen a positive response from providers who have been determined to protect the interests of their students. The three Wave 1 T Levels remain on track in delivery and the seven Wave 2 T Levels will go into teach in September 2021, which is to schedule.

Our staff have worked from home, almost exclusively since the first lockdown in March 2020 and we have put in place additional support arrangements to enable them to do so successfully. The pandemic has meant we actively delayed some of our planned work-packages, notably the delivery of route reviews where we took account of additional pressures on employers and the evolution of the Institute's internal structures. Both should be caught up in the coming year. Like many organisations, we have also gained insights into how we could work better into the future, which we will be maintaining.

Apprenticeships

Over the past four years, the Institute has supported employers to design new, higher quality apprenticeships.

The new apprenticeships are higher quality because employers are involved throughout their creation. Apprenticeships are now developed by employer trailblazers, then reviewed by employer route panels. Route panels are employers who help us to make sure that apprenticeships and T Levels are high quality and meet the needs of industry, apprentices and the economy as a whole. They keep apprenticeships up to date and ensure training meets current industry requirements.

The panels make final recommendations to our Approvals and Funding Committee (AFC). The committee further ensures the knowledge, skills and behaviours required for competence meets employers' needs.

We have worked with thousands of employers to achieve this.

Employers provide wide coverage of different occupations and sectors across the economy. We continue to revise apprenticeships to ensure they contain the latest occupational requirements. This includes professional body requirements. As of 31 March 2021, we have approved 600 apprenticeship standards for delivery, up from 536 on 31 March 2020. All apprenticeships include at least 20% off-the-job training and rigorous end point assessment. This ensures apprentices are fully competent in the occupation they have been training within.

There were 64 standards approved for delivery in 2020-21, with a median time of around 480 days between proposal being agreed and the standard being approved for delivery. In 2019-20 there were 110 approved with median time of around 560 days between proposal being agreed and the standard being approved for delivery.

Employers work with us to regularly review apprenticeships. We check to make sure that what was right at the time of approval is still current. We also implemented changes from our first Route Review in digital occupations.

The Creative & Design and Hair & Beauty route reviews have concluded. We published the key outcomes in January 2021. Work continues to introduce the changes.

Two further reviews are ongoing and will conclude next year. These are the Agriculture, Environmental & Animal Care and Engineering & Manufacturing routes.

The digital route review identified eight standards to be revised, with a further four to be withdrawn and some of the content incorporated into revised standards.

The Institute has so far delivered 2 new standards that have been launched and 4 revised standards from 1st June. These incorporate the occupational competence of 4 previous standards to create broader and more robust products that will enable delivery to flex with the market as the digital sector changes over time. The remaining two level 3 and level 4 apprenticeships are scheduled for publication in the Autumn.

The Digital Technology Solutions Professional Degree Apprenticeship at Level 6 was also part of the digital route review but is being held back by the trailblazer as they await the outcome from the Degree Apprenticeships Policy review to ensure that they have the fullest picture of the Institute's expectations before submitting. The expectation is that this product will be available in 2022.

DIVERSITY IN APPRENTICESHIPS

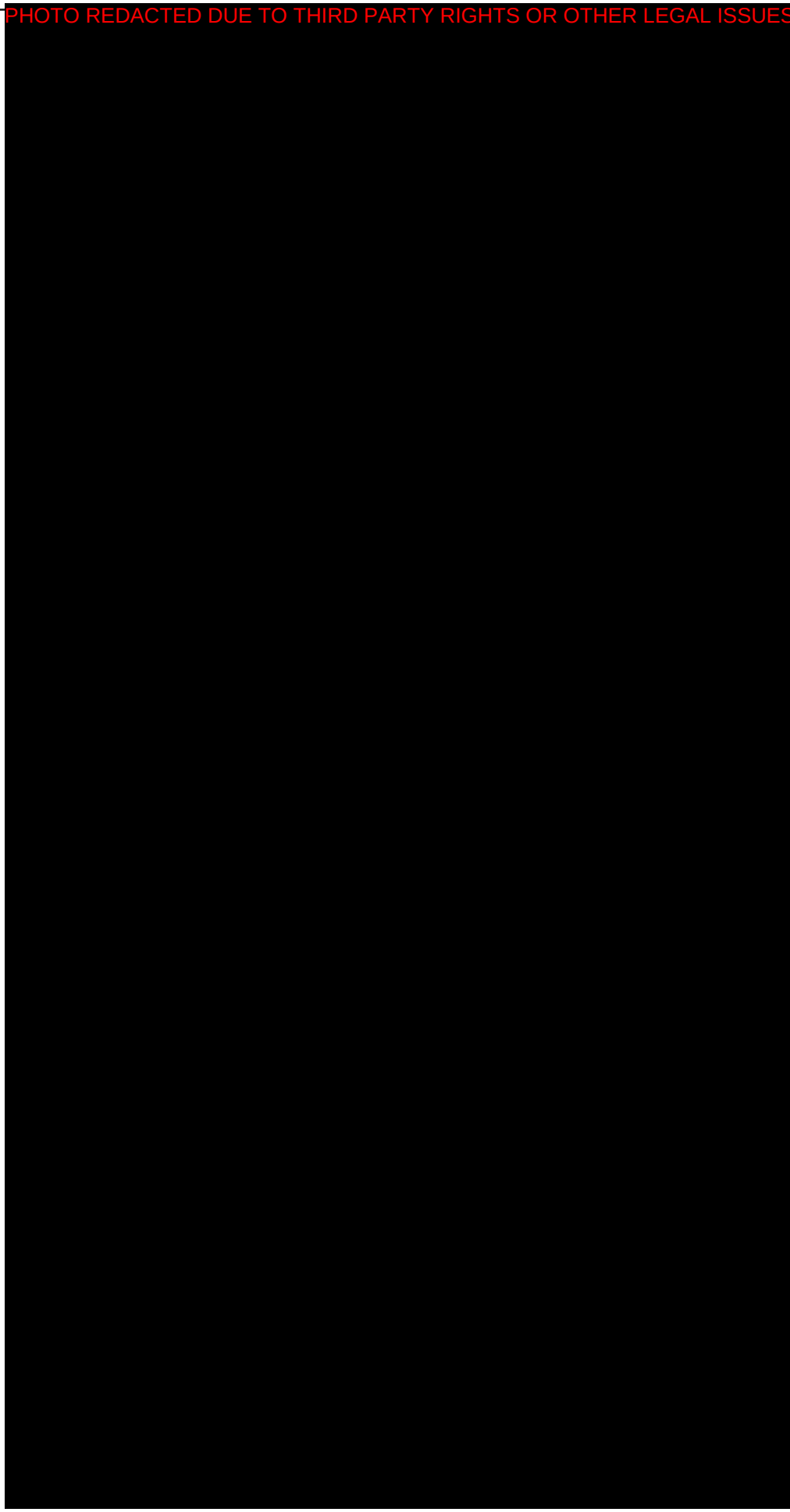
We know that employers want to use apprenticeships to diversify their workforce. They aim to open up their professions and apprenticeships are helping them to do this.

The share of BAME apprentices across all apprenticeship standards has been rising gradually. It currently stands at 13%, up 1% on 2018/19. This broadly reflects the proportion of the BAME population across the country.

The proportion of women on apprenticeships remains at around 50%. Women are well engaged in some STEM sectors; for example they make up the majority of starts in the "Healthcare science" pathway.

However, underneath these headlines we know there is more to do to improve access to the full range of apprenticeships.

Diversity and inclusion are a priority, both within our organisation and in our provision of technical education. We are embarking on a project to explore the diversity of our membership and apprentices. We will also review our technical education products to better support inclusion.



External Quality Assurance

The Institute has a statutory responsibility to ensure that evaluations are made on the quality of end-point assessments. External Quality Assurance (EQA) has been delivered by a wide range of organisations, including:

- the Institute itself
- Ofqual,
- Office for Students (OfS)
- professional bodies; or
- employer groups.

A public consultation considered a revised framework between February and May 2020. This proposed a reduction in the number of organisations that delivered EQA. Instead, all EQA would be delivered by Ofqual or, for integrated degree apprenticeships, by OfS.

We received over 200 responses to the consultation from a range of stakeholders. The majority of respondents recognised the benefits of the proposed system. As a result, we proceeded to introduce the proposal outlined in the consultation.

It was clear in the consultation responses that organisations are still responding to the effects of COVID-19. As a result, the Institute recognised the need for flexibility in the transition timetable. This resulted in an extension to the year one transition dates. This gave End Point Assessment Organisations (EPAOs) longer to apply for Ofqual recognition for Standards in scope.

The transition is underway, with the first batch of 70 Standards beginning to move over to Ofqual from November 2020

The Institute, Ofqual and OfS are working together to manage the full transition over a two-year period.

Improving how we approve standards

Over the past year, a key goal has been to increase the number of apprenticeship standards that gained approval on their first submission. This is important as it reduces the time burden for those working on new apprenticeships. It also allows people to start on the new employer designed apprenticeships quicker.

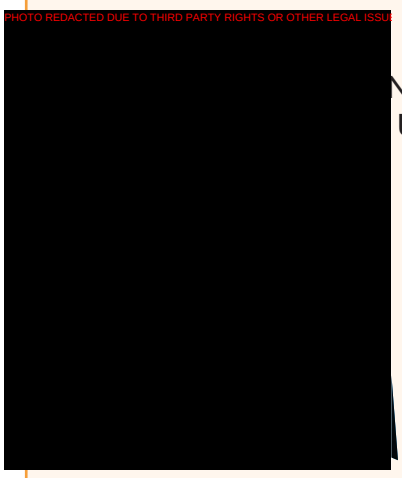
Our role is to offer support and advice throughout the process. We help trailblazers meet the quality criteria, with an aim to secure approval first time. Route panels provide extra insight and advice to set standards. They also determine funding band recommendations.

Between 1 April 2020 and 31 March 2021, 91% of standards gained approval from the AFC when submitted.

The changing shape of the programme in response to putting employers in the driving seat has seen a growth in valuable higher technical and degree apprenticeships. However the programme is still 70% level 2 and 3 which supports young people entering the labour market.

Case study

Nicola Leach – nursing on the frontline through pandemic



Nicola Leach, 39, is a nursing degree apprentice at Plymouth University.

Nicola has had a number of placements over the last year, amidst enormous amounts of uncertainty and pressure due to the COVID-19 pandemic.

At one point half of the nursing staff had to self-isolate on a COVID-19 ward she was working on. But this hasn't put her off at all.

She said: "I feel this experience has allowed me to enhance my compassionate nursing skills, discover what type of leader I wish to be and realise that nursing is a real passion of mine, and that I am grateful for the opportunity to be part of it.

"The route through the NHS Trust meant I didn't have the financial burden as they paid for all my tuition fees.

"I am also paid a salary which was a huge advantage and something which is not possible through a normal university route. Additionally, with usual financial commitments (mortgage, household bills and children) the monthly salary I am paid takes the pressure and stress off myself and my family and also is a driver in wanting to complete the course."

Nicola thinks that if you have a passion for caring and want to study to be the best you can be then you should definitely consider an apprenticeship.

Higher Technical Qualifications

In July 2020, the government published its plans for the future of higher technical education at level 4 and 5 in England.

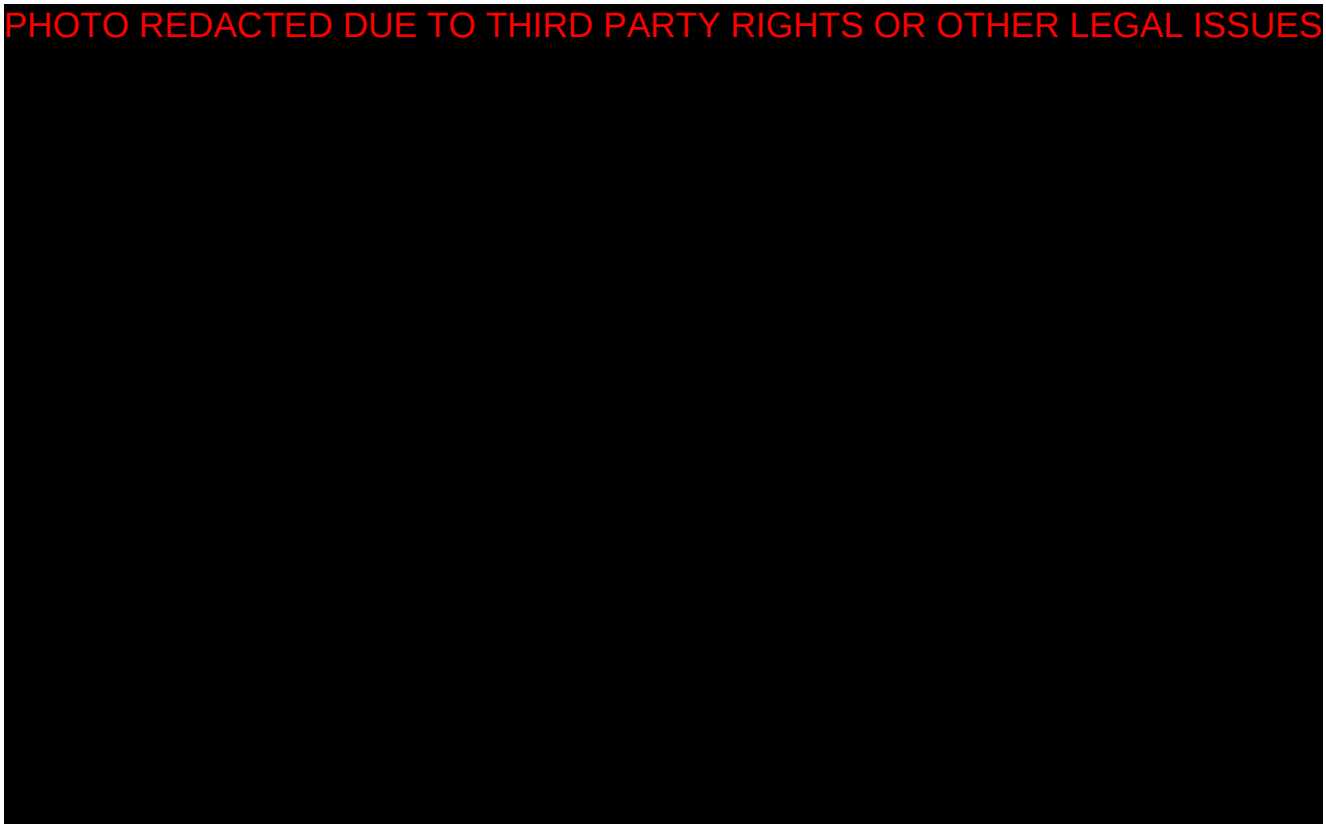
The plans included the government's ambition to increase:

- the number of learners at levels 4 and 5
- the supply of much needed skills to raise productivity and prosperity.

Our role in the reforms is to approve qualifications against occupational standards. Approval will be backed by Government endorsed quality mark. This makes it easier for employers and learners to identify which qualifications offer great training. Ultimately, this should lead to high-skilled jobs.

In the first year, the focus will be on digital qualifications. We will compare these to our recently reviewed occupational standards at level 4 and 5. This will help confirm their quality.

We welcomed our first applications from a range of awarding bodies, including awarding organisations and higher education institutions in September. The approval of digital qualifications will conclude in summer 2021. This means they will be available to learners for teaching from September 2022.



T Levels

On 31 January 2019, we became responsible for T Levels. This involves:

- running procurements
- issuing contracts to awarding organisations to develop the detailed qualifications
- approving the final T Levels ready for providers to teach at colleges and schools throughout England

During development, awarding organisations submit materials at three key milestones. We work with Ofqual to ensure the T Levels design offers high quality content. They also have to include robust assessment methods.

The Institute scrutinises the materials and assesses progress against the contract requirements. At the final milestone, we determine whether content is ready for approval with an employer panel. Then Ofqual considers accreditation of the qualifications.

T Levels are a two-year course for students aged 16-19, that will follow GCSEs and are equal to 3 A Levels. They offer students a mixture of:

- **classroom learning; and**
- **'on-the-job' experience during an industry placement of at least 315 hours (approximately 45 days)**

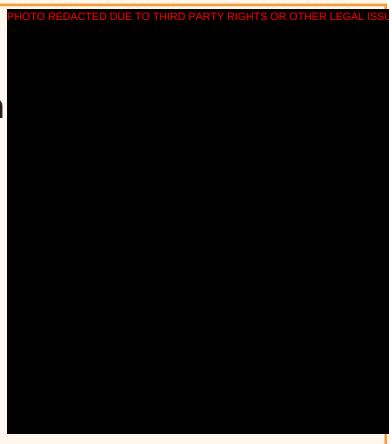
Working with DfE and post-16 providers, we launched the first three T Level courses to students in September 2020. They will be delivered by selected schools and colleges across the country. These are in:

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

The Institute and Ofqual have now approved the qualifications for a further seven T Levels. They will be introduced in colleges and schools from September 2021.

