



Skills England

Skills England Annual report and accounts

For the 10 month period
ended 31 March 2026

An executive agency of the
Department for Education

HC 332





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Accounts presented to the House of Commons pursuant to
section 6(4) of the Government Resources and Accounts Act 2000

Report presented to the House of Commons by Command of His Majesty

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Performance Report



Forewords



Chair's Foreword

Skills England was established to make the skills system simpler, quicker and more responsive for businesses, people and places. Employers with a skills gap have to move at pace, so at Skills England we intend to do the same.

We aspire to be the grease in the wheel that gets the skills system turning, achieving growth and spreading opportunity. We do everything we can to make sure that the apprentices, learners and employers of today and tomorrow get the best possible experience.

Phil Smith CBE
29 June 2026



Sarah Maclean CBE
Joint Chief Executive
29 June 2026

Chief Executives' foreword

Our vision at Skills England is **better skills for better jobs**. We are focussed on developing a skills system that supports economic growth and productivity, as well as creating opportunity for people and employers across the country.

Working in partnership is critical to our success. Skills England works alongside thousands of employers, providers, trade unions, mayoral strategic authorities and local partners, and in collaboration with sector, professional, statutory and regulatory bodies.

Through these partnerships, we will continue to build a responsive, agile and coherent skills system, delivering the quality employers need.



Tessa Griffiths CBE
Joint Chief Executive

Performance overview

Introduction to Skills England

Skills England (SE), or the Agency, was established as an executive agency of the Department for Education (DfE) on 2 June 2025. We bring together the people and functions responsible for apprenticeship standards and technical qualifications, formerly delivered by the Institute for Apprenticeships and Technical Education (IfATE), along with analytical and insight and regions functions formerly delivered within DfE. Skills England is the national body responsible for identifying skills needs and aligning training to meet them.

We aspire to deliver tangible benefits for employers by actively involving them in shaping the skills system. Their insight ensures that the skills products we develop accurately reflect industry needs, helping to close skills gaps, anticipate industrial change, and equip the workforce to contribute to the government's wider missions. This engagement directly informs the development and revision of occupational standards, which underpin apprenticeships and technical qualifications and support learners to achieve occupational competence. We also monitor and oversee Local Skills Improvement Plans (LSIPs), collaborate with government and industry to co-create skills solutions and provide information, data and insight on skills needs at both a local and national level.

We work in partnership with other statutory bodies and organisations that have complementary and supporting functions, including the Industrial Strategy Advisory Council, the Migration Advisory Committee, the Labour Market Evidence Group, Mayoral Strategic Authorities, Employer Representative Bodies and other government departments.

Our powers and duties arise from the Apprenticeships, Skills, Children and Learning Act 2009 (as amended), and have been delegated to us by the Secretary of State to exercise on their behalf.

Transfer of function

On 16 September 2025, the Prime Minister laid a [written ministerial statement](#)¹ confirming responsibility for adult skills would transfer from DfE to the Department for Work and Pensions (DWP). The transfer of adult skills was wider than just the Agency; elements of adult skills policy held by DfE moved to DWP, as well as the Agency and sponsorship of two industry training boards (Construction Industry Training Board and Engineering Construction Industry Training Board).

A second written ministerial statement on 20 November 2025, confirmed the financial reporting treatment of the whole transfer. In a change from normal practice (to back-date inter-departmental group transfers to the start of the financial year and restate prior years) this transfer will be effected for financial reporting purposes (Estimates, budgeting, accounting and consolidation) prospectively from 1 April 2026. Accordingly, all the adult skills activities covered by the transfer (including Skills England) are included in DfE's 2025-26 consolidated annual report and accounts (ARA).

On 5 March 2026, approval powers for technical qualifications transferred from Skills England to DfE as part of reforms to simplify post 16 technical education. DfE are responsible for approving, reviewing and, where necessary, withdrawing qualifications; maintaining the list of approved qualifications; and publishing information on qualification categories and relevant occupational standards. While DfE already undertakes some of this work for T Levels, it has extended these responsibilities to all Level 2 and above technical and vocational qualifications, including Higher Technical Qualifications (HTQs). Further details are available in the [published report](#).²

1 <https://questions-statements.parliament.uk/written-statements/detail/2025-09-16/hcws930>

2 <https://www.gov.uk/government/publications/a-report-on-the-exercise-of-ifates-relevant-functions>

Statement of purpose and activities

Vision, mission and core priorities

Skills England plays an important role in the government missions to [create opportunity](#)³ and [economic growth](#).⁴



Vision

Our **VISION** is Better Skills for Better Jobs.



Mission

Our **MISSION** is to support economic growth and opportunity for all; contribute to reducing skills shortage vacancies in priority sectors; and support the aims to increase the employment rate, particularly among young people, and achieve two-thirds of young people in higher-level education or training.



Priorities

Our **PRIORITIES** for 2025-26 were confirmed in a letter by the [Secretary of State for Work and Pensions](#)⁵ in October 2025 and support the overall vision of Skills England. This built on the priorities set in June 2025 by the [Secretary of State for Education](#).⁶ The letters set out Skills England's "vital role to play in expanding opportunity, achieving the government's skills ambitions and delivering the Industrial Strategy."

To achieve this, we will:

1. Understand our nation's skills needs and improve our skills offer.
2. Simplify access to skills to boost economic growth.
3. Mobilise employers and other partners, co-creating solutions to meet national, regional and local skills needs.

³ <https://www.gov.uk/missions/opportunity>

⁴ <https://www.gov.uk/missions/economic-growth>

⁵ <https://www.gov.uk/government/publications/skills-england-priorities-for-2025-to-2026/letter-from-the-secretary-of-state-to-the-joint-chief-executives-of-skills-england>

⁶ https://assets.publishing.service.gov.uk/media/683d6713fd325db61c5ff287/Skills_England_priorities_2025_to_2026_-_02_June_2025.pdf

Structure of Skills England

The Agency has eight divisions:

1

**Advanced Manufacturing,
Defence and Construction**

2

**Creative, Digital,
Finance and Business**

3

**Clean Energy,
Life Sciences**

Through engagement with stakeholders, the three sector divisions listed above develop and revise apprenticeships and other technical qualification products to ensure an agile skills system that responds to skills needs.

4

**Analysis
and Data**

Uses data and analytics to identify the job roles that are currently in high demand, as well as those emerging in the coming years, and determines the training and skills needed to successfully fill them.

5

**Insight
and AI**

Leads on strategic engagement for Skills England to ensure we have a joined up and coherent engagement which is purposeful, evidence-led and outcome-focused. Also leads on Artificial Intelligence (AI) to help identify relevant skills needs and support government policies to ensure the skills system responds quickly to changes in the labour market as a result of emerging technologies.

6

**Regions including the Investment
and Infrastructure Skills Service (IISS)**

Partnering with regional organisations to ensure that the regional skills systems are meeting skills needs and are aligned with national priorities. As part of this, the division has oversight of LSIPs and supports the response to economic shocks.

Providing account management support to investment and infrastructure projects, helping them identify solutions to local skills gaps, working with local and national partners to do

7

**Reform and
Development**

Working with awarding organisations, regulatory bodies, employers and providers, this division brings new skills products to market which deliver on DfE's reforms to improve and simplify the skills offer for learners and employers.