Case study

Isa Kazi - Digital, production, design T Level studen



This is a much more practical course than the computing GCSE. You're not just learning computing theory. You're going behind the scenes and can actually see how well you're doing in each task, such as what's working well and what needs improving.

"It will be good to learn more about coding, C-Sharp and other programming languages"

"It's an enjoyable course. The teachers are supportive of what you want to learn and achieve. I'm interested in AI and cloud computing."

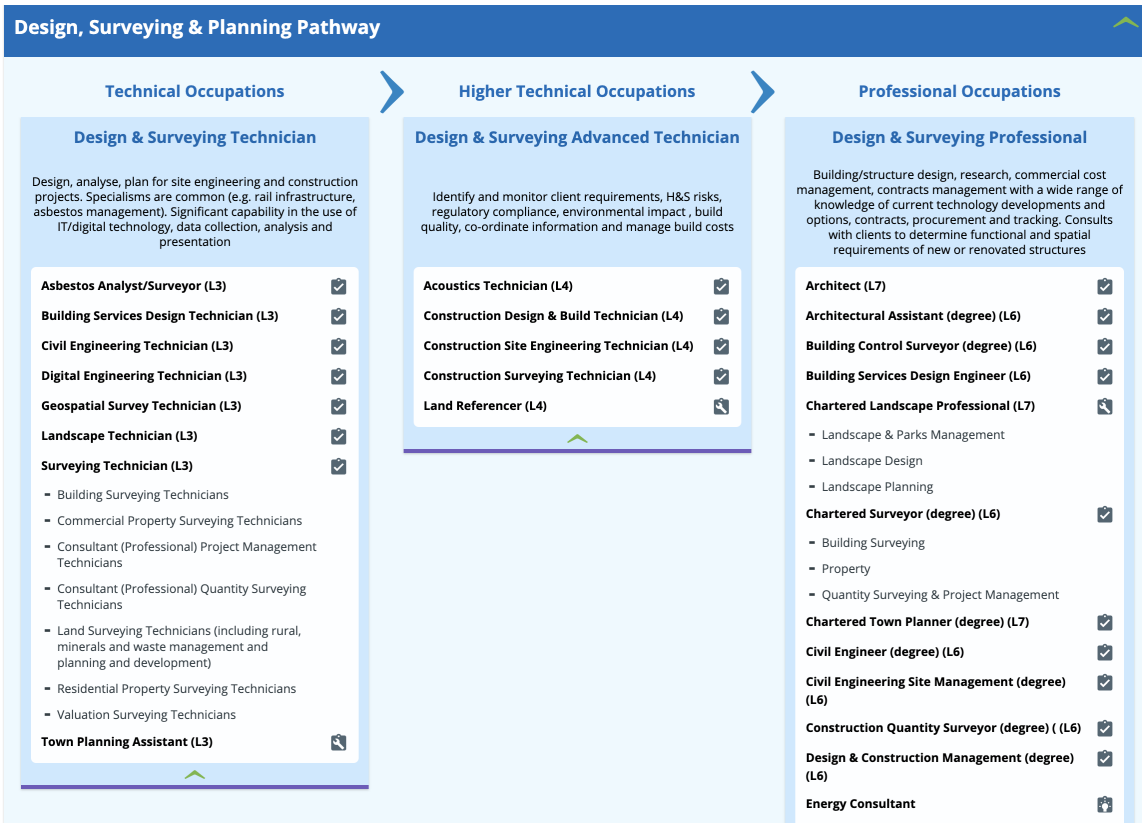
Occupational Maps

Occupational maps provide a guide illustrating the technical education options available. Designed for:

- employers
- individuals
- training providers who deliver our qualifications.

In the last year, we reviewed our occupational maps to make them digital. This has made them more accessible, user-friendly and interactive.

To help improve the maps further, we continue to carry out user testing. We also intend to expand them to include the qualifications for which we are responsible. This includes T Levels and Higher Technical Qualifications.



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

Green Apprenticeships

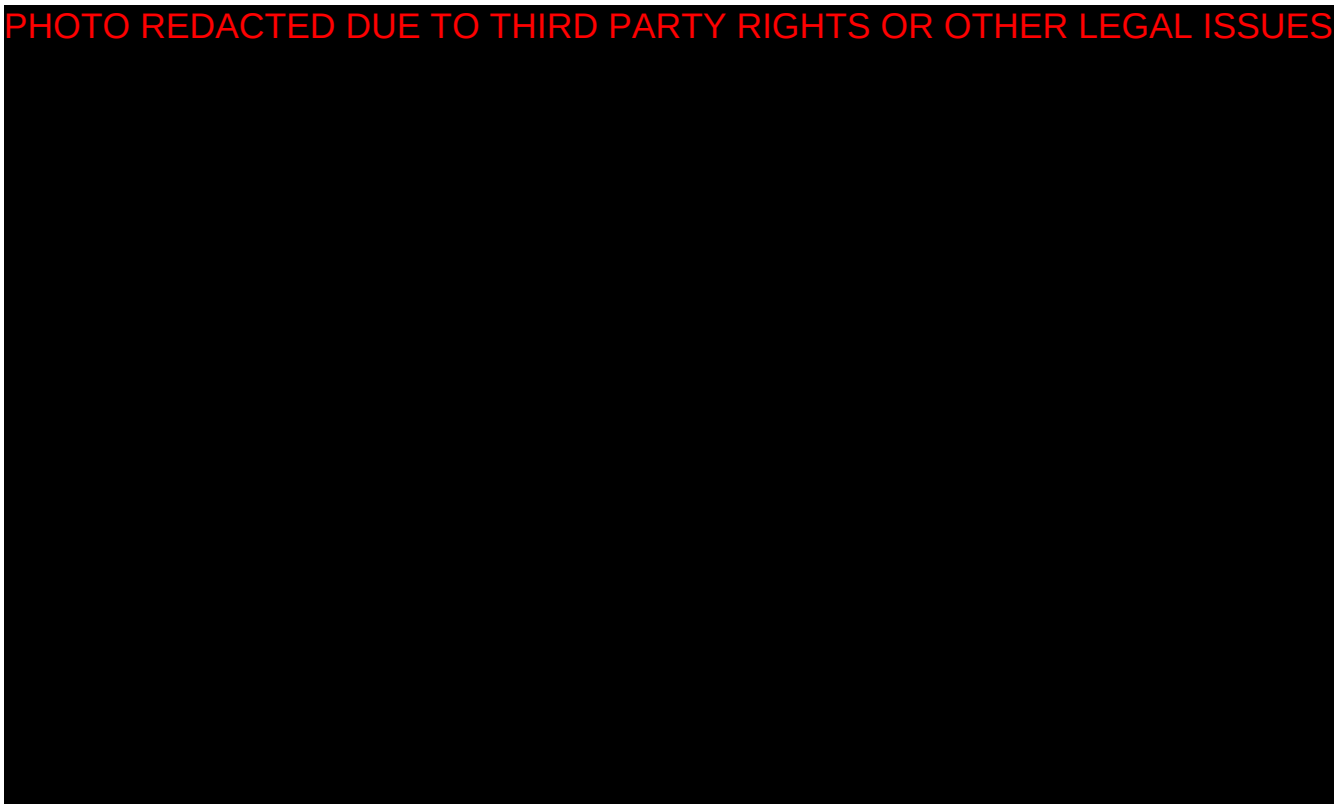
The Institute launched a new green apprenticeships advisory panel to help put cleaner and greener apprenticeships and technical qualifications front and centre of the skills element of the UK's sustainability programme.

The panel will advise us on opportunities to make existing apprenticeships and technical qualifications greener and identify new apprenticeships in emerging green occupations as well as highlighting the green apprenticeships which are already on offer.

This will allow apprentices and employers to play their role in getting the UK's carbon emissions to net-zero by 2050, in line with the government's target.

The panel will act as ambassadors, promoting the benefits of green apprenticeships and technical qualifications and the importance of making apprenticeships greener.

The 14-panel members have extensive knowledge across the priority sectors, which will change the most in response to the government's net-zero commitments.



Working collaboratively

During the past year, we have worked with our partners in the Quality Alliance. Ofqual and OfS in particular have helped us:

- deliver wave 2 T Levels
- establish end-point assessment (EPA) flexibilities during the pandemic; and
- design the EQA transition plan and begin implementation.

Our partnerships will be key as we develop our offering in these areas. Together, we can assure their relevance in these uncertain times.

There are over 150 flexibilities which have been rolled out over the last year to keep the apprenticeship sector moving and to help apprentices complete.

For example, many end point assessments have been undertaken remotely, making use of technology and new innovations to help maintain the same quality but adapt to the challenging circumstances.

Working with others

As an employer-led organisation, how we interact and work with our many stakeholders is very important. We run stakeholder surveys to understand how we are perceived.

We received 243 responses to our stakeholder survey this year, with 56% reporting a positive working relationship with us, 11% reporting a negative working relationship and 33% replying neutrally.

The Quality Alliance

Co-led by the Institute and ESFA, the Quality Alliance is a means for collaboration between organisations with responsibilities for aspects of the apprenticeship landscape. This collaborative approach is designed to facilitate effective co-ordination and co-working to improve quality and deliver improvements in the quality system. Members share intelligence so that trends can be monitored, areas of concern can be identified, and action taken.

Members

Institute for Apprenticeships and Technical Education				
Education and Skills Funding Agency (ESFA)	Ofsted	Ofqual	Quality Assurance Agency	Office for Students

Contributors

Association of Employment and Learning Providers	Association of Colleges	Federation of Awarding Bodies	Universities UK

Note: From April 2021 WorldSkills became a Contributor.

Performance analysis

Introduction

This section summarises the development and performance of the Institute. It focuses on the year ended 31 March 2021. The Institute confirms that it has complied with legislation in respect to the activities it has undertaken during the year. It has had regard to the Strategic Guidance issued by the Minister for Apprenticeships and Skills in July 2020.

Performance against our strategic objectives

The Institute uses a balanced scorecard to track performance against our strategic objectives. Using feedback from across the Institute, we update the scorecard quarterly. We gather information from:

- Stakeholder and notably employers, including those we work with closely
- our senior leadership team
- management information system
- reports from our sponsor
- other data sources, including surveys

COVID-19 necessitated changes in our previously planned programmes of work and gave rise to additional areas of work that are not recorded in the original scorecard measures for 2020-21. To accommodate these additions, we altered some of the measures in year. We will carry over measures that require continued activity into the coming year.

Colour coding is used to track progress.

Commitment on track or complete
Some risk to delivery
Commitment not on track

All data is relevant as of March 2021

Strategic objective 1: Efficient

How we will achieve this

Measure	Performance
T LEVELS	
Wave 2 Technical Qualifications (TQ) available to Providers, having achieved Institute Approval and Ofqual Accreditation by November 2020 for 6 of the TQs and December 2020 for the 7th TQ	Achieved: Includes the Digital, Construction and Health & Science routes. The qualifications are now released to providers. Teaching will begin from September 2021.
FUNDING	
Agreed, tested, and piloted a new approach ahead of the implementation of a revised funding band calculation, that will attain board approval and is widely recognised by employers and providers to be more transparent and reliable than its predecessor	Delivery of this measure has been delayed to conform to the ESFA's review of eligible costs and in recognition of the challenges due to COVID-19. New approach will be implemented in Autumn 2021 to enable coordination with other Institute products supporting the recommendation.
EXTERNAL QUALITY ASSURANCE (EQA)	
A simplified and strengthened system for EQA in implementation that enables effective oversight through the Quality Assurance Committee (QAC)	Delivery has been delayed: The first phase of transition has been extended by 6 months, and now due to complete January 2022. Standards are moving at a slower rate than the initial delivery plan predicted in part due to unprecedented challenges posed by COVID-19. 85 of approximately 350 standards from Open Awards to Ofqual to date. The Employer Directory is due to be piloted with Ofqual in May 2021.

Measure	Performance
QUALITY ALLIANCE	
At least 75% of Quality Alliance action plan points have progressed by at least one classification	Achieved: Progress has been made against all measures. Action plan has been reviewed and agreed by the Quality Alliance.
SIMPLIFICATION	
A new organisational design implemented which increases the first-time success rate for both proposals (75%) and quality plans (85%)	COVID-19 related disruption affected delivery: 66% of proposals and 96% quality plans submitted were approved first time. Along with 98% of standards for completion. The new organisation design has been delayed until summer 2021. 'Right first time' submissions have improved due to the improved route hub model.
HOLISTIC VIEW	
Occupational Maps have been evolved to provide a clear and consistent picture of the current and potential future technical education landscape in which the Institute is involved, which can be used to establish how occupations are linked to each other, how they are named, and how an individual can progress between them	Ongoing delivery: Development of Occupational maps are complex and requires different opinions on outcomes from organisations operating in similar space. Working to establish partnerships to ensure our offer is distinct whilst complementary. User research stage is near completion and will inform further development. Work is ongoing to recast the maps to present all Institute products and show progression.

Strategic objective 2: Collaborative

How we will achieve this

Measure	Performance
NETWORK OF EMPLOYERS	
Increase the proportion of trailblazers, from 74% to 85%, that rate their working relationship with the Institute as "good" or better in the 2020 Stakeholder Survey	Measure not directly comparable: Direct comparison not appropriate due to adjustments in the survey (the inclusion of a neutral category) made to improve the metric in the future. Overall, 57% of trailblazer responses were positive. Excluding the neutral category, 84% of those that expressed an opinion were positive.
APPRENTICES AND T LEVEL STUDENTS	
The board starts to receive six-monthly informative reports which are a culmination of the assessment of the performance of standards in every route and how quality might be improved, as reported by the Apprenticeship Panel	Achieved: Apprentice Panel reported to board twice in this reporting year. Recommendations from 2020 Survey, have led to actions being taken on all fifteen routes. These have been monitored within the Institute, and the Panel members aspire to improve.
PROFESSIONAL BODIES	
Double (from 9 to 18) the number of Professional Bodies reporting their working relationship with the Institute as "good" or better, in comparison to the 2020 Stakeholder Survey	Measure not directly comparable: Direct comparison not appropriate due to adjustments in the survey (the inclusion of a neutral category) made to improve the metric in the future. 10 professional bodies responded in total, 6 positively and only 1 negatively.

Strategic objective 3: Authoritative

How we will achieve this

Measure	Performance
EMPLOYER VIEW INSIGHTS	
At least 1 evidence-based paper has been published that extends the understanding of the apprenticeship and technical education programmes	Achieved: The Institute published its 2020 EQA Report in December 2020. The Institute has also invested into SME engagement with apprenticeships.
DATA SCIENCE CAPABILITY	
All decision-making meetings and boards sponsored by the Institute are supported by relevant and accessible data and analysis; increase to 70% of Route Panel members judging the Institute's decision making to be data driven in the 2020 Stakeholder Survey: up from 57% in 2019	Achieved: Data and reports are routinely provided to all decision-making boards and meetings under the guidance of a nominated Data Scientist. 89% of 9 route panel responses in the stakeholder survey were positive for this question.
INSTITUTE'S VISION	
Plans for the development of the Department's Technical Education Framework to further embed the employer view in the specification and approval of employment related qualifications, including HTQs	Achieved: The Institute engaged with the DfE to ensure the employer voice was key a theme within the FE white paper. The Secretary of State has legislated for the delivery of a Long-Term Assurance Model. This has resulted in the Institute being placed at the centre of the Technical Qualifications Assurance system.
MOBILISING OUR NETWORK	
An increase in the proportion of stakeholders indicating that the Institute has transformed the landscape for the better in the 2020 Stakeholder Survey to at least 75% from 62% in 2019	Measure not directly comparable: Direct comparison not appropriate due to adjustments in the survey (the inclusion of a neutral category) made to improve the metric in the future. In 2020: • 40% selected 'neutral' vs 16% selecting "do not know" in 2019. • 15% 'strongly agreed' vs 14% in 2019, • 4% 'strongly disagreed' vs 13% in 2019.

People

Our staff are crucial to delivering our mission, so the Institute works hard to retain and develop its people. For the first time the Institute was part of the Civil Service People Survey having run a survey 'in-house' previously. We had a 98% completion rate from staff, which enable us to have confidence in the results.