8

**Governance, Performance
and Strategy**

Operates as Skills England's strategic and cross-cutting functions, including strategy, delivery planning and performance, and governance. Ensures clear organisational priorities are in place, transparently communicated internally and externally, and monitors performance against those.

Performance at a glance

Highlights for the period included:



6

Major research reports published



39

Local Skills Improvement Plans areas agreed



8

Months – minimum apprenticeship duration introduced



51

New apprenticeship assessment plans approved



8

New apprenticeship units launched



7

Foundation apprenticeships launched



21

New occupational standards available

Key risk summary

There are a range of strategic risks related to Skills England's work, which are managed internally by officials with input from the Board. These include risks related to operational delivery, our influence and impact, corporate systems and reputational risks. As an executive agency of DfE, up to and including 31 March 2026, Skills England's audit and risk arrangements were overseen by DfE's Audit and Risk Committee (ARC).

The top risks to Skills England delivery are:

Risk	
<p>1. Failure to deliver coherent sector solutions (risk position stable)</p>	<p>Skills England faces a risk that it may not deliver coherent and responsive sector-skills solutions if engagement, communications and supporting frameworks are under-developed.</p> <p>Weaknesses in the engagement model, incomplete structures, fragile relationships and unclear roles across stakeholders and different government departments can make it hard for employers and providers to interact in the skills system and understand Skills England's role within it. If this risk materialises, sectors may experience confusion and reduced confidence, limiting Skills England's ability to influence cross-government decisions and demonstrating the benefits intended for sectors, employers, learners and regions.</p> <p>Skills England has made progress in developing its sector engagement and intelligence functions during the year. Sector summits, stakeholder roundtables and the new expert network support improved insight gathering. Delivery mechanisms were strengthened during 2025-26 and are expected to mature in the coming year as we continue to work with partners to develop coherent sector solutions. By year end, the overall risk exposure remained broadly stable.</p>

Risk	
<p>2. Misaligned accountability hindering delivery of workforce priorities (risk position improving)</p>	<p>Skills England faces a risk that misaligned or unclear accountability across government could hinder the organisation’s ability to deliver on this cross-government priority.</p> <p>National employment and skills outcomes are shaped by multiple departments, funding systems, labour-market conditions and wider economic drivers that sit beyond Skills England’s formal mandate and direct control. If roles, responsibilities and decisions are not clearly defined, there is a risk that efforts become fragmented, that levers needed for coherent action are not aligned, and that Skills England’s ability to drive system-level improvements is reduced. If realised, this could limit progress on workforce priorities, weaken system coherence and reduce the impact Skills England can achieve across government, job sectors and regions.</p> <p>Skills England has improved the transparency of its analytical outputs and clarified, with government departments and partners, the organisation’s remit and the limits of its influence. The development of national skills needs assessments during the year provided a clearer basis for shared understanding skills gaps across the labour market and has been used by our partners to influence their work. For example, our analysis has supported the work of the Migration Advisory Committee which produces the Temporary Shortage List. The list identifies roles at certain levels that have critical gaps or shortages and can be fulfilled, temporarily, by skilled worker visas, whilst the UK develops its domestic workforce.</p> <p>While demand and expectations remained high, these developments contributed to a gradual reduction in risk exposure toward the end of the year.</p>
<p>3. Delivery credibility and operational stability (risk position improving)</p>	<p>Skills England faces a risk to deliver credibility and organisational stability if resourcing pressures, structural misalignment and planning uncertainty limit the organisation’s ability to achieve its strategic priorities.</p> <p>Workforce gaps, evolving structures and uncertainty, create pressure on delivery, and these issues were heightened during the transition to the DWP and the introduction of new operational processes. If realised, this risk could reduce Skills England’s ability to deliver intended outcomes, limit its impact on the wider skills system, and contribute to staff uncertainty, affecting morale and retention.</p> <p>Skills England continued to successfully deliver through significant organisational change during 2025-26, notwithstanding machinery of government transfer preparations. Toward the end of the year, risk exposure began to reduce as recruitment processes stabilised, planning arrangements were established and transition activity became more predictable. Delivery governance also strengthened, which supported clearer visibility of progress against commitments.</p>

Performance analysis

Overview

In our first period of operation, Skills England has focussed on establishing itself as the Government's national agency for skills. The performance analysis that follows is structured against key strategic areas outlining how Skills England has worked on:

- occupational standards
- expanded data and insight
- key reforms to apprenticeships
- place and sector-based solutions

Occupational Standards

Skills England oversees all occupational standards which are the basis for apprenticeships and technical education products in England. They describe the knowledge, skills and behaviours needed for someone to be competent in the occupation's duties. Skills England maintains occupational maps showing the occupations for which apprenticeships and technical qualifications are available. Occupations are only added to the suite of standards when there is clear demand.

We work with employers to develop and review the occupational standards to ensure they reflect emerging skills and remain current for employers. Where there is clear evidence of employer demand aligned to skills need, we develop new occupational standards which are used as a foundation to develop apprenticeships or technical qualifications. During this period, we approved 21 new occupational standards and 16 new apprenticeships.

Data and insight

We are a data and insight led organisation with the ambition to be the single authoritative voice on current and future skills needs. We have published six major research publications this year. In June 2025, we published a qualitative assessment of skills needs across [10 priority sectors](#)⁷ followed in August 2025 by a further detailed quantitative assessment of [employment needs across priority sector to 2030](#).⁸ In October 2025, we published findings of analysis on upskilling needs related to AI and introduced tools for employers and education providers, including an [AI skills framework](#).⁹ In December 2025, we published the latest data for [occupations in demand](#).¹⁰

We jointly published the results of the [2024 Employer Skills Survey](#)¹¹ with DfE, outlining recruitment and skills shortage vacancies and skills gaps from employers. We published an [interim development report](#)¹² for the creation of the UK Standard Skills Classification. This maps the skills, tasks and knowledge typically needed in the job occupations found in the UK economy into a coherent framework and common language, with the final version to be available in summer 2026. We have further updated the Local Skills dashboard to support local skills planning.

7 <https://www.gov.uk/government/publications/skills-england-skills-for-growth-and-opportunity>

8 <https://www.gov.uk/government/publications/assessment-of-priority-skills-to-2030/assessment-of-priority-skills-to-2030>

9 <https://www.gov.uk/government/publications/ai-skills-for-the-uk-workforce>

10 <https://explore-education-statistics.service.gov.uk/find-statistics/occupations-in-demand/2025>

11 <https://explore-education-statistics.service.gov.uk/find-statistics/employer-skills-survey/2024>

12 <https://www.gov.uk/government/publications/uk-standard-skills-classification-interim-development-report>

Apprenticeship Reform

In February 2025, the Secretary of State for Education announced improvements to apprenticeship assessment. We are implementing changes which will streamline the assessment process to ensure it is proportionate whilst maintaining employer confidence. We began a review of all end-point assessment plans and between 2 June 2025 and 31 March 2026 had approved 51 apprenticeship assessment plans in line with the new principles.

Responding to stakeholder feedback, we reduced the apprenticeship minimum duration to 8 months so that shorter apprenticeships were possible from August 2025. To give young people a route into careers in critical sectors, we introduced foundation apprenticeships. These Level 2 apprenticeships were launched in August 2025 and the first 7 are available in the construction, digital, social care, and engineering and manufacturing sectors, with foundation apprenticeships in hospitality and retail announced in April 2026. To address specific skills gaps we developed short courses, called apprenticeship units, based on existing occupational standards. The first 8 units are available for use from April 2026, with the [battery manufacturing apprenticeship unit](#)¹³ developed following rapid consultation with employers and sector experts to support the UK's growing battery sector. The units support priority skills needs, including green skills aligned with [net zero ambitions](#),¹⁴ alongside capabilities in AI leadership and key engineering and manufacturing disciplines.

On 7 February 2026, the Secretary of State for Work and Pensions announced a [faster approval process](#)¹⁵ to update apprenticeships and develop short courses, we developed the criteria for this process and will take the first test cases through the faster process in summer 2026.

Technical Qualifications Reform

The responsibility for exercising technical qualifications approval functions passed in full to DfE on behalf of the Secretary of State for Education on 5 March 2026. This is laid out in the [report on the exercise of IfATE's relevant functions](#).¹⁶ Until 5 March 2026, Skills England was responsible for approving technical qualifications in line with Government policy for T Levels, HTQs and Post-16 Qualification Reform. All technical qualifications are based on occupational standards. We approved 16 Level 3 qualifications for use in five sectors. We also approved 31 Higher Technical Qualifications (these are qualifications set at Level 4 and Level 5).

T Levels are two-year, Level 3 qualifications for 16 to 19-year-olds. We continued the roll-out of the second generation of T Levels alongside redeveloping the first suite of Early Years, Digital and Construction which were available for first teach from September 2025. Further T Level redevelopments in Health and Science will be taught from September 2026 and Engineering & Manufacturing, Accounting, Management and Administration from September 2027.

We supported DfE with the development of the Post-16 Education and Skills White Paper, the work on the Curriculum and Assessment Review, and the initial work to introduce new Foundation and Occupational Certificates at Level 2 and V Levels at Level 3. V Levels will be new vocational qualifications alongside A levels and T Levels as part of an improved 16 to 19 pathway and will be linked to Skills England's occupational standards.

Facilitating regional solutions

Skills England's work promotes growth with better skills for better jobs. We work jointly with place-based organisations including Mayoral and Strategic Authorities (MSAs) and designated Employer Representative Bodies (ERBs).

¹³ <https://www.gov.uk/government/news/new-apprenticeship-unit-to-supercharge-battery-manufacturing>

¹⁴ <https://www.gov.uk/government/publications/net-zero-strategy>

¹⁵ <https://www.gov.uk/government/news/britains-growth-sectors-to-get-major-skills-boost-from-new-fast-track-apprenticeships-reforms>

¹⁶ <https://www.gov.uk/government/publications/a-report-on-the-exercise-of-ifates-relevant-functions>

To strengthen the role of place in shaping a more responsive and integrated skills system, we established a new Place sub-group of the Skills England Board. This aims to ensure local insight and lived experience more consistently inform national strategy and programme design. The sub-group brings together representatives from Mayoral, Strategic and Local Authorities, ERBs and government departments to surface local intelligence, champion co-design with partners and promote innovative practice across diverse localities. The sub-group operates as an advisory forum to the Board and is chaired by a Board member.

We provide oversight for LSIPs, which bring together local employers, leaders, colleges, universities and independent training providers to identify and address skills gaps from entry level through to postgraduate qualifications. LSIPs are both a plan and a process, and central to ensuring local skills systems keep pace with employer demand, boost productivity and help people progress into high-quality jobs. LSIPs will be completed in 39 LSIP areas and published in the summer of 2026. To support development of the Plans, we published updated LSIP statutory guidance in November 2025. This sets expectations around a new LSIP joint working model between ERBs and Mayoral and Strategic Authorities, increased higher education involvement and closer alignment between employment and skills services as Jobcentre Plus and the National Careers Service merge.

We have maintained a service that provides a rapid skills response to local areas if there is a confirmed large scale economic shock. This work has managed several potential shocks this year. We have also taken forward development work with DWP on the design and implementation of MSA Apprenticeship Brokerage pilots to commence during 2026-27.

We established an Investment and Infrastructure Skills Service, offering a single front door to co-ordinated skills support and dedicated skills advisers for major projects. We launched the service in December 2025, with the aim to make it quicker and easier for projects to secure the skills they need to succeed and unlock high-quality jobs and opportunities for local people. By the end of March 2026, we were supporting eight strategically and economically significant projects with substantial skills needs that local systems cannot meet alone. One example of our work in this space is the East of England Regional Skills Partnership. This will bring together economically significant construction and infrastructure projects, such as Sizewell C, with skills providers and system partners to coordinate workforce pipeline development, skills provision and funding, regionally. The Partnership is prioritising a clear and collective view of shared workforce demand, developed through a collaboration of major projects, regional partners and experts. This will be used to identify critical infrastructure skills gaps, aligning and delivering training provision that meets those needs both now, and in the future.

Facilitating sector solutions

We work to address skills gaps in priority sectors, ensuring there are strong skills plans for growth and that more people can benefit from high quality technical education leading to sustained work. This year we worked with key sectors outlined in the [UK's Modern Industrial Strategy](#)¹⁷ including supporting the delivery of packages of work for the Construction, Defence, Digital & Technologies and Engineering sectors. We continued to drive forward work on AI skills, working closely with the Department for Science, Innovation and Technology (DSIT) to develop a set of AI foundation skills for the workplace. These benchmark the skills, delivered through free training on the [AI Skills Hub](#),¹⁸ that will help people upskill and use simple AI tools responsibly and effectively. We published a Level 4 AI and Automation Practitioner apprenticeship in December 2025, to respond to clear labour market evidence that higher-level digital and AI skills are urgently needed across priority sectors. Early feedback indicated that the apprenticeship would be more effective as smaller, more flexible units focused on specific skills gaps. In response, we developed three distinct units in Strategy and Opportunity, Adoption, Procurement and Governance and Delivery and Organisational Transformation. We made the units available for delivery from April 2026.

We are central members of the Labour Market Evidence Group (LMEG). The LMEG is a cross-government partnership established to support the Government's aim to rebalance the UK labour market away from an over-reliance on international recruitment and towards domestic workers, and to ensure that growth-driving sectors have access to the skilled workers they need. It integrates data and research findings to generate a shared UK wider evidence base to inform government policy making and delivery. As part of LMEG, we have conducted analysis to inform the Migration Advisory Committee's review of the Temporary Shortage List and Industrial Strategy Jobs Plans. Additionally, we coordinated engagement with regional and local skills partners to support the Department for Business and Trade and lead Departments on Industrial Strategy Jobs Plans.

17 <https://www.gov.uk/government/collections/the-uks-modern-industrial-strategy-2025>

18 <https://aiskillshub.org.uk/>

Financial review of the period

Introduction

While expenditure has not fully aligned with projected levels, this variance is consistent with an organisation's first period of operation. As processes mature and baseline budgets are established, expenditure is expected to more accurately reflect forecast assumptions.