The Civil Service People Survey for 2020 showed an improved engagement score from 66% to 69%. There were also increased scores for 'My Work' and 'Learning and Development'. Highlights include:

- 79%, up 5 percentage points, agreed that "I would recommend my organisation as a great place to work."
- 83%, up 8 percentage points agreement for "I think my organisation respects individual differences."
- 73%, up 5 percentage points, agreed that 'My manager helps me understand how I contribute to my organisation's objectives."

The Senior Leadership Team have agreed some key areas to address, and are developing activities to address these including, Leadership and Managing Change, Learning and Development, and talent management.

Each team is also working to address areas of particular interest for them.

Staff turnover has risen slightly during 2020-21 to 9%. This is expected for a small organisation that is maturing, with some people who joined the Institute near its inception looking for new opportunities.

Principal risks and uncertainties

The Institute faced a number of risks that could have caused our business delivery to differ from expected outcomes. We have assessed these risks against our strategic principles and mission. We show below the risks with the most severity managed during the course of the 2020-21 performance year:

- T Levels
- Funding band recommendations approach
- COVID-19 pandemic

On pages 31 and 32 we present a forward look at the risks we face. These reference most notably the recognition that COVID-19 will impact our organisation

Key: Symbols in the risk table link to our strategic objectives.

Efficient ●

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

Collaborative ● ●

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

Authoritative ● ● ●

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

Detail	Mitigation
T Levels	
• We have been implementing a change programme to ensure approval and accreditation of four waves of the T Levels technical qualifications (TQs), developed by Awarding Organisations (AOs). First of which, needed to take place within set timings to enable first teach from September 2020. • Inherent tight timetables and the novel nature of the qualifications was challenging. The Institute has engaged closely with stakeholders throughout the development phase to manage delivery to time, cost and quality.	• Ofqual and DfE were engaged early in reviewing products and programme execution to help ensure Wave 1 T Levels were developed and approved to required time, cost and quality targets. Wave 2 qualifications have also been released to providers to teach from September 2021. Wave 3 is in development and Wave 4 in procurement. • DfE continues to work closely with providers to ensure teaching support and support for wider aspects of T Levels including industry placements and further education workforce capacity. We are working closely with employers and DfE to ensure the industry placement risks are managed.
COVID-19 IMPACT • This is the first year of teaching Wave 1 T Levels and take up has been positive. We are conscious of the effect COVID-19 may have on further waves of development and future take up in this climate. • We are managing AOs to ensure contractual obligations and working with partners so that providers are supported by AOs with online training for teaching and administration, and T Levels students are taught at schools and colleges in line with national guidance.	

Detail	Mitigation
Funding band recommendations approach	
• Apprenticeship standards are assigned a funding band which is the maximum amount the government pays towards the cost of an apprenticeship. The Institute provides the Secretary of State with a recommendation on the most appropriate funding band for any new apprenticeship, or where a funding band may need to change. • The Institute has closely engaged stakeholders to address risks of complexity or lack of transparency in the approach to funding band recommendations and to understand the views of all interested groups on the approach.	• We have consulted on and intend to replace the current approach with a simpler, clearer model, which uses an independent evidence base. We anticipate that using independent evidence in the approach will ensure funding better reflects the true cost of delivery. • We published an update on feedback in December 2020 and plan to publish a full consultation response in parallel with outputs from initial impact testing and consideration of the conclusion of the ESFA's review into eligible costs. This review is not in scope of our work but has a direct impact on it.
COVID-19 IMPACT • We are committed to consider ways to manage the introduction of a new funding band recommendation model to avoid market disruption and support employers to access quality apprenticeship provision. • We expect to undertake a further phase of testing from August 2021, ahead of any implementation of the new model.	

Detail	Mitigation
COVID-19 pandemic	
• The COVID-19 pandemic impacted negatively on the delivery of quality apprenticeship training and completion. Many apprentices ready to take their end-point assessment (EPA) were not able to do so. Successful completion of their apprenticeships and onward career progression was at risk of being held back. • The impact would disadvantage these apprentices compared to their peers who were doing academic or vocational qualifications. Employers in key sectors were also keen those apprentices who had attained occupational competence could receive their apprenticeship certificate.	• Since the COVID-19 outbreak, we have been supporting the cross-government effort to make it easier for apprenticeships to continue and for apprentices to complete in a different way, without compromising quality. • We have dedicated resource to providing EPA flexibilities for apprenticeship standards, to ensure people are still able to complete their training. We have published updated guidance on the delivery of assessment for the sector. With over 150 flexibilities; in most cases they allow for high quality remote assessment and we continue to review cases as they arise.
COVID-19 IMPACT • We continue to be open to requests to new or revised flexibilities; monitoring to see where new flexibilities might be needed and taking forward lessons for future planning.	

For more detail on our risk approach, please refer to page 57

Forward look

As the Institute continues to grow and our role develops, the risks and challenges we face also change. We have considered our future objectives to support the strategic principles and our mission and assessed the challenges we face at this time.

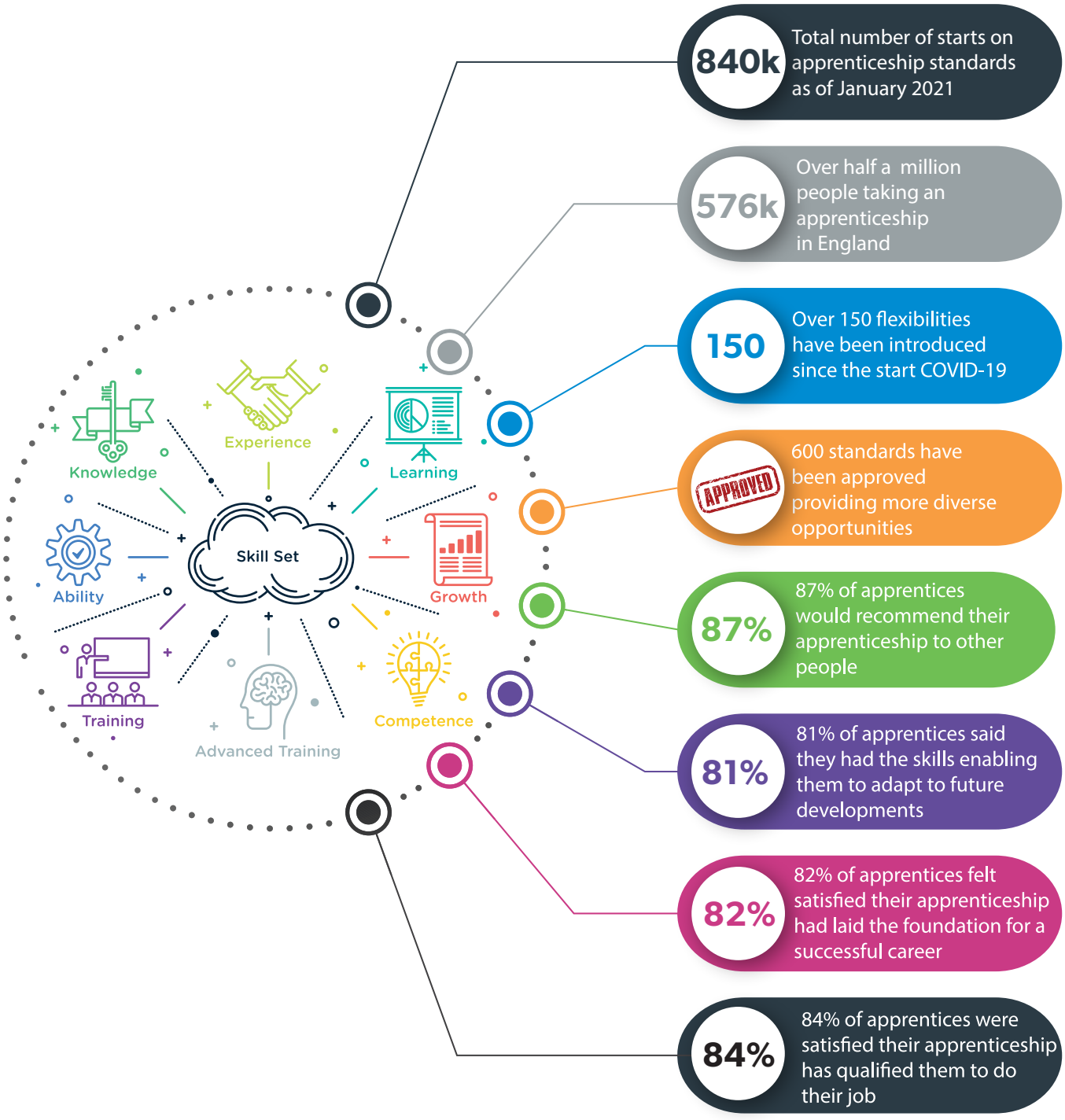
Detail	Mitigation
COVID-19 pandemic	
• The COVID-19 virus presents a unique challenge to us. Our priority continues to be the health and wellbeing of apprentices, employers, staff and everyone involved in the process. We recognise there is likely to be ongoing risk of COVID-19 impacting apprenticeships and technical education. There will be longer term effects of COVID-19 on the economy, our stakeholders, our people and our work. • We are considering the impact as we begin building an integrated skill system, where all apprenticeships and technical qualifications are high quality. Close working with stakeholders, strategic planning, and resource modelling will help us minimise the risk of ongoing disruption, including cybersecurity risk.	• We will continue to work with the DfE and stakeholders to represent our/employer views in innovations, deliver flexibilities, review standards and manage the T Levels programme. In order to mitigate the risk to apprentices/ students being unable to complete courses/ achieve recognition and support the economy. • Staff have been supported to work remotely and we are implementing business continuity and health and wellbeing strategies. We are reviewing cybersecurity risks in our business continuity planning and will put in place actions to address these risks and strengthen our plans.
COVID-19 IMPACT • Our key objectives as the economy opens out is to continue protecting the safety of everyone involved with apprenticeships and TE and delivering our revised strategy, helping sustain a resilient skills system that meet the needs of employers. • We are also aligning our operating model and strategic workforce plans to our strategy, to enable effective delivery of our strategy.	

Detail	Mitigation
Employer engagement	
• A key aspect of our work is convening and facilitating employers and partners to develop quality apprenticeships, T Levels and Post-16 Qualification's content. Employers provide us with vital insight, making an active contribution to our work/ processes which take us closer to our vision and mission. • The increasing profile coupled with the impact of COVID-19 on these stakeholders, puts at risk our core objectives and the quality of products.	• We have been planning, and supporting, employer groups with guidance and process adjustments due to the impact of COVID-19 and continue to maintain remote contact with members; holding webinars with employer groups to understand pressures and to advise and support. • We are managing a continuous improvement project to review capacity, reduce burden on those employer members who directly input to our work by streamlining our processes, use remote software and ensure focus on strategic objectives.
COVID-19 IMPACT • We recognise the impact that COVID-19 is having on employers we engage with. Some have had to de-prioritise tasks to tend to the needs of their businesses which could ultimately impact on the development of Apprenticeships and T Levels. We continue to flex and engage our stakeholders considerately, so we can help employers now and also plan for recovery in the longer term. • We are working closely with the Department and our board to advise on and execute actions in our response, considering recovery in our strategic plan.	

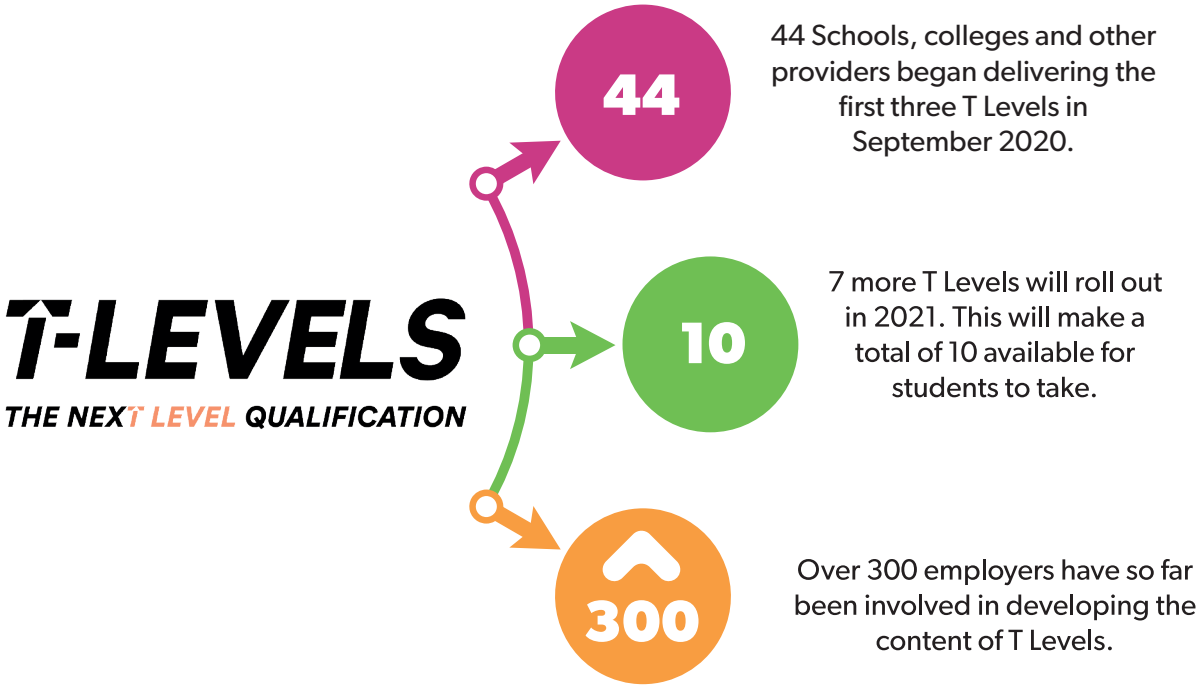
Further details regarding the Institute's response and recovery in respect of COVID-19 can be found on page 10.

Our year in numbers

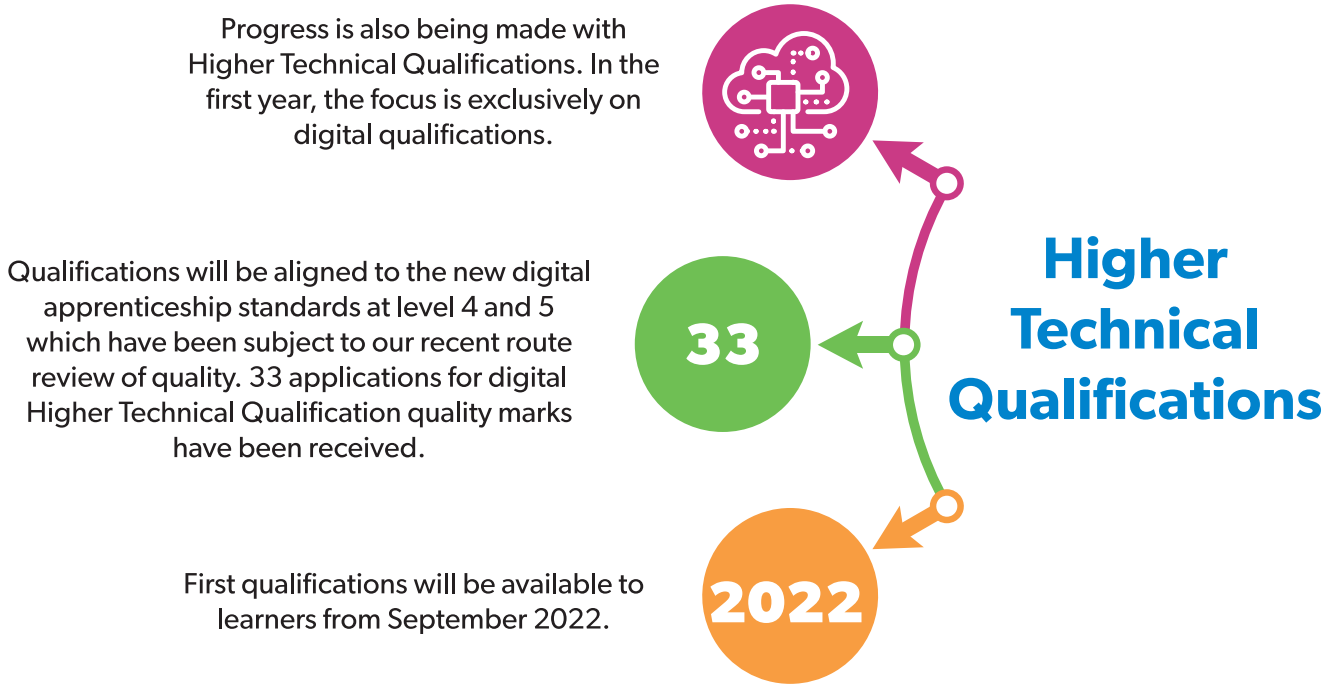
Apprenticeships



Technical Education



Higher Technical Qualifications



Chief Financial Officer's review of the year

Introduction

We are a growing and maturing organisation, in our fourth year of operation. Over the last year we have been building our capabilities and strengthening and embedding our processes, governance and management to better deliver our core functions.

Our costs have increased by £1.7 million from £19.8 million to £21.5 million this year. This is mainly due to an increase in staff numbers from 167 to 214 to support additional work in relation to Higher Technical Qualifications and the anticipated delivery of the new Skills for Jobs and Post 16 Education Bill.

The EU Exit had no significant impact on our finances. COVID-19 has primarily resulted in significant savings, some permanent (such as travel and events) and some as a result of activities being delayed (such as the white paper). The Institute adapted quickly and comprehensively to working from home with minimal overall impact on strategic objectives.

Financial Performance

Overview

This section provides commentary to support the financial statements and our performance during the year. See the financial statements on page 75-92 for more details.

Operating Income

We have recorded fee income of £1.39m (compared to £0.42m in 2019-20) where the Institute has received fees from end-point assessment organisations. This is where we have recovered the costs charged to the Institute in respect of fees for external quality assurance billed by Open Awards.

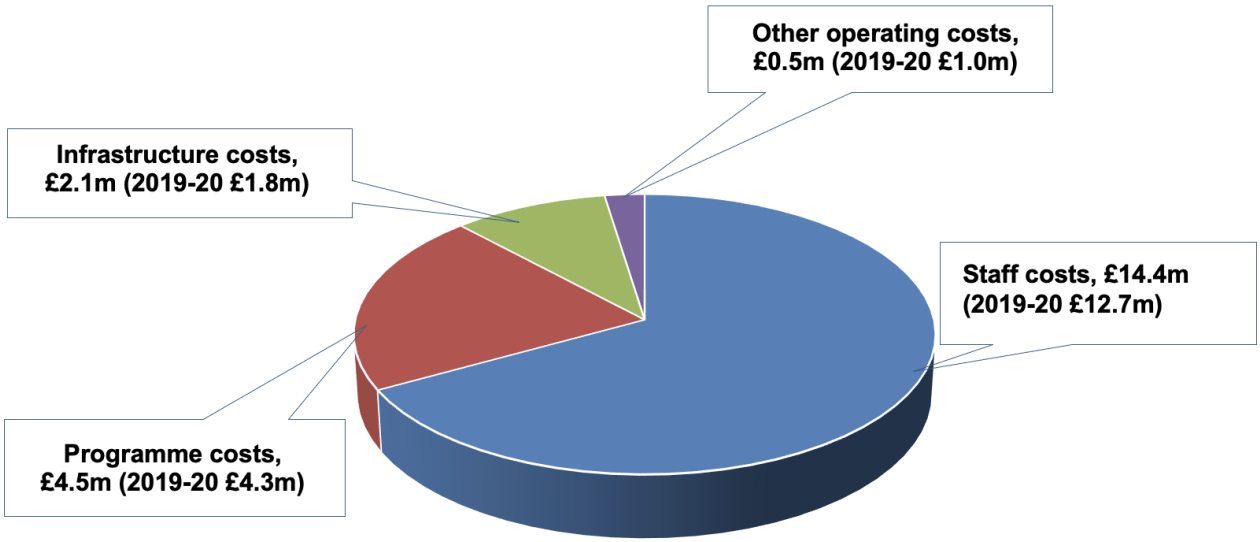
Transition of this service to Ofqual and The Office for Students will see this income reduce to zero, currently forecasted for Dec 2021.

We no longer lease the surplus office space, therefore received no income for this year (£0.34m in 2019-20).

Operating Costs

We increased our expenditure by £1.7m during the year. The chart below shows how this figure is broken down.

Cost allocation £21.5m (2019-20 £19.8m)

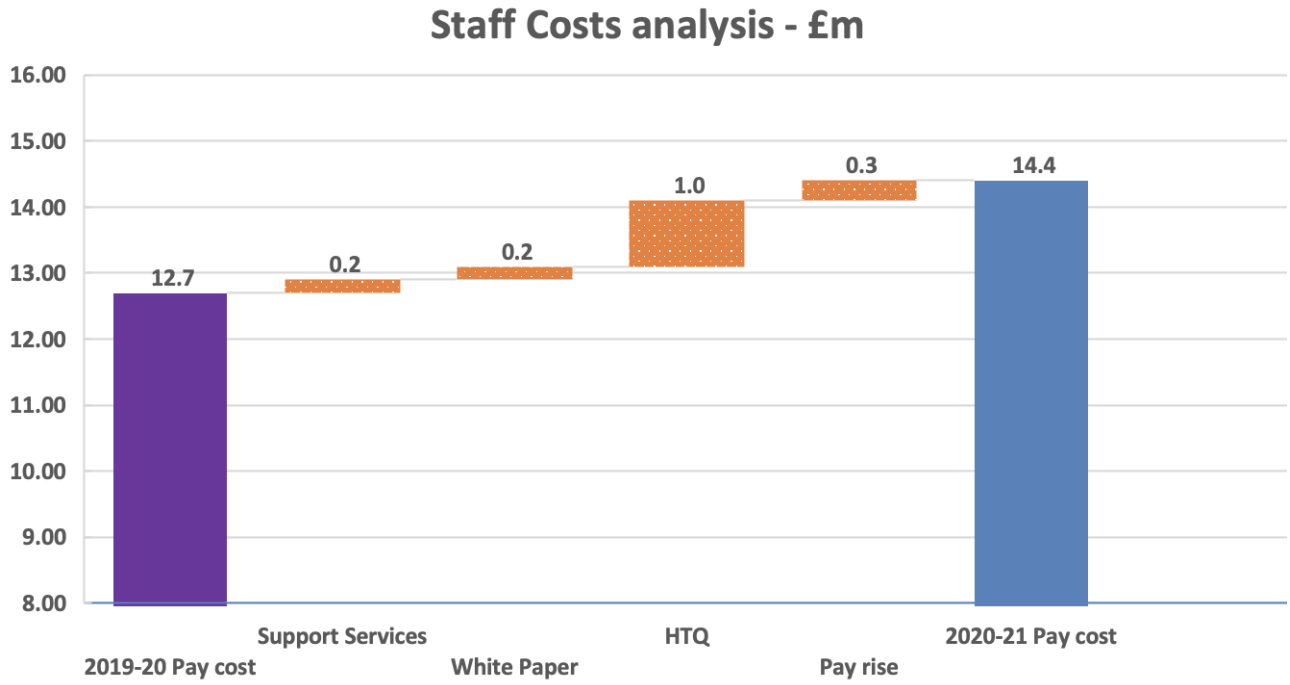


An analysis of staff costs can be found in the Remuneration and Staff Report on page 60.

The detail of expenditure of our non-pay costs is provided in note 4 to the accounts on page 86.

Staff costs

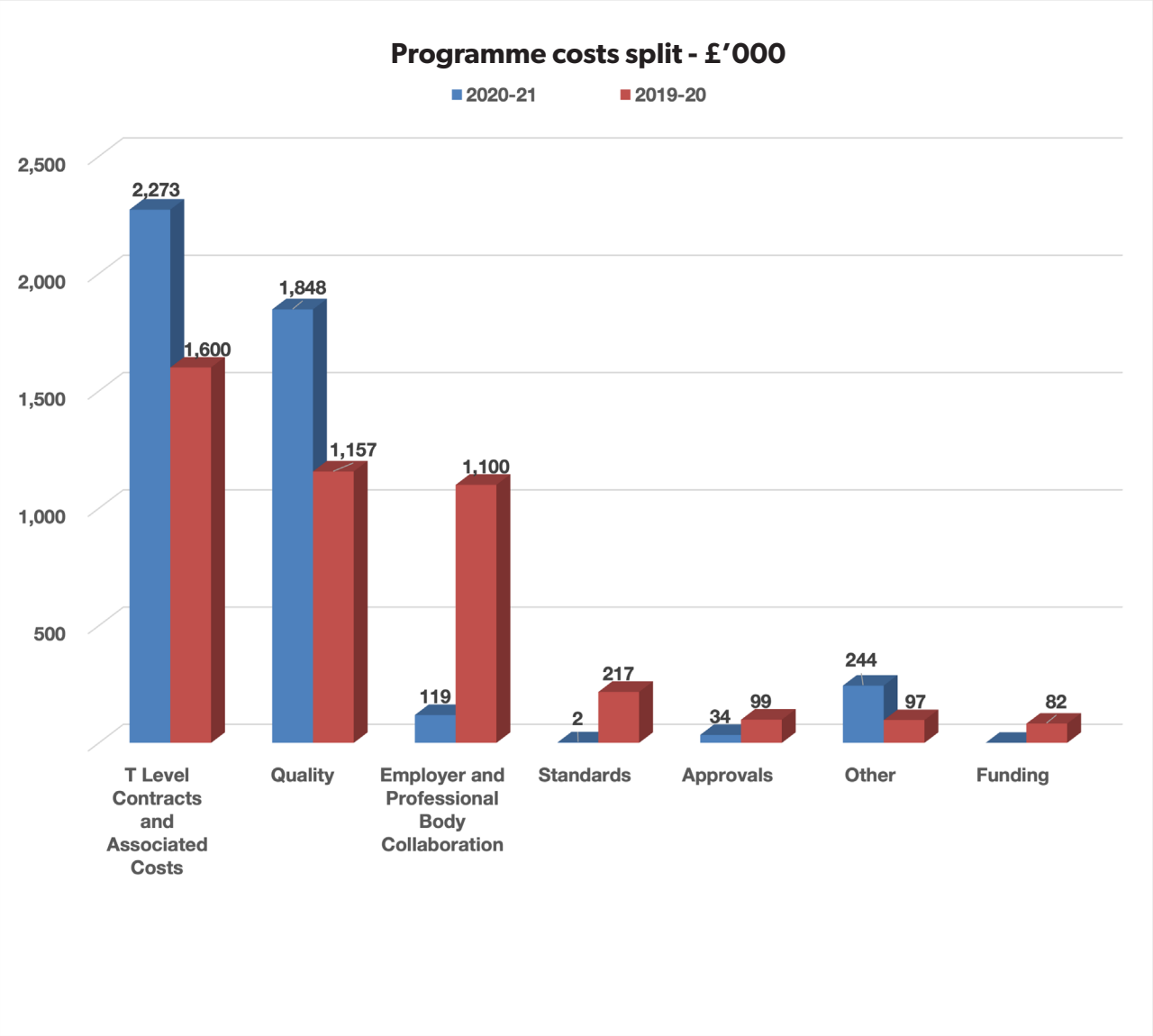
Our staff costs have increased from £12.7m to £14.4m, the key drivers are shown below.



Pay rise relates to the period before the start of the recent public sector pay freeze, and was in line with the guidance in place at the time.

Programme costs split

The cost to deliver our frontline services has increased from £4.3m to £4.5m.



T Level Contracts and Associated Costs

The table below shows T Level Wave commencement and completion dates.

T Level Wave	T Levels Title	Milestones Start and Completion
Wave 1 Milestone 1, 2 & Final Approval	• Design, Surveying and Planning for Construction • Digital Production, Design and Development • Education and Childcare	Feb 19 – April 20
Wave 2 Milestone 1, 2 & Final Approval	• Onsite Construction • Building Services Engineering for Construction • Health • Science • Healthcare Science • Digital Business Services • Digital Support Services	Oct 19 – Jan 21
Wave 3 Milestone 1, 2, 3, 4	• Finance • Accounting • Maintenance, Installation and Repair for Engineering and Manufacturing • Engineering, Manufacturing, Processing and Control • Design and Development for Engineering and Manufacturing • Management and Administration	Sep 20 – May 21

Expenditure incurred in respect of T Level contracts increased from £1.6m to £2.3m due to a greater number of Milestones completed in 2020-21.

Quality

Quality costs have increased by £0.7m (from £1.16m 2019-20 to £1.85m 2020-21).

The key drivers are an increase in EPAO fees of £84k due to higher levels of certifications. This is offset by a reduction in travel (£63k), Education Advisor costs (£68k) and office costs (£115k).

Employer and Professional Body Collaboration

We continue, as an employer-led body, to convene and facilitate employers, partners and other stakeholders to develop apprenticeship and T Level content. The lockdown has forced this activity to be conducted virtually this year leading to a reduction in costs of £0.98m.

Standards

Standards costs have reduced by £0.22m (99.1%) due to activities going virtual in relation to the COVID-19 lockdowns.

Other

Increase in Other expenditure of £0.15m is mainly due to amortisation of recent Capex spend.

Infrastructure

These costs have marginally increased from £1.8m (2019-20) to £2.1m (2020-21). This includes an increase in IT and telecoms costs fundamentally due to the information management, payroll systems and a contract management system (£0.17m).

Other operating expenditure

The reduction of £0.5m is primarily due to Lockdown reductions in travel and expenses.

Capital Expenditure

Our total capital investment for the year was £516k (2019-20: £647k).

We spent £447k on in-house software development, with a further £60k still in development. (2019-20: £454k and £173k respectively)

This is a continuation of the work previously initiated to develop a Management Information system (Institute Data System) to strengthen the apprenticeship approval process and share analysis and intelligence with our staff, board, route panels and committees. The system has been extended to support the development of T Levels and Higher Technical Qualifications during the year.

We currently have a commitment of £565k (as at 31 March 2020: £315k) to continue to develop our systems as the work we undertake grows and develops.

Estates

The lease on our offices in central London expired in March 2021.

We have sourced a new leasing space in Sanctuary Buildings, a government office in Westminster, and expect to occupy the premises from early October 2021. The space is smaller in size, reflecting the post-COVID-19 new ways of working, with a concordant reduction in rental costs expected but still to be confirmed by the Government Property Agency at the time of writing.

DfE have involvement in the provision of the Institutes new accommodation in Sanctuary Buildings as part of the current Sanctuary Building refurbishment programme.

We currently have a commitment of £256k with respect to the office move.

Forward look

Over the coming year, the Institute's focus in this space is to:

- continue the development of Wave 3 and Wave 4 T Levels.
- invite applications and publish approved Higher Technical Qualifications.
- continue to drive efficiencies for the growing organisation through change in business architecture as the new organisational structure comes into fruition in June 2021.
- further enhance the new HR and payroll system, iTrent, in respect of a dashboard and business intelligence reporting.
- support the smooth transition of the move to Sanctuary Buildings. This will provide greater value for money, flexible and collaborative ways of working for our staff and our stakeholders.
- continue to adopt new ways of working as a result of COVID-19, such as virtual meetings and working from home whilst ensuring staff and stakeholders are fully supported.
- continue assessing financial risks and opportunities in relation to COVID-19.
- continue recruitment to deliver on the Skills for Jobs and Post 16 Education Bill, published in January 2021 by the Department for Education, which materially increases the Institute's responsibilities for reforming Post-16 technical qualifications.

Going concern

The Institute is a non-departmental public body of the Department for Education. Funding from the Department for Education, taking into account the amount required to meet the Institute's liabilities falling due in the year, has already been included in the department's estimates for that year. Parliament has approved these estimates and there is no reason to believe that the department's future sponsorship and future parliamentary approval will not be forthcoming.

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

The Institute has considered the effect of COVID-19 and does not foresee that it will impact on its ability to operate as a going concern. As previously noted, the Institute's funding for the year 2021-22 has already been agreed. Operationally, it will continue to flex its resources to work with stakeholders to meet its objectives during the year.

Performance on other matters

Procedural Review

As the key developer of apprenticeships, trailblazers put in considerable work in developing the proposals considered by the Institute's route panels.

Trailblazers can seek a procedural review of the decisions and recommendations made following these panels under specific criteria set out in the Institute's published guidance on procedural review.

Procedural review can be sought in respect of any of the decisions or recommendations the Institute makes in relation to apprenticeship standards and assessment plans (including funding band recommendations) provided they are based on the procedural review ground[1]. The following table sets out details of procedural reviews in 2020-21 compared to 2019-20.

	2020-21	2019-20
Total Procedural Review requests received	14	29
Procedural Review requests in respect of funding band recommendations		
Procedural Review requests received[2]	13	29
Granted	3	3
Not granted	1	12
Not in scope[3]	8	14
Procedural Review requests in respect of the development of standards		
Procedural review requests received	1	0
Granted	0	0
Rejected	0	0
Not in scope	1	0

The grounds for a review can be found on the Institute's website.