Analysis of the period

As described earlier, the Agency's expenditure is included within DfE's Estimates and Parliamentary accountability processes, it does not have its own [Estimates](#).¹⁹ The Agency has a budget, set by DfE, against which its performance is measured. The financial performance in budgetary terms (termed outturn) may differ from that reported in the Statement of Comprehensive Net Expenditure (SoCNE) since not all spending is reported in SoCNE (such as acquisition of assets). The 2025-26 outturn was within the budget allocated by DfE. More detailed explanations about the budgetary process and terms followed can be found in HM Treasury's (HMT's) [Consolidated Budgeting Guidance](#).²⁰

Movements in outturn

Budget forecasting during the period was affected by the integration of functions from IfATE and DfE into Skills England. Forecasting accuracy was impacted by delays in procuring planned capital projects and by slower-than-expected recruitment to the approved staffing complement, following the machinery of government announcement.

Shared service costs

DfE provides Skills England with a number of corporate services as detailed in the accounting policies note.

Outturn against organisational goals

Because of the factors highlighted above, expenditure was lower than expected in the period under review.

¹⁹ <https://www.gov.uk/government/collections/hmt-main-estimates>

²⁰ <https://www.gov.uk/government/collections/consolidated-budgeting-guidance>

Performance in other matters

Sustainability

Compliance statement

Where possible, Skills England has reported on climate-related financial disclosures consistent with HMT's Task Force on Climate Related Financial Disclosures (TCFD) aligned disclosure application guidance which interprets and adapts the framework for the UK public sector.

Skills England has complied with the TCFD recommendations and recommended disclosures around governance.

It is not possible to make disclosures on metrics and targets as sustainability data does not currently disaggregate Skills England from DfE. Sustainability data at DfE's group level is available in the DfE Group ARA. Using average full-time equivalent (FTE) headcount as a comparative measure, Skills England is approximately 3% of the size of the DfE group.

Sustainability activity and governance

For this period, Skills England was an executive agency operating entirely within DfE's estate and under DfE's sustainability policies. DfE's corporate strategy outlines commitments around office building emissions, waste, water, ICT and digital, travel, nature recovery and climate change adaptation. Data and reporting on these topics (inclusive of Skills England staff, emissions and usage) is included within DfE Group ARA.

As part of the wider DfE group, Skills England recognised its responsibility to reduce environmental impacts and contribute to the [Greening Government Commitments](#).²¹

Social responsibility

Skills England adopts DfE's policies relating to social matters, which are published in its [ARA](#).²²

Respect for human rights

Skills England adopts DfE's policies relating to human rights, which are published in its ARA.

Modern slavery

Skills England adopts DfE's policies relating to modern slavery, which are published in its ARA.

Anti-corruption and anti-bribery matters

Skills England adopts DfE's policies relating to anti-corruption and anti-bribery matters, which are published in its ARA.

Diversity

Skills England adopts DfE's policies relating to diversity, which are published in its ARA.

²¹ <https://www.gov.uk/government/publications/greening-government-commitments-2021-to-2025>

²² <https://www.gov.uk/government/collections/dfe-annual-reports>

Going concern

HMT has interpreted the going concern principle for the public sector to reflect the non-commercial nature of public sector bodies. Going concern for public sector bodies is referenced back to service potential and delivery. The going concern presumption is only challenged for a public body if the services it provides will be discontinued entirely by the public sector. Transfer of services from one public body to another does not imperil the going concern presumption in the transferring body, even if all its operations will cease post-transfer.

The existence of the September 2025 machinery of government change does not weaken the going concern assumption. Skills England's activities are unaffected by the transfer so falls within HMT's interpretation.

The Agency is not aware of any legislation that is planned, in force or in the process of gaining Royal Assent, that would cause its activities to cease.

In addition, our forward-looking plans, current Estimates and current spending review settlement with HMT contain funding to cover the Agency's operations for the foreseeable period. Consequently, management do not consider the going concern presumption to be in doubt.

A budget is being set for financial year 2026-27, as part of DWP's 2026-27 Estimates process, alongside confirmation of support from DWP for the remaining twelve months' going concern period to July 2027 that enables Skills England to deliver its objectives and continued regulatory intent.

Sarah Maclean and Tessa Griffiths
Joint Accounting Officers
29 June 2026

Accountability Report



Overview

The Accountability Report sets out how we meet the key accountability requirements to Parliament. It is broken down into three areas:

- corporate governance report, which provides an overview of the leadership of Skills England and our risk management approach
- remuneration and staff report, which details remuneration and staff expenses and policies
- parliamentary accountability and audit report, which contains parliamentary accountability disclosures and the audit certificate

Corporate governance report

Director's report

The purpose of the corporate governance report is to explain the composition and organisation of Skills England's governance structures and show how they support the achievement of the Agency's objectives for 2025-26 and up to the date of approval of the ARA.

The appointment dates stated below reflect the establishment date of Skills England as an executive agency. Sarah Maclean, Tessa Griffiths and Gemma Marsh performed activities in a shadow organisational form prior to 2 June 2025. Non-executive directors of the Board were appointed prior to the establishment of Skills England but were not compensated for their role until after 2 June 2025.

Senior management team

Membership of the senior management team (SMT) at the end of the period was:



Sarah Maclean
Joint Chief Executive
Appointment:
2 June 2025



Nikki Christie
Deputy Director
Creative, Digital,
Business and Finance
Appointment:
2 June 2025



Tessa Griffiths
Joint Chief Executive
Appointment:
2 June 2025



Carmel Grant
Deputy Director
Reform & Development
Appointment:
2 June 2025



Gemma Marsh
Deputy Chief Executive
Appointment:
2 June 2025



Joanna Moonan
Deputy Director
Clean Energy, Life Sciences
Appointment:
2 June 2025



Frank Bowley
Deputy Director
Analysis & Data
Appointment:
2 June 2025



Jonathan Mitchell
Deputy Director
Advanced Manufacturing,
Defence & Construction
Appointment:
2 June 2025



Nicholas Rashley
Deputy Director Regions
Appointment:
2 June 2025



Lucy Rigler
Deputy Director Governance,
Performance & Strategy
Appointment:
2 June 2025



Helen Slater
Deputy Director
Insight & AI
Appointment:
5 January 2026



Chris Gray
Deputy Director
IISS (Regions)
Appointment:
5 January 2026

Non-executive Directors

At 31 March 2026, the Board consisted of a Chair, 12 non-executive directors (including a Vice Chair), the Chief Executives and the Deputy Chief Executive. Non-executive directors were appointed by the Secretary of State for Education for terms of between two and three years.