1 The Procedural Review process was amended so that from 1 March 2021 awarding bodies could request Procedural Review of Higher Technical Qualification approval decisions. Full details of the Procedural Review ground and the types of decision that can be challenged is set out at: https://www.instituteforapprenticeships.org/about/procedural-review/

2 This figure includes one Procedural Review request which was received during 2020-21 but is still under consideration by the Institute.

3 Procedural Review requests are determined not to be 'In scope' where they are not based on the Procedural Review ground (see footnote 1 above).

Correspondence and complaints

We have a designated enquiries email route into the Institute and a process for ensuring that communications are considered and responded to or dealt with in an effective and timely manner. During the year 1 April 2020 to 31 March 2021, we received and dealt with 2,512 enquiries (2,481 general enquiries; 25 freedom of information requests; five complaints & one subject access request).

Correspondence outside the remit of the Institute was re-directed to other agencies such as the ESFA. We responded to 2,230 (98%) enquiries within 20 working days.

The Parliamentary Ombudsman received no complaints about the Institute in 2020-21. The Institute's complaints policy and guidance on how to make a complaint can be found on the Institute's website.

Freedom of Information

As a non-departmental public body, we are required to comply with freedom of information legislation and respond in an appropriate and timely manner to any requests for information made. Between 1 April 2020 and 31 March 2021, the Institute received and responded to 25 requests made under the Freedom of Information Act (compared to 44 requests in 2019-20).

Whistleblowing

The Institute has a structured and published process for making a disclosure in the public interest. No allegations were received or cases considered in 2020-21.

You can find more information about how to contact us on the Institute's website.

Sustainability

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

The Institute has also launched a new green apprenticeships advisory panel, for more information visit page 18.

Social and community issues

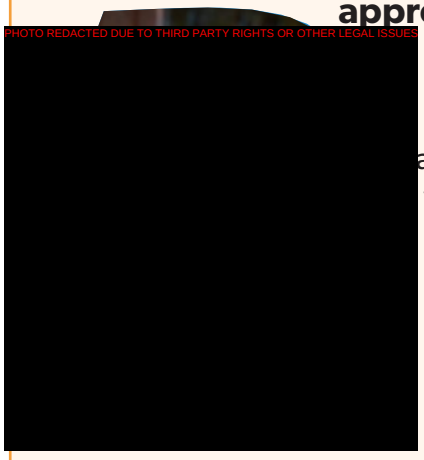
We have developed a 4-year Diversity and Inclusion strategy - to create an Institute where everyone is able to be themselves at work and where honesty, challenge and innovation are encouraged and valued. The Vision is that 'We will be acknowledged by staff and recognised outside the Institute as an exemplar employer.' Further details of the strategy can be found in Remuneration and Staff report on page 60.

We encourage our employees to take up volunteering opportunities as well as supporting employees' continuing professional development. We give employees a minimum of three special paid days leave for volunteering each year. In addition, the Institute encourages employees to be reservists for the armed forces. Employees can receive at least 15 days paid special leave a year to fulfil these commitments.

Jennifer Coupland
Chief Executive and Accounting Officer
Institute for Apprenticeships and Technical Education
Date: 22 June 2021

Case study

Reuben Sandhu, 21, from Daventry, works as an engineering apprentice at Cummins Limited in Daventry.



euben is currently in the fourth year of five on his apprenticeship, which has so far seen him complete one year at college and two years rotating around a number of different departments to learn all the different skills needed to be successful at Cummins.

Reuben recently won the Cummins apprentice of the year, a prestigious award for the company, meaning Reuben will become an apprentice mentor when he enters his fifth year. The apprentice mentors have the responsibility for looking after all first-year apprentices, making sure they settle into the company well, listening to any concerns. Reuben will be the apprentice mentor for all of these apprentices throughout their apprenticeship.

Reuben said that it was being able to see successful apprentices across the business that motivated him to do the best he could:

"I think progression for apprentices in our company is really good. The skills apprentices obtain throughout their apprenticeship is why apprentices often progress very well within the business. The company is continuously investing and expanding itself, creating various job role opportunities. A new warehouse is currently being built where such new job opportunities can be seen."

The fourth year of Reuben's apprenticeship has seen him settle into the quality department, the department that he enjoyed working in throughout his rotations the most, making it the most enjoyable year so far…

"This year has been my best year. Although there has been more work, the experience gained from my previous rotations has benefited my final placement job role. Now I'm in one department, applying everything I've learnt which is extremely rewarding. As apprentices we always get the help we need, and I feel the support is there."

Accountability report

The corporate governance report has three sections:

- Directors' report
- Statement of accounting officer's responsibilities; and
- Governance statement.

The purpose of the corporate governance report is to explain the composition and organisation of the Institute's governance structure and how it supports achievement of its objectives.

The corporate governance report includes information about the Institute's directors, confirms the Chief Executive's responsibilities as Accounting Officer and how they have been assured, and it outlines the Institute's governance framework including the work of the board. It also assesses the risks to the organisation.

Directors' report

How we are organised

The Institute Chair in 2020-21 has been Antony Jenkins and its Chief Executive Jennifer Coupland.

The Institute continues to operate within a governance framework agreed with DfE.

Board and board committee structure

The Institute's board and its four supporting sub-committees lead the process and structures used to identify, evaluate and manage the principal and emerging risks the Institute faces.

Figure 1 below shows the four board sub-committees:

Audit and Risk Assurance Committee	
2 non executive members 1 independent member Met 5 times in 2020-21	Supports and advises the board and accounting officer on strategic processes for risk control and governance
Approval and Funding Committee	
4 non executive members Met 6 times in 2020-21	Makes final decisions on whether to approve proposals, standards, assessment plans, funding band recommendations, outline T level content and advice on T Level qualification content
Quality Assurance Committee	
2 non executive members 3 independent members Met 6 times in 2020-21	Ensures that apprenticeship end point assessment plans (EPAs) are quality assured, meet standards and operate effectively; ensures consistency across external quality assurance (EQA) options.
Remuneration Committee	
2 non executive members 1 independent member Chief Executive Officer	Agrees pay and performance for Chief Executive, independent Committee members, Route Panel Chairs and members and the Institute's senior civil servants.

Reports to

Institute Board	
11 non executive members and Chief Executive[1]. Met 6 times in 2020-21	Collective decision making. Establishes Institute's strategic direction and oversees its performance.

1 see page 54 footnote 4 for segregation of responsibilities.

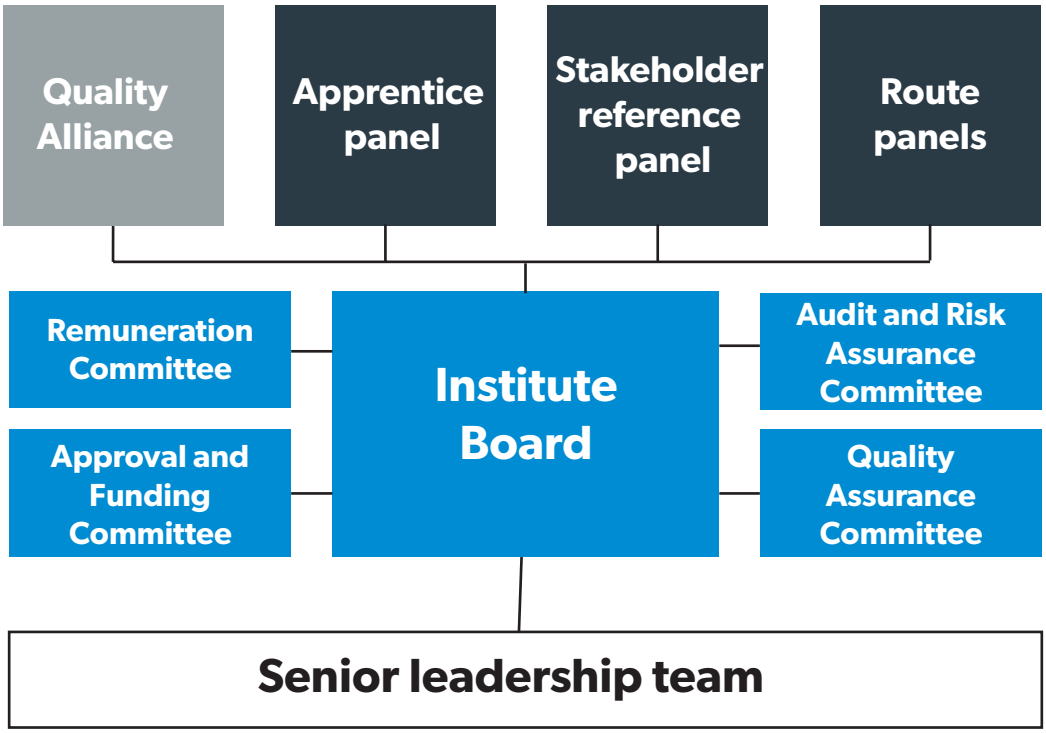
Board advisory panel structure

The Institute's board also has an advisory panel structure which helps it to engage with key partners and stakeholders providing direct insight into the apprenticeship and technical education landscape. This is shown below:

These consist of the

- Apprentice Panel;
- Quality Alliance; and
- Stakeholder Reference Panel.

Further information of the Panels can be found on page 53



Register of interests

The Institute maintains a register of interests to ensure that potential conflicts of interest can be identified. The Institute's rules for dealing with conflicts of interests are set out in its Governance Framework. Board members as well as senior civil servants are required to declare details of significant interests annually. The Institute publishes its board members' disclosable interests at www.instituteforapprenticeships.org/about/board-declaration-of-interests

Data management

The Institute had no personal data related incidents that fell within the criteria for reporting to the Information Commissioner's Office in 2020-21 (there were none in 2019-20).

A personal data security awareness and compliance campaign was launched in Q4 2020-21, building upon findings from internal review. Guidance and access to support has been given to all employees. The governance structure surrounding personal data have been strengthened. All the Institute's staff are required to undertake Civil Service Responsible for Information training each year.

Institute Board members

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

Jennifer Coupland
Executive Board member/ Chief Executive and Accounting Officer

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

Paul Cadman
HR Director, Walter Smith Fine Foods Ltd

Dr Kate Barclay
Kate Barclay Consulting Ltd

John Cope
Strategy & Policy Director, UCAS

Dayle Bayliss
Director, Dayle Bayliss Ltd

Robin Millar CBE
Chairperson, Blue Raincoat Chrysalis Group

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

Jessica Leigh Jones
Founder, iungo Solutions

Professor Malcolm Press
Vice-Chancellor of Manchester Metropolitan University

Toby Peyton-Jones
Ambassador, Siemens UK

The Statement of Accounting Officer's responsibilities

Under the Apprenticeships, Skills, Children and Learning Act 2009, the Secretary of State has directed the Institute to prepare, for each financial year, resource accounts detailing the resources acquired, held or disposed of, and the use of resources, during the year. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Institute and of the income and expenditure, Statement of Financial Position and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- observe the Accounts Direction issued by the Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the accounts;
- prepare the accounts on a going concern basis; and
- confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

The Permanent Secretary, as Principal Accounting Officer of DfE, has appointed the Chief Executive as Accounting Officer of the Institute.

The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the Institute's assets, are set out in Managing Public Money published by HM Treasury. As the Accounting Officer, I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the Institute's auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.

I have reviewed the assurances provided by the Institute management team and confirm that the annual report and accounts as a whole is fair, balanced and understandable and that I take personal responsibility for the annual report and accounts and the judgments required for determining that it is fair, balanced and understandable.

Governance statement

This governance statement sets out the governance arrangements and assurances I have received as Accounting Officer. It identifies our compliance with our responsibilities for risk management and internal control systems as set out in Corporate Governance in Central Government Departments: Code of Good Practice where relevant to the Institute and its remit and in reviewing the effectiveness of governance.

As Accounting Officer I have responsibility for maintaining a sound system of internal control, with regular monitoring, review and assurance. The Institute has systems of control which have been in place for the year under review and up to the date of approval of the annual report and accounts.

Structure of the Institute Board, Board Committees and Advisory Panels

As of 31 March 2021 the board consisted of a Chair, ten non executive board members (one a Deputy Chair), and the Chief Executive. Non executive board members are appointed by the Secretary of State for Education for terms no longer than five years. During 2020-21 two new non-executive members, Dayle Bayliss and John Cope, were appointed to the board.

During 2020-21 Professor Martin Doel has fulfilled the role of independent member of the Audit and Risk Committee as well as the Remuneration Committee. In addition, Professor Doel sat on the Risk Management Advisory Group, which was formed during the course of the COVID-19 pandemic.

Three independent members have sat on the Quality Assurance board sub-committee throughout 2020-21: Ben Blackledge, Professor Jim Iley and Isabel Sutcliffe.

Table 2 below shows the membership of the Institute board committees during the year

Committee	Membership 1 April 2020 - 31 March 2021
Audit and Risk Assurance	Non executives: Toby Peyton-Jones, Fiona Kendrick Independent: Martin Doel
Approval and Funding	Non executives: Kate Barclay, Robin Millar, Malcolm Press, Bev Robinson Supplementary non executives: Paul Cadman, Jessica Leigh Jones
Quality Assurance	Non executive: Paul Cadman, Jessica Leigh Jones Independents: Ben Blackledge, Jim Iley, Isabel Sutcliffe
Remuneration	Non executives: Antony Jenkins, Fiona Kendrick Independent: Martin Doel Chief Executive: Jennifer Coupland

Oversight during COVID-19 pandemic

During 2020-21 a sub-group established on behalf of the Audit and Risk Assurance Committee supported the Institute Chief Executive and Chief Operating Officer to monitor the Institute's performance and risks arising during the COVID-19 pandemic.

Board advisory panels and groups

The Institute's board engages with other key industry participants through advisory panels and groups which provide insight to and engagement with the board. These advisory panels and groups are not formal Committees and do not operate any delegated functions. The purpose of these groups is to enable the board to access a broad range of views and expertise about the impact of the Institute's work on apprenticeship quality and take-up through the involvement of a wide group of sector representatives. Its focus is on dialogue and engagement as well as providing insight to the board.

Apprentice Panel

The Apprentice Panel consists of 30 current and recent apprentices and reports directly to the board. The Apprentice Panel exists to give voice to apprentices to influence our work and government's policy on apprentices in a tangible way. The members come from a variety of occupations and backgrounds and have had a range of experiences within their apprenticeships.

The panel is co-chaired by an apprentice. Apprentice panel representatives report directly to the board twice a year.

As Chief Executive, I co-chair each of the following Advisory Panels and Groups:

Quality Alliance

This forum brings together the various government bodies whose roles together ensure the quality of apprenticeships and technical education. The Quality Alliance's role is to monitor quality across the sector and build effective coordination to improve quality where appropriate.

Stakeholder Reference Panel

The Stakeholder Reference Panel's purpose is to help the board access a broad range of views and expertise about the impact of the Institute's work on apprenticeship quality and take-up through the involvement of a wide group of sector representatives. Its focus is on dialogue and engagement as well as providing insight to the board.

Impact of COVID-19 pandemic

Throughout 2020-21 because of the impact of the COVID-19 pandemic all Institute board, board Committee and Advisory Panel activity has taken place virtually. All of the Institute's operations have been conducted remotely.

Institute Board and sub-committee attendance 1 April 2020 to 31 March 2021

2020 -21	Meetings attended per member out of those eligible to attend					
Member	Institute Board	Audit and Risk Assurance Committee	Approval and Funding Committee [1 2 3]	Quality Assurance Committee (EQA)	Quality Assurance Committee (T Levels: commercial)	Remuneration Committee[4]
Antony Jenkins	6/6					3/3
Dr Kate Barclay	6/6		5/6			
Dayle Bayliss*	3/3					
Paul Cadman*	6/6		1/1	6/6	4/4	
John Cope*	3/3					
Jennifer Coupland	6/6	5/5				3/3
Dame Fiona Kendrick	6/6	5/5				3/3
Jessica Leigh Jones*	6/6		1/1	6/6	4/4	
Robin Millar CBE	6/6		2/2			
Toby Peyton-Jones	6/6	5/5				
Professor Malcolm Press	6/6		3/6			
Bev Robinson OBE	4/6		6/6			
Independents						
Professor Martin Doel CBE		4/5				3/3
Ben Blackledge				4/6	3/4	
Professor Jim Iley				6/6	4/4	
Isabel Sutcliffe				6/6	Recused	

*Approval and Funding Committee - footnotes

1 Approval and Funding Committee members input in correspondence in advance of meetings and therefore non-attendance at a meeting does not denote a lack of written contribution.

2 Paul Cadman and Jessica Leigh Jones served on the Approvals and Funding Committee during 2020-21 as supplementary members.

3 Dayle Bayliss and John Cope each attended one meeting of the Approval and Funding Committee in an observer capacity during their induction periods.

4 Members of the Remuneration Committee recused themselves when their own service contracts and remuneration were discussed.

Processes for maintaining and reviewing the system of internal control

The Board

The board and its committees have met regularly and kept the effectiveness of the system of risk management and internal control under review. The board and its committees are set up to receive regular performance reports and scrutinise actions which have been or are being taken to remedy any significant failings or weaknesses.

Board and board committee members are required to declare potential conflicts of interest on appointment and at the beginning of each meeting they attend. They must confirm annually that the register of their interests is up to date. Where actual or potential conflicts of interests are identified, board members take no part in any discussion and are not involved in any decisions that relate to those interests.

Audit and Risk Assurance Committee

The Audit and Risk Assurance Committee provides advice and assurance to the board, and to myself as Accounting Officer, on the effectiveness of internal controls, risk management processes and governance arrangements, and ensuring value for money. It also oversees internal and external audit arrangements covering both financial and non-financial systems. The committee normally meets at least four times a year.

As Accounting Officer, I attend meetings of the committee together with the Chief Finance Officer. The internal and external auditors also attend as do other members of the Institute's staff where appropriate.

The committee considers all aspects of internal control including risk management (strategic and systemic), financial management and assurance, information security and counter fraud. It is supported by reports from the internal and external auditors. Reports have included checks on the Institute's counter fraud arrangements.

During 2020-21 the committee reviewed audit reports on a range of the Institute's operations. Specific audit findings reported to the committee during the year looked at counter-fraud arrangements; payroll, HR and expenses; the Institute's risk management framework; Apprenticeships: Trailblazer and Route Panel arrangements; T Level contract management and Institute workforce strategy.

Statement from Toby Peyton-Jones, Chair of Audit and Risk Assurance Committee

I am satisfied that during 2020-21 the Audit and Risk Assurance Committee has functioned effectively and discharged its responsibilities on behalf of the board.

Our membership includes myself and the deputy board chair, Fiona Kendrick, Jennifer Coupland as Chief Executive and Professor Martin Doel, our independent non executive member. ESFA as a partner with whom we share some key risk areas continues to send representation to our meetings.

Throughout 2020-21 and from the start of the COVID-19 pandemic period, the Audit and Risk Assurance Committee has worked closely with the Institute's executive team on a positive response

in extraordinary circumstances. A COVID-19 Response Oversight Group (CROG) as a sub-committee was convened during the early pandemic period when the Institute's operation was initially impacted. The CROG provided focus, advising the executive and board on the Institute's assured functioning during these exceptional times, monitoring operational delivery closely.

The committee undertook the annual review of accounts. It has considered the agreed programmes of internal and external audits carried out by the Government Internal Audit Agency, and the National Audit Office throughout the year.

In Quarter 4 the committee undertook a self-assessment following the good practice principles of HM Treasury's Audit and Risk Assurance Committee Handbook. It will be monitoring an agreed action plan. Building upon this work, we will be supporting the Institute's review of governance arrangements in 2021-22.

The Institute has shown its commitment to ensure appropriate risk management processes and systems in this particularly challenging year. We have seen good partnership working with professional advisors and an interest in pursuing best practice. The Audit and Risk Assurance Committee has operated well and provided assurance to the Institute board.

Management control activities

The board has delegated to myself as Accounting Officer responsibility for leading the organisation on a day-to-day basis. Duties are discharged by members of the executive team through line management arrangements. Management control is governed through Senior Leadership Team groups.

Board performance

The Institute adheres to the Corporate Governance Code for central government bodies. The Institute's Governance Framework was last reviewed in 2019. In Q4 2020-21 the Institute board undertook self-assessment through a self-evaluation survey, following good practice principles. The review highlighted areas of board strengths including its focus on the strategic agenda, its relationship with key stakeholders, and its process for identification of key risks. It also proposed some areas for development of the Institute board, to be taken forward through a governance review in 2021-22.

The Assessment of Risk

Roles in risk

The Institute has identified a broad set of roles and responsibilities in its risk management. The table below sets out roles in relation to risk.

Post	Role in risk
Accounting Officer	The Accounting Officer sets an appropriate tone from the top, by articulating risk appetite, championing and driving the effective management of risk and ensuring the risk function is supported in carrying out its role.
The board / Senior Leadership Team	Supports the Accounting Officer in articulating risk appetite and by leading the assessment and management of risk.
The Audit & Risk Assurance Committee (ARAC)	Supports the board and Accounting Officer by reviewing the comprehensiveness and reliability of assurances on risk management. Includes independent assurance.
Risk Mitigation Advisory Group (RMAG)	Anchored to the ARAC, supports and advises the Institute Executive in addressing complex or high profile risk mitigations, opportunities and challenges.
Managers	Actively identify and manage risks as part of their everyday business, escalating them promptly as and when necessary.
The Risk Management function (Programme Office)	Supports and facilitates the Institute's management and oversight of risk by building the Institute's risk capability, defining the Institute's risk management practices and framework and supporting the development of risks.
Internal Audit (Government Internal Audit Agency – GIAA)	Provide independent and objective assurance on the effectiveness of the Institute's risk management arrangements and shares good practice through comparative assessment.

Risk appetite statement

We are not averse to taking risks and our approach is based on judgement and the circumstances of each potential intervention, and an assessment of its impact. This means that we will not seek to intervene in all situations; we will prioritise with respect to risk, costs and perceived benefits in a clear and transparent way, choosing the best course of action from our knowledge, experience and tools.

For managers to achieve business objectives risks have to be taken - but these risks must be well-considered and well-managed. The risk appetite and guidance assist managers in making key decisions by clarifying what level of risk the organisation is prepared to accept for different types of risk. The risk appetite is reviewed by our senior leadership team, the Board and Audit and Risk Assurance Committee as necessary.

Risk management

Risks managed in each of our teams and in major programmes and projects are escalated to the corporate risk register where they have a direct impact on our statutory objectives and goals or put at risk delivery of our business objectives. Risks are reviewed regularly both by the senior leadership team and the Institute's Board. Different types and levels of risk are considered against our risk appetite, from our framework which has been reviewed by internal and external auditors.

The register/ risk control is scrutinised in detail by the Audit and Risk Assurance Committee of the board. This maintains active monitoring of our key risks, and the effectiveness of our mitigations and framework.

We established our risk framework in June 2017 and have since reviewed and simplified it (last updated in Feb 2021), with the Audit and Risk Assurance Committee's mandate, so that it is aligned with our governance framework and Cabinet Office best practice guidance. We have taken advice from the Committee to further simplify and strengthen counter fraud controls and continue to liaise with our partners and share best practice, particularly with Ofqual, DfE, our internal auditors, the Government Internal Audit Agency (GIAA). We continue to evolve and implement the framework and support and challenge staff to ensure effective risk management whilst making improvements to the way we capture risk through our risk registers.

We have monitored our key strategic risks, assessing the likelihood and impact of those risks materialising. At the end of March 2021, a number of risks were rated as both medium-high probability and high impact and deemed the top risks on our corporate risk register. These risks are described in the overview section on page 27-32.

Information risk and GDPR

We have developed our information strategy so that we can maximise our data capabilities and use the information we do have more effectively and efficiently in supporting the mission of the Institute and the wider apprenticeship reform programme. It is important that all users – from trailblazers to Institute officials, and the board to partner organisations – are at the centre of a single information environment in which they can access and appropriately share the information they need.

The key principles underpinning this strategy are openness and transparency, whilst ensuring that the standards for data and information capture, storage and interchange are robust and effective. From a legislative perspective, the Institute complies with its legal and regulatory responsibilities for information handling, meeting information rights and other disclosure obligations, and supporting public and parliamentary accountability. The Data Protection Officer ensures that we comply with our legal and regulatory responsibilities in respect of GDPR.

Effectiveness of the internal control framework

As Accounting Officer, I review the effectiveness of our system of internal control annually. This review is informed by the work of the internal auditors, by feedback from senior managers who have responsibility for the development and maintenance of the internal control framework and by comments made by the National Audit Office in their audit completion report.

We are also subject to statutory audit by the National Audit Office and reviewed by the Department of Education.

The Audit and Risk Assurance Committee advises on the implications of internal audit reviews and monitors progress against the audit plan to tackle any identified weaknesses so that the system of internal control is continuously improved. Our internal auditors provide an annual, independent and objective assessment as to whether there are adequate and effective corporate governance, risk management and internal controls processes.

Internal Audit

A "moderate" annual opinion was given by the Head of Internal Audit in 2020-21. This means that some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control. The Audit and Risk Assurance Committee were content that this reflected the findings of the reviews completed during the year. The Institute has also strengthened its corporate governance and internal assurance functions, which will enable us to move to an optimum framework of governance, risk management and control and map the Assurance Framework across our core activities to further assure controls.

NAO Reports

After its audit of the 2019-20 annual report and accounts the NAO made a number of recommendations to improve our internal controls. Where relevant, these have been implemented during the year and have been largely completed.

Overall conclusions

I have considered the evidence that supports the Governance Statement and am satisfied that the Institute has maintained sound systems of governance, internal control and risk management to support our work. During the year we have continued to consider and improve our arrangements to ensure we are able to deliver our aims and objectives.

Remuneration and staff report

The remuneration and staff report sets out the Institute's remuneration policy for all staff, including board members and senior officials, and actual costs.

Remuneration policy

The Institute is made up of Civil Servants who are paid in accordance with the civil service pay structures.

Performance management and reward policy for members of the Institute's Senior Civil Service (SCS) is managed to align to the central framework set by the Cabinet Office. It allows for annual performance related base pay and non-consolidated performance awards, agreed centrally each year following the Senior Salaries Review Body (SSRB) recommendations.

SCS pay is determined by the Remuneration Committee in line with the central guidance. The Remuneration Committee comprises of the Chair of the board, Chief Executive, one non-executive board member, and an independent member.

Senior officials

The Constitutional Reform and Governance Act 2010 requires Civil Service appointments to be made on merit on the basis of fair and open competition. The recruitment principles published by the Civil Service Commission specify the circumstances when appointments may be made otherwise.

Unless otherwise stated below, the senior officials covered by this report hold appointments which are open-ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

Further information about the work of the Civil Service Commission can be found on their website.

Senior officials' remuneration – subject to audit

	2020-21				2019-20				
Name	Salary	Bonus payments	Pension benefits (nearest £1,000)	Total	Salary	Bonus payments	Bonus payments (restated)	Pension benefits - restated (nearest £1,000)	Total (restated)
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Jennifer Coupland[1]	125-130	0-5	142	270-275	50-55 (FYE 120-125)	-	-	68	120-125
Sir Gerry Berragan[2]	-	-	-	-	95-100 (FYE 140-145)	0-5	10-15	-	100-105

[1] Jennifer Coupland was appointed Chief Executive on the 18th November 2019.

[2] Sir Gerry Berragan ceased to be Chief Executive on the 21st November 2019.

Salary includes gross salary and any other allowances to the extent that it is subject to UK taxation.

This report is based on accrued payments made by the Institute and thus recorded in these financial statements. No Benefit in Kind were paid to any senior officials in 2020-21 or 2019-20. Bonuses are based on performance levels attained and are made as part of the appraisal process. Bonuses relate to the performance in the year in which they become payable to the individual.

Board members

The following sections provide details of the salary entitlements of members of the Institute board for year ending 31 March 2021. Where board members joined or left in the year there are annualised figures in italics.

Board members' remuneration – subject to audit

	2020-21			2019-20		
Name	Fees	Pension Benefits[1]	Total	Fees	Pension Benefits	Total
	£000	£000	£000	£000	£000	£000
Antony Jenkins	0-5	-	0-5	0-5	-	0-5
Dr Kate Barclay	10-15	-	10-15	10-15	-	10-15
Paul Cadman	10-15	-	10-15	10-15	-	10-15
Dame Fiona Kendrick	10-15	-	10-15	10-15	-	10-15
Robin Millar CBE	10-15	-	10-15	10-15	-	10-15
Bev Robinson OBE	10-15	-	10-15	10-15	-	10-15
Jessica Leigh Jones	10-15	-	10-15	10-15	-	10-15
Professor Malcolm Press	10-15	-	10-15	15-20	-	15-20
Toby Peyton-Jones[2]	10-15	-	10-15	10-15	-	10-15
Dayle Bayliss (from November 2020)	5-10 (FY 10-15)	-	5-10 (FY 10-15)	-	-	-
John Cope (from November 2020)	5-10 (FY 10-15)	-	5-10 (FY 10-15)	-	-	-

[1] As members of the board are statutory office holders, they are not entitled to any pension benefits.

[2] Toby Peyton-Jones is a non-executive member of the DfE. His remuneration for that role is disclosed in the DfE annual report and accounts.

Fair pay disclosure – subject to audit

This section of the remuneration and staff report is subject to audit.

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce.

The banded remuneration of the highest-paid director in 2020-21 was £130,000-£135,000 (2019-20: £120,000-£125,000). This was 2.6 times (2019-20: 2.4) the median remuneration of the workforce, which was £50,206 (2019-20: £51,833). This small rise is mainly due to the Institute growing and more posts being introduced at lower grades. This is partly to introduce a higher number of apprenticeship opportunities into the Institute.

In 2020-21, no employee received remuneration in excess of the highest-paid director (2019-20: one). Remuneration ranged from £15,000 - £20,000 to £125,000 - £130,000 to (2019-20: £15,000-£20,000 to £130,000-£135,000). The highest paid director has been excluded from this calculation.

Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

Pension Benefits – subject to audit

The pension benefits of senior officials for the year ended 31 March 2021 are as follows:

Name	Real increase in pension and related lump sum at pension age £'000	Accrued pension at pension age as at 31/3/2021 £'000	CETV at 31/03/21 nearest £'000	CETV at 31/03/20 nearest £'000	Real increase in CETV £'000
Jennifer Coupland	5-7.5 plus a lump sum of 10-12.5	35-40 plus a lump sum of 70-75	644	512	107

No senior official received any pension benefits in 2019-20.

Civil Service pensions

As an NDPB sponsored by DfE, the Institute's staff are members of the Principal Civil Service Pension Scheme (PCSPS) that provides pension benefits.

The PCSPS is an unfunded multi-employer defined benefit scheme in which the Institute is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out as at 31 March 2016. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation.

For 2020-21, employers' contributions of £2.6m were payable to the PCSPS (2019-20 £2.2m) at one of four rates in the range 26.6% to 30.3% (2019-20: 26.6% to 30.3%) of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. The salary bands and contribution rates were revised for 2020-21.

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

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

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

Cash Equivalent Transfer Values:

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken. The Real Increase in CETV reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period. No one (2019-20 no persons) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £nil (2019-20: £nil).

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

There were no exit packages or redundancies agreed for 2020-21 and 2019-20.

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year of departure. Where the Institute has agreed early retirements, the additional costs are met by the Institute and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

Staff report – subject to audit

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

	2020-21			2019-20		
	Permanently employed staff	Others	Total	Permanently employed staff	Others	Total
Average number of full time equivalent staff	193	7	200	160	11	171

The staff costs for the Institute have increased to £14.4m (2019-20 £12.7m) and staff numbers increased to an average full time equivalent of 200 (2019-20: 171).

Breakdown of staff costs – subject to audit

	2020-21			2019-20		
	Permanently employed staff £000's	Others £000's	Total £000's	Permanently employed staff £000's	Others £000's	Total £000's
Wages and salaries	9,978	602	10,580	8,425	1,018	9,443
Social security costs	1,176	-	1,176	998	-	998
Pension costs	2,629	-	2,629	2,235	-	2,235
Sub total	**13,783**	**602**	**14,385**	**11,658**	**1,018**	**12,676**
Less staff costs related to programme	6,780	146	6,926	4,972	45	5,017
Total net staff costs	**7,003**	**456**	**7,459**	**6,686**	**973**	**7,659**

Others are staff engaged on the objectives of the Institute via short term contract, (i.e. agency/ temporary workers). The Institute pays a flat fee for agency staff, which includes social security and holiday pay.

Analysis of staff policies and practice

Sickness absence

During the year ended 31 March 2021 we lost 348 days to sickness absence (2019-20: 326). This equates to approximately 1.77 days (2019-20: 1.8 days) sickness absence per employee per year. The figures compare well with figures across the Civil Service, which were 7.4 average working days lost per full time equivalent in the year ending 31 March 2020, the most recent for which records are available.