Phil Smith CBE

Chair
Appointment:
2 June 2025



Anthony Impey MBE

Appointment:
2 June 2025



Sir David Bell

Vice-Chair
Appointment:
2 June 2025



Dame Fiona Kendrick

Appointment:
2 June 2025



Dr Fiona Aldridge

Appointment:
2 June 2025



Zoe Lewis CBE

Appointment:
2 June 2025



Dr Fazal Dad CBE

Appointment:
2 June 2025



Sara Todd

Appointment:
2 June 2025



Sian Elliott

Appointment:
2 June 2025



Andy Westwood

Appointment:
2 June 2025



Nicki Hay MBE

Appointment:
2 June 2025



Helen Woodward Davies

Appointment:
2 June 2025



Brian Holliday

Appointment:
2 June 2025

Post-period end movements

Following the period end, the following movements in Board and SMT appointments occurred:

- Joanna Moonan left Skills England to take up an external secondment on 1 April 2026
- Chris Gray joined on secondment from Department of Business and Trade on 5 January 2026. The secondment ended on 13 April 2026

Company directorships and other significant interests

Skills England requires all staff, including its non-executive directors and senior management team, who have outside interests, some of which could potentially be conflicts of interest, to complete a declaration of interest on an annual basis. Non-executive directors are required to declare details of company directorships and other significant interests on appointment to the Board and on an annual basis. Skills England declares their register of interests annually. These are currently published on DfE's website: [Chair and Vice Chair](#)²³ and [Skills England: board members](#).²⁴

Report on personal data breaches

All government departments are required to report personal data related incidents that have occurred during the financial year, in accordance with the standard disclosure format issued by Cabinet Office.

Cabinet Office defines a 'personal data related incident' as a loss, unauthorised disclosure or insecure disposal of protected personal data. 'Protected personal data' is data which could cause England harm or distress to individuals if released or lost. As a minimum, this includes:

- information linked to one or more identifiable living person
- any source of information about 1,000 or more identifiable individuals, other than information sourced from the public domain

²³ <https://www.gov.uk/government/publications/department-for-education-non-executive-appointments/appointments-made-april-2024-to-march-2025>

²⁴ <https://www.gov.uk/government/publications/department-for-education-non-executive-appointments/appointments-made-april-2025-to-may-2026#may-2025>

Table 1: Number of personal data related incidents reported to the Information Commissioner's Office (ICO)

Date	2025-26
Number of incidents	Nil

Complaints to the Parliamentary and Health Ombudsman

The Parliamentary and Health Service Ombudsman can investigate complaints against the administrative actions of a wide range of government departments and other public bodies, or the actions of organisations acting on their behalf. Skills England falls within the scope of the Ombudsman's activities.

Complaints

Additionally, Skills England has processes in place to investigate complaints, which commits to completing investigations within 25 working days.

Table 2: Number of complaints accepted for investigation

Date	2025-26
Number of complaints	Nil

Procedural review

Trailblazers are groups of employers and other interested parties who have developed occupational standard proposals to be considered for approval by Skills England. Trailblazers can seek a procedural review of the decisions and recommendations made by us under specific criteria set out in our published guidance on procedural review. This means procedural review can be sought in respect of any of the final decisions or recommendations we make in relation to occupation proposals, occupational standards and assessment plans (including funding band recommendations).

Table 3: Number of procedural reviews accepted

Date	2025-26
Number of accepted reviews	1
Number not upheld	1

Statement of Accounting Officers' responsibilities

Under the Government Resources and Accounts Act 2000, HMT has directed Skills England to prepare a statement of accounts for each financial year, on the basis set out in the [Accounts Direction](#).²⁵ The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of Skills England, and of its income and expenditure, Statement of Financial Position, and cash flows for the financial period.

In preparing the accounts, the Accounting Officers are required to comply with the requirements of the Government Financial Reporting Manual (FReM). They are required to:

- observe the Accounts Direction issued by HMT, 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 FReM have been followed, and disclosed and explain any material departures in the accounts
- prepare the accounts on a going concern basis
- confirm that the ARA as a whole is fair, balanced and understandable, and take personal responsibility for the ARA and the judgements required for determining that they are fair, balanced and understandable

The Accounting Officer of DfE has designated the Joint Chief Executives as the Accounting Officers of Skills England. 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 Skills England's assets, are set out in Managing Public Money published by HMT.

As the Accounting Officers, we have taken all the necessary steps to make ourselves aware of any relevant audit information and to establish that Skills England's auditors are aware of that information. So far, as we are aware, there is no relevant audit information of which the auditors are unaware.

We confirm that we consider the annual report and accounts as a whole is fair, balanced and understandable. We also take personal responsibility for the annual report and accounts and the judgments required for determining that it is fair, balanced and understandable.

²⁵ <https://www.gov.uk/government/publications/dao-0625-accounts-directions-2025-26>

Governance statement

Scope of responsibility

As Accounting Officers, we have personal responsibility for: maintaining a robust system of governance; internal control and risk management within our areas of responsibility to support the achievement of DfE's policies, aims and objectives; and safeguarding public funds and assets.

Governance, internal control, and risk management

Skills England's system of governance, internal control and risk management is designed to manage risk to a reasonable level, rather than eliminate all risk completely. The Agency can therefore provide high, not absolute, assurance of their effectiveness.

We confirm we have reviewed the effectiveness of governance, internal control and risk management arrangements in operation within our areas of responsibility. We consider them to be fit for purpose. These arrangements have been in place throughout the reporting period and up to the date of approval of the ARA. Our conclusion is informed by:

- the assessment of the senior managers responsible for the development and maintenance of these arrangements
- internal audit reports.

As senior civil servants, we are required to complete an assurance framework record (AFR) to record a structured assessment of the risk and control environment for the area we are responsible for, which in this case is Skills England. The AFR for the period was completed following consultation with Skills England's senior management team.

As an additional level of assurance, a peer review of Skills England's AFR was carried out by a Skills Group Director from within DfE.

The AFR details our compliance with DfE arrangements regarding:

- governance
- business strategy and planning
- project and programme management
- people capacity and capability
- risk management
- grant management
- financial management

As Accounting Officers, we can provide DfE's leadership team and ministers with assurance that we have managed our agenda well while delivering efficiencies. We maintain financial information on the delivery of all programmes.

We are confident that we have necessary arrangements in place for good corporate governance. These include:

- a strong and effective senior leadership team
- seeking regular challenge, scrutiny and expert support from both inside and outside of Skills England
- oversight from DfE's governance arrangements
- clear and honest reporting
- robust risk management processes

We will continue to review these arrangements regularly to ensure they comply with HMT's [Corporate governance in central government departments: code of good practice](https://www.gov.uk/government/publications/corporate-governance-code-for-central-government-departments).²⁶

²⁶ <https://www.gov.uk/government/publications/corporate-governance-code-for-central-government-departments>

Governance at Agency level

The Board

The Board provides strategic leadership and oversight for the organisation, advising on strategy, monitoring performance, and ensuring strong governance and risk management. Its responsibilities include supporting the setting of Skills England's strategic direction in line with the remit letter, issued by the Secretary of State, receiving timely performance information, and upholding high standards of corporate governance. The Board oversees priorities, organisational issues, executive capacity and capability, performance monitoring, and statutory responsibilities.

This period, the Board has met on five occasions; July, September and November 2025 and in January and March 2026.