People

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

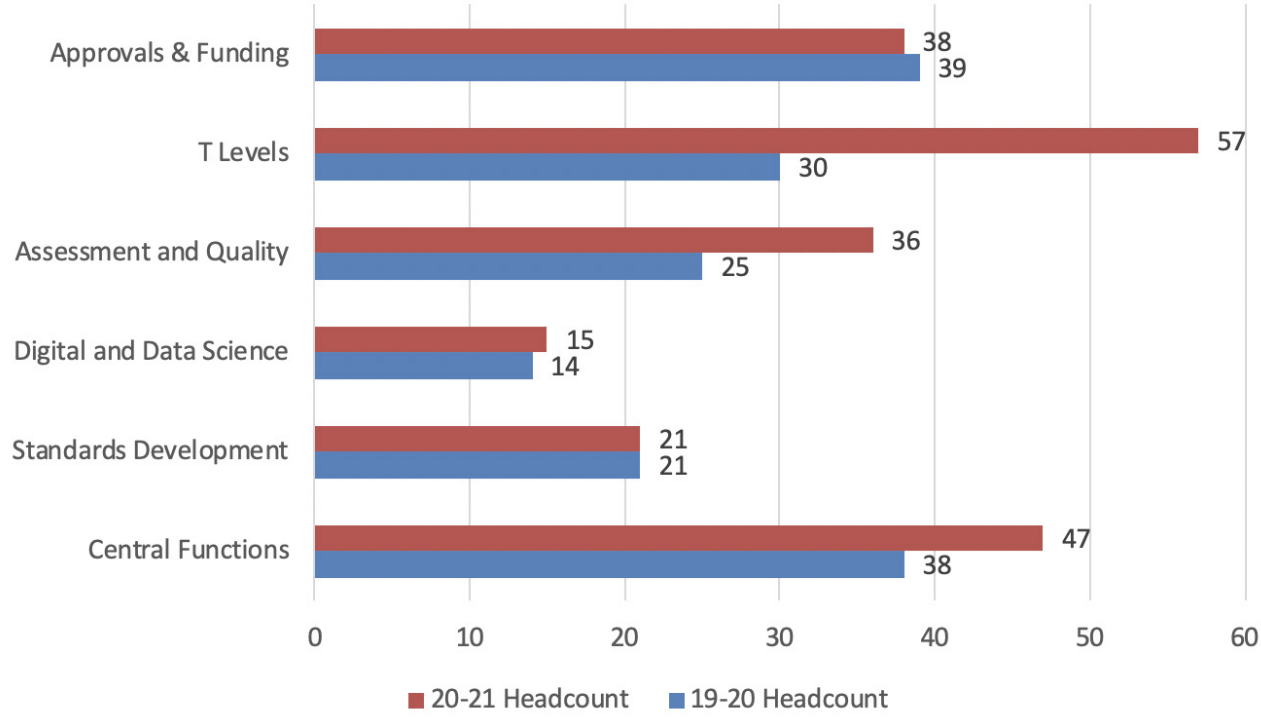
Our headcount figures for permanent staff were as follows:

Breakdown of staff costs- subject to audit

Grade	2020-21			2019-20		
	Male	Female	Total	Male	Female	Total
CEO	-	1	1	-	1	1
COO	1	-	1	1	-	1
Senior Civil Servants (SCS Band 1/ Deputy Director)	3	4	7	4	4	8
Civil Servants grades EA to G6	79	126	205	60	97	157
	83	**131**	**214**	**65**	**102**	**167**

The graph below shows a comparison between 2020-21 and 2019-20 indicating the areas of the Institute in which our staff work.

Staff by function



As we continue to invest in the delivery of our services, our programme headcount has increased to 167 (2020-21) from 129 (2019-20). Our central functions headcount has increased to 47 from 38 the previous year.

Diversity and inclusion - not subject to audit

Since last year the Institute has set up a Diversity and Inclusion Network (DIN), a staff forum run by staff for staff to provide a safe and supportive environment to discuss and promote diversity. There are over 80 members and a lead representative for each protected characteristic who each have objectives to achieve, working closely with HR, which are helping to progress the overarching Diversity and Inclusion Strategy. The Vision for the strategy is that we will be acknowledged by staff and recognised outside the Institute as an exemplar employer by:

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

The DIN reports to the Senior Leadership Team, has the support of the Chief Executive Officer and is sponsored by two Deputy Directors. They report progress annually to the Institute's board. The Institute achieved Level 2 status in the Disability Confident Scheme earlier this year and with the help of the lead DIN rep for Disability is on track to achieve Level 3 Disability Confident leader status by June 2021. HR policies are reviewed regularly to ensure inclusivity for all staff.

We have made gathering a diverse range of people a priority. Our staff make up consists of people from different backgrounds, a mixture of permanent Institute staff, civil servants on loan from other departments and specialists and experts who were not previously civil servants. The DIN are working with HR to ensure there are no barriers to attracting the most diverse applicants.

Our ethnic diversity statistics tell an encouraging story with 20% declaring themselves to be from Black, Asian or other minority ethnic groups, compared to 12.7% as the latest figures available for the rest of the Civil Service. There are currently 8% of our staff declaring themselves as having a disability, though the Civil Service average is 11.7%. The rates of disability across the Civil Service decline as grades increase, so that the average for Grade 7, the most populous level in the Institute, is reduced to 9.1%. While this partly explains the Institute's lower figure, the Institute is proactively taking steps, as above to improve in this area. Declaration rates have increased over the year with 83% now declaring their ethnicity, 83% their disability and 72% happy to disclose their sexual orientation.

Gender equality - not subject to audit

We are committed to transparency and equality in the workplace. We monitor our gender pay data in order to identify and reduce unfairness and use this data to inform our policies and practices. We continue to employ more women than men with 61% of our workforce being female. Our recruitment in 2020-21 increased the number of staff coming in at and below SCS level, though some SCS staff have yet to start.

At 31 March 2021, our mean gender pay gap was 11.4%: women earn 88.6p for every £1 that men earn when comparing hourly rates. The gap has increased from 8.4% in 2020. Our median pay gap is 5.7% with women earning 94.3p for every £1 that men earn. This compares to a median pay gap of 4.7% in 2020. Women were earning 95p for each £1 earned by men.

While the numbers of men and women employed in the Institute is pretty even at the higher grades, at the Senior Civil Servant (SCS) grade there are more women and men, however the Institute employs far more women than men below grade 7. This reduces the mean and median pay of women overall. At the end of the financial year a number of senior women were due to join the Institute, but had not done so in time for 31st March. It is anticipated that this will improve the pay gap for 2021-22.

Our figures compare to the full time Civil Service median pay gap of 11.1% as at 31 March 2019.

Expenditure on HR services and training - not subject to audit

The Institute spent £224,000 (2019-20: £213,000) on HR services and training in the year ending 31 March 2021.

Off payroll engagements - not subject to audit

The 'Others' category includes individuals who are not paid through the Institute's payroll. In line with the Review of Tax Arrangements of Public Sector Appointees published by the Chief Secretary to the Treasury on 23 May 2012, we are required to publish the following details for all off-payroll arrangements as of 31 March 2021: where the individual is paid more than £245 per day and the engagement has lasted for longer than six months; and any off-payroll engagements of board members, and/or senior officials with significant financial responsibility, between 1 April 2020 and 31 March 2021.

All off-payroll engagements as of 31 March 2021, for more than £245 per day and that last for longer than 6 months

Number of existing engagements as at 31 March 2021	5
Of which:	
Number that have existed for less than 1 year	5
Number that have existed for between 1 and 2 years at time of reporting	-

All new off-payroll engagements, or those that reached 6 months in duration, between 1 April 2020 and 31 March 2021, for more than £245 per day and that last for longer than 6 months

Number of new engagements, or those that reached 6 months in duration, between 1 April 2020 and 31 March 2021	20
Number assessed as caught by IR35	13
Number assessed as not caught by IR35	7

There were no off-payroll engagements of board members and/or senior officials between 1 April 2020 and 31 March 2021.

Trade union facility time - not subject to audit

The Trade Union (Facility Time Publication Requirements) Regulations 2017 requires relevant public sector organisations to report on trade union facility time in their organisations. None of the Institute's employees were trade union representatives in 2020-21 (2019-20: none).

Staff Redeployments - not subject to audit

During the year to 31 March 2021, five members of staff from HEO to Deputy Director were redeployed for duties associated with COVID-19. The loan length has varied between 2 months and 1 year. £1,000 was paid to an employee for volunteering to support mass testing of students in secondary schools and colleges in relation to COVID-19.

No staff were redeployed for duties associated with the EU-Exit.

Consultancy

The Institute incurred no expenditure in respect of consultancy in 2020-21 (2019-20: £nil).

Estates

The Institute has two main offices, one in Coventry and one in London. During the year most recruitment has been to the Coventry office, so the Institute now has as many people working outside London as are based there.

The London office has been in a multi tenanted building managed by Government property agency, but the lease expired in March 2021. A project was set up to manage the relocation to Sanctuary Buildings, a government office in Westminster.

The Institute vacated the office in Buckingham Palace Road in February 2021, and is working with DfE on the plans to refurbish suitable space in Sanctuary Building, in Westminster, with a view to working there from October 2021.

Parliamentary accountability report - subject to audit

Fees statement

	2020-21 £000	2019-20 £000
Fee income	1,385	420
Direct cost of EQA	1,385	420

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

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

Losses statement

There were no cases of losses in 2020-21 (2019-20: none).

Contingent Liabilites

There were no contingent liabilities in 2020-21 (2019-20: none).

Special payments statements

There were no special payments greater than £300,000 in 2020-21 (2019-20: none).

Jennifer Coupland

Chief Executive and Accounting Officer
Institute for Apprenticeships and Technical Education
Date: 22 June 2021

THE CERTIFICATE OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT

Opinion on financial statements

I certify that I have audited the financial statements of the Institute for Apprenticeships and Technical Education for the year ended 31 March 2021 under the Apprenticeships, Skills, Children and Learning Act 2009. The financial statements comprise: Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. The financial reporting framework that has been applied in their preparation is applicable law and International Accounting Standards as interpreted by HM Treasury's Government Financial Reporting Manual.

I have also audited the information in the Accountability Report that is described in that report as having been audited.

In my opinion, the financial statements:

- give a true and fair view of the state of the Institute for Apprenticeships and Technical Education's affairs as at 31 March 2021 and of the Institute for Apprenticeships and Technical Education net expenditure for the year then ended;
- have been properly prepared in accordance with the Apprenticeships, Skills, Children and Learning Act 2009 and Secretary of State directions issued thereunder.

Opinion on regularity

In my opinion, in all material respects, the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK), applicable law and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2019. I have also elected to apply the ethical standards relevant to listed entities. I am independent of the Institute for Apprenticeships and Technical Education in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

The Institute for Apprenticeships and Technical Education's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Institute for Apprenticeships and Technical Education's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Board and the Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

The going concern basis of accounting for Institute for Apprenticeships and Technical Education is adopted in consideration of the requirements set out in International Accounting Standards as interpreted by HM Treasury's Government Financial Reporting Manual, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it anticipated that the services which they provide will continue into the future.

Other Information

The other information comprises information included in the annual report, but does not include the parts of the Accountability Report described in that report as having been audited, the financial statements and my auditor's certificate thereon. The Board and the Accounting Officer is responsible for the other information. My opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

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

- the parts of the Accountability Report to be audited have been properly prepared in accordance with Secretary of State directions made under the Apprenticeships, Skills, Children and Learning Act 2009; and
- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

In the light of the knowledge and understanding of the Institute for Apprenticeships and Technical Education and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance and Accountability Reports. I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Accountability Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual are not made; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Responsibilities of the Board and Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Board and the Accounting Officer, is responsible for:

- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view.
- internal controls as the Board and the Accounting Officer determine is necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error.
- assessing the Institute for Apprenticeships and Technical Education's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board and the Accounting Officer anticipates that the services provided by the Institute for Apprenticeships and Technical Education will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Apprenticeships, Skills, Children and Learning Act 2009.

My 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 a certificate that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulation, including fraud.

My procedures included the following:

- Inquiring of management, the audited entity's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Institute for Apprenticeships and Technical Education's policies and procedures relating to:
    - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
    - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
    - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Institute for Apprenticeships and Technical Education's controls relating to the Apprenticeships, Skills, Children and Learning Act 2009;
- discussing among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition and posting of unusual journals;
- obtaining an understanding of the Institute for Apprenticeships and Technical Education's framework of authority as well as other legal and regulatory frameworks that the Institute for Apprenticeships and Technical Education operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the Institute for Apprenticeships and Technical Education. The key laws and regulations I considered in this context included Apprenticeships, Skills, Children and Learning Act 2009, the Enterprise Act 2016, the Technical and Further Education Act 2017, the Apprenticeships (Miscellaneous Provisions) Regulations 2017, Managing Public Money, and other relevant employment, pensions and taxation legislation.

- In addition to the above, my procedures to respond to identified risks included the following:
- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management, the Audit and Risk Assurance Committee and in-house legal counsel concerning actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance and the Board; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and significant component audit teams and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of my certificate.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the income and expenditure reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Report

I have no observations to make on these financial statements.

Gareth Davies **Date: 24 June 2021**

Comptroller and Auditor General

National Audit Office

157-197 Buckingham Palace Road

Victoria

London

SW1W 9SP

Financial Statements

Statement of Comprehensive Net Expenditure
For the year ended 31 March 2021

	Note	2020-21 £000	2019-20 £000
Operating income	2	1,385	761
		1,385	761
Staff costs	3	14,385	12,676
Operating expenditure	4	7,097	7,136
Total operating expenditure		21,482	19,812
Net expenditure for the year		20,097	19,051
Other comprehensive expenditure for the year		-	-
Comprehensive net expenditure for the year		20,097	19,051

There are no other recognised gains or losses.

There are no discontinued operations.

The notes on pages 80 to 92 form part of these accounts.

Statement of Financial Position
As at 31 March 2021

	Note	2021 £000	2020 £000
Non-current assets			
Property, plant and equipment	5	35	53
Intangible assets	6	1,016	719
Total non-current assets		**1,051**	**772**
Current assets			
Receivables	8	366	516
Cash and cash equivalents	7	1,659	841
Current assets		**2,025**	**1,357**
Total assets		**3,076**	**2,129**
Current liabilities			
Payables	9	(3,884)	(4,060)
Provisions	10	(66)	(270)
Total current liabilities		**(3,950)**	**(4,330)**
Total assets less current liabilities		**(874)**	**(2,201)**
Total assets less total liabilities		**(874)**	**(2,201)**
Taxpayers' equity			
General fund		(874)	(2,201)
Total equity		**(874)**	**(2,201)**

The notes on pages 80 to 92 form part of these accounts.

J. Coupland

Jennifer Coupland

Chief Executive and Accounting Officer
Institute for Apprenticeships and Technical Education
Date: 22 June 2021

Statement of Cash Flows

For the year ended 31 March 2021

	Note	2020-21 £000	2019-20 £000
Cash flows from operating activities			
Net operating expenditure	SoCNE	(20,097)	(19,051)
Adjustments for non-cash transactions			
Notional expenditure: IT costs		200	200
Depreciation	5	17	14
Elimination on disposal	5	(22)	-
Amortisation	6	210	90
(Increase)/decrease in receivables	8	150	(46)
Increase/(decrease) in payables	9	(176)	1,822
Increase/(decrease) in provisions for liabilities	10	(204)	270
Net cash outflow from operating activities		**(19,922)**	**(16,701)**
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(9)	(20)
Disposal of property, plant and equipment	5	32	-
Purchase of intangible assets	6	(507)	(627)
Net cash outflow from investing activities		**(484)**	**(647)**
Cash flows from financing activities			
Grant in Aid from sponsor department	SoCTE	21,224	13,464
Net cash inflow from financing activities		**21,224**	**13,464**
Net (decrease) / increase in cash and cash equivalents		818	(3,884)
Cash and cash equivalents at 1 April 2020	7	841	4,725
Cash and cash equivalents at 31 March 2021	7	**1,659**	**841**

The notes on pages 80 to 92 form part of these accounts.

Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2021

	Note	General Fund £000
Balance at 1 April 2019		**3,186**
Grant in Aid from sponsor department		13,464
Comprehensive net expenditure for the year	SoCNE	(19,051)
Notional IT costs		200
Balance at 31 March 2020		**(2,201)**
Grant in Aid from sponsor department		21,224
Comprehensive net expenditure for the year	SoCNE	(20,097)
Notional IT costs		200
Balance at 31 March 2021		**(874)**

The notes on pages 80 to 92 form part of these accounts.