Effectiveness and main successes

In addition to receiving performance and risk papers at each meeting, the Board:

- determined the development of the strategic direction aligned to Skills England's remit letter
- contributed to the development of the annual delivery plan
- supported the development of Skills England's engagement strategy

Table 4: Board attendance records

Membership	Meetings attended (where possible)
Phil Smith CBE	5 of 5
Sir David Bell	5 of 5
Dr Fiona Aldridge	5 of 5
Dr Fazal Dad CBE	5 of 5
Sian Elliott	5 of 5
Nicki Hay MBE	5 of 5
Brian Holliday	5 of 5
Anthony Impey MBE	5 of 5
Dame Fiona Kendrick	5 of 5
Zoe Lewis CBE	5 of 5
Sara Todd	5 of 5
Andy Westwood	5 of 5
Helen Woodward-Davies	5 of 5
Sarah Maclean CBE	5 of 5
Tessa Griffiths CBE	5 of 5
Gemma Marsh	5 of 5

Attendance records

To improve transparency, we have provided attendance values as well as the number of meetings available to members to attend, which is presented as “5 of 5”.

Senior management team (SMT)

SMT provides the joint Chief Executives with the opportunity to hold senior leaders and their programmes to account. SMT, through its internal committees, is responsible for:

- developing and monitoring the strategic planning of Skills England
- overseeing corporate performance
- overseeing the use of financial and human resources
- providing oversight of risk management and challenge on unexpected issues and near misses
- overseeing Skills England's security arrangements
- maintaining a robust system of internal control, which includes adequate assurance that internal controls and risk management processes are working effectively
- ensuring Skills England complies with all policies and corporate business planning
- maintaining awareness of areas for development identified from the People Survey and regular workforce management information reports.

DfE's finance partnering teams provide representation and advice. Other members of staff attend to report on the following, as required:

- delivery progress risk and issue management
- digital development.

To support effective governance and operational efficiency, Skills England's SMT meets in the following decision-making forums which all meet monthly:

- Delivery Committee
- People, Finance and Operations Committee
- Steering Group

Governance at Departmental level

DfE's Director General for Skills Group performs an oversight role, on behalf of the Secretary of State.

Our objectives were agreed by the Director General and aligned with:

- DfE's objectives
- Skills England's business plan requirements for compliance with [Managing Public Money](#)²⁷

They were subsequently used to set objectives for the Deputy Directors and their teams. All staff objectives are agreed, and performance is monitored monthly throughout the year. Major decisions about changes to policy are approved by Ministers where appropriate.

Strategic performance review

Following the machinery of government announcement for Skills England in September 2025 (and ahead of the formal transfer of staff and functions in April 2026) the CEOs provided frequent briefings to DWP's Director General for Policy Group. This ensured appropriate levels of scrutiny regarding Skills England's performance and risk management and provided good visibility of Skills England's activities, ensuring they were aligned to new and emerging priorities.

Assurance

External audit

Skills England was audited by the National Audit Office (NAO) on behalf of the Comptroller and Auditor General during the period.

Internal audit

Skills England receives internal audit and assurance services from the Government Internal Audit Agency (GIAA). GIAA produced and delivered an audit plan for DfE as a whole for the financial period.

The GIAA audit plan for Skills England was agreed with the Chief Executives by assessing key aspects of a newly formed organisation. During the period, GIAA reviewed Skills England's governance arrangements.

Department-level assurance

The Agency receives oversight from DfE's Audit and Risk Committee (ARC) which is a sub-committee of DfE's Board.

The ARC advises the Permanent Secretary (as Principal Accounting Officer) and DfE's Board on the adequacy and effectiveness of governance, risk management and internal controls, and on the reliability and integrity of assurances used to inform this governance statement. The ARC also advises the Permanent Secretary and the CEOs, as Accounting Officers, on the structure and presentation of this ARA and also reviews the audit plan. We meet with our lead ARC representative, non-executive director, Zoe Lewis quarterly to discuss risks.

²⁷ <https://www.gov.uk/government/publications/managing-public-money>

Risk management

Skills England has an established risk management framework which is based upon:

- DfE's strategic risk framework
- UK government's [Management of Risk in Government](#)²⁸
- [The Orange Book: Management of Risk](#)²⁹

Shared Skills Services

DfE continues to provide us with a number of corporate services as detailed in the accounting policies ([note 1.17](#)).

Business continuity

Skills England is responsible for managing its own business continuity plan, in line with DfE's wider arrangements.

We have developed a proportionate business continuity plan which we keep under review as Skills England's remit changes.

Programme and project management

We have an established programme and project management practices based on the UK government's best practice.

These are reviewed and agreed, as appropriate by the Skills England Delivery Committee.

Financial management

The Agency is subject to public expenditure controls. It adheres to the rules and policies laid down by DfE and by HMT in Managing Public Money, Consolidated Budgeting Guidance, FReM and other financial reporting instructions, where applicable. Monthly financial management reports are provided to Skills England as part of shared services provision by DfE. Monthly discussions are held with the CEOs, Deputy CEO, Deputy Directors and the financial business partner, to ensure that forecasts are accurate, funds are spent appropriately, and risks are appropriately managed. Financial shared services and processes are also reviewed as part of the DfE-wide audit, particularly to ensure that there are appropriate controls and division of responsibilities.

Delivery arrangement and achievements against business plan

Skills England's business plan sets out:

- longer term strategic outcomes
- objectives for the year and;
- key delivery milestones.

Our achievement against the business plan is monitored through the Delivery Committee.

²⁸ <https://www.gov.uk/government/publications/management-of-risk-in-government-framework>

²⁹ https://assets.publishing.service.gov.uk/media/6453acadc33b460012f5e6b8/HMT_Orange_Book_May_2023.pdf

Information technology (IT) management and data safeguarding

Skills England receives shared service IT support from DfE. IT systems were developed in accordance with Government Digital Standards and the needs of the user and business. The Agency's IT projects require approval from DfE's Technology Group. Once approved, we work with DDT – DfE's IT function – to prioritise and develop these systems.

To ensure that staff are aware of the need for secure information management, all staff undertake mandatory security and data protection training annually. Skills England has a clear process for reporting security and data incidents, which staff are required to adhere to.

All security incidents involving unauthorised disclosure, destruction or loss of data and near misses are reported to DfE central security and, if a breach of personal data is involved, to DfE's Office of the Data Protection Officer (ODPO). A log is maintained and submitted on a quarterly basis to the ARC. No incidents were escalated beyond Skills England.

Skills England had no protected personal data related incidents which ODPO judged significant enough to be formally notified to the ICO in this period.

During this period, Skills England has worked with DfE's Office of the Data Protection Officer to ensure its ongoing compliance with the General Data Protection Regulation, including:

- updating privacy notices
- annual reviews of data protection impact assessments
- annual review of data sharing agreements
- reviewing information assets
- reviewing records of processing activities
- reviewing supplier contracts to reflect new or revised obligations.

Information risk management

Skills England complies with government and Cabinet Office policies on risks to information and information systems. DfE's Chief Data Officer is the designated senior information risk owner (SIRO) with overall responsibility for the management of information security in DfE and its executive agencies.