Notes to the accounts

1. Statement of accounting policies

These accounts have been prepared in accordance with the 2020-21 Financial Reporting Manual (FReM) issued by HM Treasury (HMT). The accounting policies contained in the manual apply IFRS as adapted or interpreted for the public sector.

The Institute has prepared these accounts under a direction issued by the Department for Education in accordance with paragraph 11(2) of schedule A1 to The Apprenticeships, Skills, Children and Learning Act 2009.

1.1 Accounting convention

These accounts have been prepared on an accruals basis, under the historical cost convention.

1.2 Going concern

The Institute is a non-departmental public body of the Department for Education. Funding from the Department for Education, taking into account the amount required to meet the Institute's liabilities falling due in the year, has already been included in the department's Estimates for that year. Parliament has approved these Estimates and there is no reason to believe that the department's future sponsorship and future Parliamentary approval will not be forthcoming.

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

Whilst COVID-19 has impacted the Institute, this is expected to have effect only in the current and following financial year and as such does not affect the going concern basis of the Accounts.

1.3 Critical accounting judgements and key sources of estimation uncertainty

The preparation of these accounts requires management to make judgements, estimates and assumptions that affect the application of policies and reported values of assets and liabilities, income and expenditure. We made no material accounting estimates or judgements in preparing these accounts.

1.4 Adoption of FReM amendments

There were no significant FReM changes in 2020-21.

1.5 Early adoption

The Institute has not early adopted any accounting standards in 2020-21.

1.6 IFRSs in issue but not yet effective

In order to comply with the requirements of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, the Institute must disclose where it has not applied a new IFRS that has been issued. The Institute has carried out a review of the IFRSs in issue but not yet effective, to assess their impact on its accounting policies and treatment. The Institute has chosen not to early adopt requirements of the following accounting standards and interpretations, which have an effective date after the start of these accounts:

Standard	FreM Application	Change & Impact
IFRS 16 Leases	2022-23	**Change:** The proposed changes simplify the classification and measurement of leases by introducing a single lessee accounting model, removing the distinction between recognising an operating lease (off-balance sheet financing) and a finance lease (on-balance sheet financing). The new standard requires recognition of all leases which last over 12 months to be recognised as a finance lease (on-balance sheet). This will result in the recognition of a right-to-use asset, measured at the present value of future lease payments, with a matching liability. The pattern of recognition of the expenditure will result in depreciation of the right-to-use asset and an associated finance cost being recognised.Impact on the Institute: **Impact on the Institute:** The Institute's lease on its London premises expired 31 March 2021. The Institute will be moving into the new premises – Sanctuary Buildings in October 2021. Estimating based on expected leases and values indicates there will be a material impact on the SoFP and SoCNE balances the year this is introduced.

1.7 Property, plant and equipment

The minimum value of capitalisation for expenditure on property, plant and equipment is £2,500. In the case of ICT equipment and furniture, all items recorded as capital expenditure are capitalised and if they fall below the £2,500 threshold they are grouped together and recorded as bulk assets. The asset value on capitalisation is measured at cost plus direct costs, such as installation, attributable to bringing them into working condition.

1.8 Depreciation

The depreciation periods which best reflect the pattern of consumption of economic benefits and the periods over which such benefits are expected to be consumed by the Institute are summarised below:

- furniture: 5 years
- fixtures and fittings: lower of 10 years or the length of the building lease
- computer equipment: 3 to 5 years

Depreciation is applied on a straight-line basis.

1.9 Intangible assets

Intangible assets are initially valued at cost, then carried at fair value that is determined by reference to an active market where possible. Where there is no active market, we use depreciated replacement cost as a proxy fair value. Assets are capitalised as intangible assets where expenditure of £2,500 or more is incurred. Assets are amortised over their estimated useful economic lives. Assets under construction are not amortised but assessed for impairment annually.

Asset lives are in the following ranges:

- IT systems: 5 years

Amortisation is applied on a straight-line basis.

1.10 Impairment of non-current assets

The Institute reviews all non-current assets for impairment if circumstances indicate the carrying value may not be recoverable. The Institute recognises as a loss the sum that the asset's carrying value exceeds its recoverable value. The recoverable value is the higher of the asset's fair value less costs to sell and its value in use.

The Institute charges any impairment losses that result from a clear consumption of economic benefits to the Statement of Comprehensive Net Expenditure.

The Institute charges any excess devaluation to the Statement of Comprehensive Net Expenditure.

1.11 Financial liabilities

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

1.12 Leases

Institute as lessee

The Institute charges operating lease rentals as they occur to the Statement of Comprehensive Net Expenditure on a straight-line basis over the lease term

Institute as lessor

The Institute subleased part of the premises it occupied last year. This lease had been classified as an operating lease and rental income had been recognised on a straight-line basis over the period the service is provided. This year there is no rental income as the sublease has come to an end.

1.13 Grant in Aid

Grants from the Department are recognised as funding.

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

1.14 Operating and other income

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

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

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

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

From November 2020 – January 2022 the transfer of function in relation to the EPA's will move across to Ofqual and Office for Students.

1.15 Administration and programme expenditure

The notes to the Statement of Comprehensive Net Expenditure are analysed between administration and programme expenditure. The classification of expenditure as 'administration' or as 'programme' reflects the determination of administration costs in HM Treasury's Consolidated Budgeting Guidance.

Administration costs reflect the costs of running the Institute and include staff costs such as wages, salaries and other administrative costs, including travel, subsistence, IT maintenance and office expenditure.

Programme costs reflect the costs of programme delivery and may include staff and other costs where these relate to activities associated with frontline service delivery.

Programme costs reflect the costs of programme delivery and may include staff and other costs where these relate to activities associated with frontline service delivery.

1.16 Employee benefits

1.16.1 Pensions

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

The Institute's staff are members of the Principal Civil Service Pension Scheme (PCSPS). This is an unfunded multi-employer defined benefit pension scheme. For accounting purposes this is recognised as a defined contribution scheme in accordance with the FReM. The Institute recognises contributions payable in the Statement of Comprehensive Net Expenditure.

Pension benefits are provided through Civil Service pension arrangements, as detailed from page 62 of the Remuneration and Staff Report.

1.16.2 Other employee benefits

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

1.17 Value added tax

Irrecoverable value-added tax (VAT) is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets.

1.18 Provisions

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

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

1.19 Notional charges

Certain costs are charged on a notional basis and included in the accounts. The only notional costs in 2020-21 and 2019-20 were for IT provided by the Department. Notional costs are recorded in the Statement of Comprehensive Net Expenditure and recorded as a movement in the General Fund.

2. Operating Income

	2020-21 £000	2019-20 £000
Fee Income	1,385	420
Rental income	-	341
	1,385	761

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

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

3. Staff numbers and related costs

	Permanently employed staff £000	Others £000	2020-21 Total £000	Permanently employed staff £000	Others £000	2019-20 Total £000
Wages and salaries	9,978	602	10,580	8,425	1,018	9,443
Social security costs	1,176	-	1,176	998	-	998
Pension costs	2,629	-	2,629	2,235	-	2,235
	13,783	602	14,385	11,658	1,018	12,676
Average full time equivalent number of persons employed	193	7	200	160	11	171

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

4. Operating expenditure

	2020-21 £000	2019-20 £000
Programme related expenditure:		
quality	1,848	1,157
standards	2	217
approvals	34	99
funding	-	82
employer and professional body collaboration	119	1,100
T-level contracts and associated costs	2,273	1,600
other	244	97
Administration expenditure:		
Staff related costs	152	173
Board costs	156	147
Professional fees	118	265
Premises costs including rates and service charges	1,588	1,681
IT and telecommunications costs	464	92
PR & Marketing	24	116
Travel and subsistence	2	264
External audit fees	65	45
Other expenditure	8	1
Total	**7,097**	**7,136**

Depreciation of £4,000 and amortisation of £210,000 is included programme related expenditure. Depreciation of £13,000 and Loss on Sale of Fixed Assets of £10,000 is included in IT and telecommunications costs.

Final External Audit fees for 2020-21 are £55,000 (2019-20: £55,000). This is presented in 2020-21 as £65,000 as this is related to an amendment to the estimate from the prior year accounts.

5. Property, plant and equipment

	Furniture & Fittings £000	Total £000
Cost or valuation		
At 1 April 2020	77	77
Additions	9	9
Disposals	(32)	(32)
At 31 March 2021	54	54
Depreciation		
At 1 April 2020	(24)	(24)
Charged in year	(17)	(17)
Elimination on disposal	22	22
At 31 March 2021	(19)	(19)
Carrying value at 31 March 2020	**53**	**53**
Carrying value at 31 March 2021	**35**	**35**

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

6. Intangible assets

	Developed software	IT development	Total
	£000	£000	£000
Cost or valuation			
At 1 April 2020	652	192	844
Additions	447	60	507
Transfers	192	(192)	-
At 31 March 2021	1,291	60	1,351
Amortisation			
At 1 April 2020	(125)	-	(125)
Charged in year	(210)	-	(210)
At 31 March 2021	(335)	-	(335)
Carrying value at 31 March 2020	**527**	**192**	**719**
Carrying value at 31 March 2021	**956**	**60**	**1,016**
Cost or valuation			
At 1 April 2019	198	19	217
Additions	454	173	627
At 31 March 2020	652	192	844
Amortisation			
At 1 April 2019	(35)	-	(35)
Charged in year	(90)	-	(90)
At 31 March 2020	(125)		(125)
Carrying value at 31 March 2019	**163**	**19**	**182**
Carrying value at 31 March 2020	**527**	**192**	**719**

7. Cash

	2020-21 £000	2019-20 £000
Balance at 1 April	841	4,725
Net change in cash and cash equivalents	818	(3,884)
Balance at 31 March	**1,659**	**841**

All balances are held with the Government Banking Service.

8. Receivables

	2020-21 £000	2019-20 £000
Amounts falling due within one year:		
Sundry debtors	180	416
Prepayments and accrued income	144	99
VAT refund	42	-
Total receivables	**366**	**515**

9. Payables

	2020-21 £000	2019-20 £000
Amounts falling due within one year:		
Trade payables	56	19
Taxes and Social Security Costs	322	36
Pensions liability	286	-
Accruals and deferred income	3,220	4,005
Total payables	**3,884**	**4,060**

10. Provisions for Liabilities and Charges

	2020-21 £000	2019-20 £000
Amounts falling due within one year:		
Dilapidation on London premises	-	270
Dilapidations on Coventry premises	66	-
Total provisions for liabilities and charges	**66**	270

11. Financial instruments and risk

IFRS 7: Financial Instruments (IFRS 7) disclosure requires the Institute to disclose information on the significance of financial instruments to its financial position and performance.

11.1 Liquidity risk

The Institute is in a net deficit position due to significant accruals at the year end. Cash will be drawn down as Grant in Aid when required to settle these liabilities. Parliament votes annually on the financing of Institute net revenue resource requirements, as well as its capital expenditure. With no borrowings, the Institute does not consider itself exposed to any significant liquidity risks.

11.2 Interest rate risk

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

11.3 Foreign currency risk

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

12. Commitments under operating leases

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

	2020-21 £000	2019-20 £000
Obligations under operating leases for the following year comprise:		
Buildings		
Not later than one year	205	875
Later than 1 year and not later than 5 years	85	53
	290	**928**
Expected receipts from sub-leases		
Not later than one year	-	-
	290	**928**

13. Capital commitments

The Institute had £565,000 and £256,000 of capital commitments as at 31 March 2021 (31 March 2020: £315,000 and £nil) in respect of IT development and the London office move respectively.

14. Related party transactions

The Institute regards the Departmental Group as a related party. During the year, the Institute had a number of material transactions with the Departmental Group and with other entities for which the Department is the parent department.

The Institute has had a number of transactions with other government departments and central bodies. Most of these transactions have been with HMRC and PCSPS.

The Institute's non-executive directors, independent members and senior civil servants are required to complete declarations of interest to identify related parties.

Toby Peyton-Jones, a non-executive member of the Institute board, is a non-executive member of the DfE board.

Isabel Sutcliffe is an Independent member of the Quality Assurance Committee at the Institute and an Independent Chair of CIPS Awarding Body Board. During the year, the Institute received income from CIPS for £6,800 in respect of EQA.

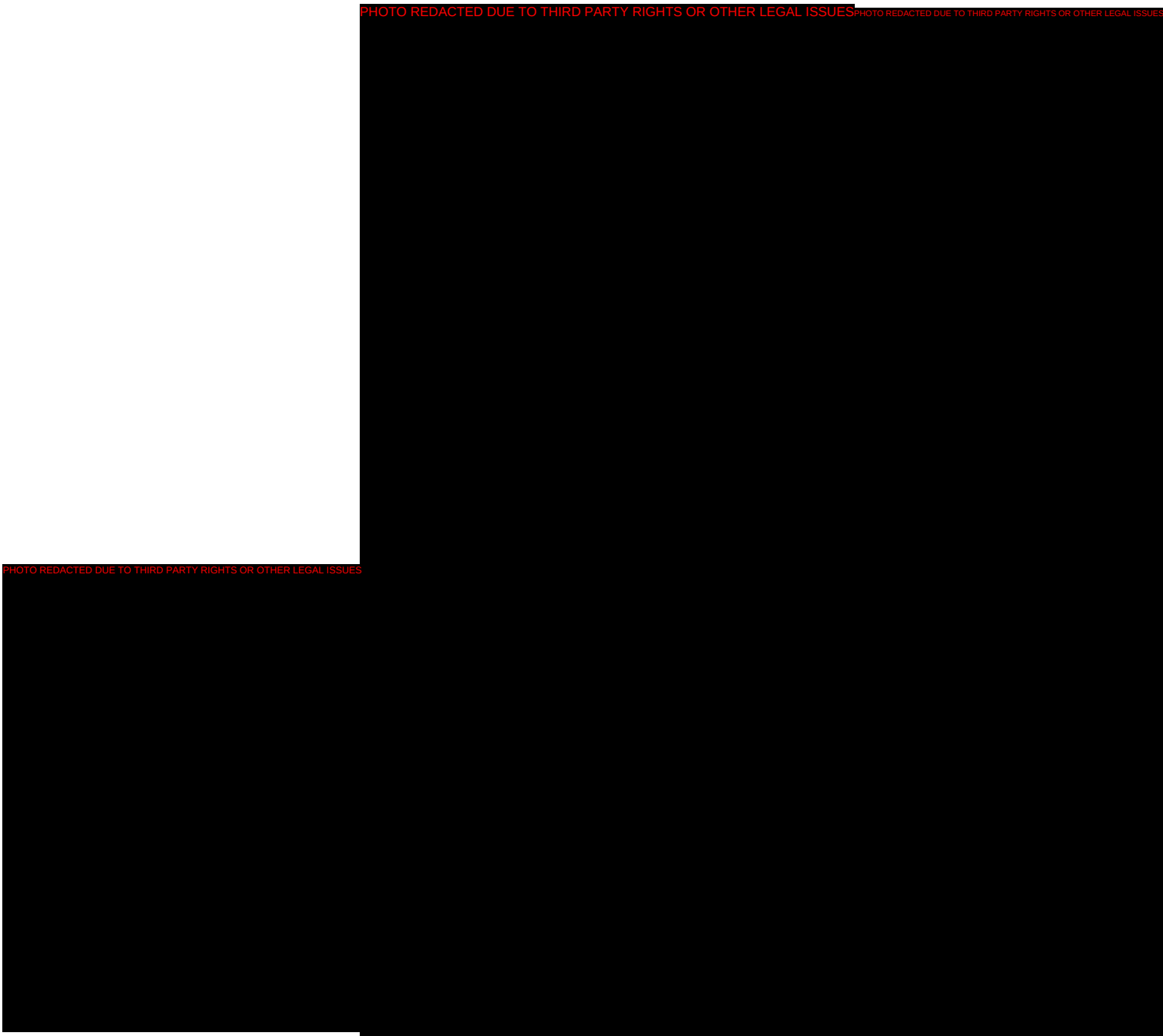
Martin Doel is an Independent member of the Audit and Risk Assurance Committee at the Institute and a Scrutiny Panel member of Pearson. During the year the Institute received income from Pearson for £18,200 in respect of EQA and the Institute was invoiced £335,500 in respect of work on T Levels.

There were no related party transactions declared in relation to the senior civil servants (2019-20: none).

15. Events after the reporting period

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

The Accounting Officer authorised these accounts for issue on the date they were certified by the Comptroller & Auditor General. These accounts do not consider events after that date.



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