This year, as a new executive agency, we have set up information and systems security documentation. Skills England has a variety of information assets, which are essential to its operation and the delivery of its strategic objectives. Through DfE, we maintain an information assets register. The register details the risk level of all individual information assets. Our Deputy Directors are information asset owners and have overall responsibility for protecting the information assets they own.

Skills England recognises that a key risk to the security of its information assets would be if there were a lack of understanding of information security within Skills England and third parties who may access our data for their work. To mitigate this, all new members of staff receive a specific security induction briefing, and regular briefings are provided throughout the year to remind all staff of their security obligations. All staff, including those new to Skills England, complete mandatory training each year which includes security aspects.

The Agency adopts DfE's policy and process for whistleblowing. We are satisfied with this collaborative approach and the effectiveness of this arrangement.

Overall assessment

As Accounting Officers, we are satisfied that the Agency's internal control, risk management and governance arrangements are working effectively. Skills England continues to address any areas of weakness, including issues highlighted through assurance reviews by GIAA (see assurance section). Skills England continues to seek assurance from DfE's corporate functions as they transform, particularly where there are significant changes to finance and HR processes.

Sarah Maclean and Tessa Griffiths
Joint Accounting Officers
29 June 2026

Remuneration and staff report

Overview

The Remuneration and staff report sets out the Agency's remuneration policy for Board and SMT members, reports on how that policy has been implemented, and sets out the amounts awarded to directors and, where relevant, the link between performance and pension.

Remuneration report: part A (unaudited)

Senior Management Team members' remuneration policy

The Accounting Officers and the other core SMT members are senior civil servants whose pay is decided by DfE's senior Civil Servant Pay Committee. The committee is chaired by DfE's Permanent Secretary and comprises members of DfE's Leadership Team and a DfE non-executive director. The committee makes decisions within the limits and delegated authorities set by the government in response to the annual report of the [Senior Salaries Review Body](#).³⁰

Staff employed by an executive agency of DfE have performance management and contractual terms as described in [DfE's ARA](#).³¹ As such, DfE manages performance management and non-consolidated performance awards for members of the senior Civil Service within the [framework](#).³² The contractual terms of the SMT members also comply with requirements set centrally by Cabinet Office.

Service contracts

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 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](#)³³ is published online.

³⁰ <https://www.gov.uk/government/organisations/review-body-on-senior-salaries>

³¹ <https://www.gov.uk/government/collections/dfe-annual-reports>

³² <https://www.gov.uk/government/organisations/civil-service>

³³ <https://civilservicecommission.independent.gov.uk/>

Remuneration report: part B (audited)

Remuneration (including salary) and pension entitlements

The following sections provide details of the remuneration and pension interests of the Senior Management Team members of the Agency. Figures in brackets are full year equivalent values for those members who didn't serve a full year in post.

	2025-26		
	Salary	Pension benefits	Total
	£000	to nearest £1,000	£000
Chief Executives			
Sarah Maclean* from 2 June 2025 annualised value	70-75 (85-90)	113	185-190
Tessa Griffiths* from 2 June 2025 annualised value	65-70 (85-90)	114	180-185
Directors			
Gemma Marsh from 2 June 2025 annualised value	100-105 (120-125)	43	140-145
Frank Bowley from 2 June 2025 annualised value	75-80 (90-95)	26	100-105
Nicholas Rashley from 2 June 2025 annualised value	75-80 (90-95)	27	100-105
Nikki Christie from 2 June 2025 annualised value	80-85 (95-100)	11	90-95
Carmel Grant from 2 June 2025 annualised value	80-85 (95-100)	(25)	55-60
Joanna Moonan from 2 June 2025 annualised value	75-80 (90-95)	28	100-105
Jonathan Mitchell* from 2 June 2025 annualised value	70-75 (75-80)	28	95-100
Lucy Rigler* from 2 June 2025 annualised value	60-65 (75-80)	24	85-90
Helen Slater from 5 January 2026 annualised value	20-25 (85-90)	5	25-30
Christopher Gray from 5 January 2026 annualised value	20-25 (95-100)	9	30-35

* Part time working pattern Sarah Maclean 0.6FTE, Tessa Griffiths 0.6FTE, Jonathan Mitchell 0.8 FTE, Lucy Rigler 0.8FTE

Salary

Salary includes gross salary, overtime, reserved rights to London weighting or London allowances, recruitment and retention allowances, private office allowances, and any other allowance to the extent that it is subject to UK taxation. This report is based on accrued payments made by the Agency and thus recorded in this ARA.

Benefits-in-kind

During the period, no benefits-in-kind were received by Board members.

Bonuses

During the period, no bonuses were received by Board members

Pay multiples

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation, at their full time annualised hours, and the lower quartile, median and upper quartile remuneration of the organisation's workforce.

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.

The highest-paid directors full time equivalent remuneration in the financial period was £130,000 to £135,000. This was 2.3 times the median. The median remuneration of the workforce was £58,300.

In this period, no employees received remuneration in excess of the highest-paid director. Remuneration ranged from £27,000 to £135,000.

	2025-26	
	Salary and allowances	Total pay and benefits
	£	£
Band of highest paid director (£000)	130-135	130-135
Range (£000)	27-135	27-135
Upper quartile	62,643	63,193
Median	58,300	58,675
Lower quartile	43,290	43,680
	Ratio	Ratio
Upper quartile	2.1:1	2.1:1
Median	2.3:1	2.3:1
Lower quartile	3.1:1	3.0:1

Percentage change in the total salary and bonuses of the highest paid Board member and the staff average

No data to disclose as Skills England did not exist in the prior year.

Non-executive fees

	2025-26
	£000
Phil Smith CBE from 2 June 2025 annualised value	20-25 (20-25)
Sir David Bell from 2 June 2025 annualised value	20-25 (20-25)
Dr Fiona Aldridge from 2 June 2025 annualised value	10-15 (10-15)
Dr Fazal Dad CBE from 2 June 2025 annualised value	10-15 (10-15)
Sian Elliott from 2 June 2025 annualised value	10-15 (10-15)
Nichola Hay MBE from 2 June 2025 annualised value	10-15 (10-15)
Brian Holliday from 2 June 2025 annualised value	10-15 (10-15)
Anthony Impey MBE from 2 June 2025 annualised value	10-15 (10-15)
Dame Fiona Kendrick from 2 June 2025 annualised value	10-15 (10-15)
Zoe Lewis CBE from 2 June 2025 annualised value	10-15 (10-15)
Sara Todd from 2 June 2025 annualised value	10-15 (10-15)
Andy Westwood from 2 June 2025 annualised value	10-15 (10-15)
Helen Westwood Davies from 2 June 2025 annualised value	10-15 (10-15)

Where non-executive directors joined or left the Board during the period, annualised remuneration is presented in brackets.

Whilst the organisation was established on 2 June 2025, the Chair and Vice-Chair were appointed on 31 January 2025. As they were in post for the full financial year, the above figures reflect this and their pay for the period between being appointed and 2 June was paid in June.

Pensions benefits

As an executive agency of DfE, the Agency's staff are members of the Principal Civil Service Pension Scheme (PSCPS) and Civil Servants and Other Pension Scheme (CSOPS) that provides pension benefits. Readers can find details on the scheme at the [Civil Service Pensions website](#).³⁴

	Accrued pension at pension age as at 31 March 2026 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31 March 2026	CETV at 2 June 2025	Real increase in CETV
	£000	£000	£000	£000	£000
Chief Executives					
Sarah Maclean	35-40 plus a lump sum of 90-95	5-7.5 plus a lump sum of 10-12.5	813	682	105
Tessa Griffiths	40-45	5-7.5	795	667	104
Directors					
Gemma Marsh	0-5	2.5-5	32	-	23
Frank Bowley	30-35 plus a lump sum of 65-70	0-2.5 plus a lump sum of 0	695	641	18
Nicholas Rashley	30-35 plus a lump sum of 70-75	0-2.5 plus a lump sum of 0	764	706	19
Nikki Christie	55-60	0-2.5	919	882	7
Carmel Grant	60-65	-	1,304	1,273	(37)
Joanna Moonan	10-15	0-2.5	170	141	22
Jonathan Mitchell	20-25	0-2.5	288	255	17
Lucy Rigler	25-30	0-2.5	378	354	12
Helen Slater	25-30	0-2.5	367	361	2
Christopher Gray	15-20	0-2.5	211	205	4

³⁴ <https://www.civilservicepensionscheme.org.uk/>

Cash equivalent transfer value (CETV)

A 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.

Real increase in CETV

This 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.

Civil Service pensions

Pension benefits are provided through the Civil Service pension arrangements. Before 1 April 2015, the only scheme was the PCSPS, which is divided into a few different sections – classic, premium, and classic plus provide benefits on a final salary basis, whilst nuvos provides benefits on a career average basis. From 1 April 2015, a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or alpha, which provides benefits on a career average basis. All newly appointed civil servants, and the majority of those already in service, joined the new scheme.

The PCSPS and alpha are unfunded statutory schemes and Skills England cannot identify its share of the scheme assets and liabilities. Employees and employers make contributions (employee contributions range between 4.6% and 8.05%, depending on salary). The balance of the cost of benefits in payment is met by monies voted by Parliament each year. Pensions in payment are increased annually in line with the pensions increase legislation. Instead of the defined benefit arrangements, employees may opt for a defined contribution pension with an employer contribution, the partnership pension account.

In alpha, pension builds up at a rate of 2.32% of pensionable earnings each year, and the total amount accrued is adjusted annually in line with a rate set by HMT. Members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004. All members who switched to alpha from the PCSPS had their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave alpha.

The accrued pensions shown in this report are the pension the member is entitled to receive when they reach normal pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over normal pension age. Normal pension age is 60 for members of classic, premium, and classic plus, 65 for members of nuvos, and the higher of 65 or state pension age for members of alpha. The pension figures in this report show pension earned in PCSPS or alpha – as appropriate. Where a member has benefits in both the PCSPS and alpha, the figures show the combined value of their benefits in the two schemes but note that the constituent parts of that pension may be payable from different ages.

When the government introduced new public service pension schemes in 2015, there were transitional arrangements which treated existing scheme members differently based on their age. Older members of the PCSPS remained in that scheme, rather than moving to alpha. In 2018, the Court of Appeal found that the transitional arrangements in the public service pension schemes unlawfully discriminated against younger members (the “McCloud judgment”).

As a result, steps are being taken to remedy those 2015 reforms, making the pension scheme provisions fair to all members. [The public service pensions remedy](#)³⁵ is made up of two parts. The first part closed the PCSPS on 31 March 2022, with all active members becoming members of alpha from 1 April 2022. The second part removes the age discrimination for the remedy period, between 1 April 2015 and 31 March 2022, by moving the membership of eligible members during this period back into the PCSPS on 1 October 2023. This is known as “rollback”.

For members who are in scope of the public service pension remedy, the calculation of their benefits for the purpose of calculating their Cash Equivalent Transfer Value and their single total figure of remuneration, as of 31 March 2025 and 31 March 2026, reflects the fact that membership between 1 April 2015 and 31 March 2022 has been rolled back into the PCSPS. Although members will in due course get an option to decide whether that period should count towards PCSPS or alpha benefits, the figures show the rolled back position i.e., PCSPS benefits for that period.

The partnership pension account is an occupational defined contribution pension arrangement which is part of the Legal & General master trust. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member). The employee does not have to contribute but, where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer’s basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally provided risk benefit cover (death in service and ill health retirement).

Further details about the Civil Service pension arrangements can be found at www.civilservicepensionscheme.org.uk.³⁶

Compensation for loss of office

The Agency paid no compensation for loss of office in the period.

³⁵ <https://www.gov.uk/government/collections/how-the-public-service-pension-remedy-affects-your-pension>

³⁶ <https://www.civilservicepensionscheme.org.uk/>

Staff report: part A (audited)

Staff costs

	2025-26		
	Permanently employed staff	Other	Total
	£000	£000	£000
Wages and salaries	11,939	674	12,613
Social security costs	1,699	-	1,699
Pension costs	3,343	-	3,343
Sub-total	16,981	674	17,655
Less:			
Capitalised staff costs	-	(519)	(519)
Total	16,981	155	17,136

Other includes contingent workers, Skills England pays a flat fee which includes social security and pension costs and the total sum is disclosed as Wages and salaries

Average number of persons employed

The average number of full-time equivalent persons employed during this period is shown in the table below.

	2025-26		
	Permanently employed staff	Other	Total
	Number	Number	Number
Directly employed	252	5	257
Total	252	5	257

Pension schemes

Civil Service pensions

The PCSPS and the Civil Servant and Other Pension Scheme (CSOPS), known as alpha, are unfunded multi-employer defined benefit schemes, but DfE is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out as at 31 March 2020. You can find details in the resource accounts of the [Cabinet Office: Civil Superannuation](https://www.gov.uk/government/publications/civil-superannuation-annual-account-2024-to-2025).³⁷

³⁷ <https://www.gov.uk/government/publications/civil-superannuation-annual-account-2024-to-2025>

For this financial period, employers' contributions of £3,322,000 were payable to the PCSPS and CSOPS at 28.97% of pensionable earnings, based on salary bands. It is estimated that employer contributions for the next financial year will be £3,607,000

The scheme actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during the financial year to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Partnership pension accounts

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. In the period employers' contributions of £30,000 were paid to one or more of the panel of three appointed stakeholder pension providers.

Employer contributions are age-related and range from 8% to 14.75% of pensionable earning from 2 June 2025. Employers also match employee contributions up to 3% of pensionable earnings. In addition, employer contributions of £1,000, 0.5% of pensionable pay from 2 June 2025, were payable to the PCSPS and CSOPS to cover the cost of the future provision of lump sum benefits on death in Service or ill health retirement of these employees.

Contributions due to the partnership pension providers at the period-end were £6,000. Contributions prepaid at that date were £nil.

Ill-health retirement

No persons retired early on ill-health grounds.

Reporting of Civil Service and other compensation schemes – exit packages

Exit package cost band	2025-26		
	Compulsory redundancies	Other agreed exits	Total exit packages
	Number	Number	Number
<£10,000	-	1	1
£10,001-£25,000	-	1	1
£50,001-£100,000	-	3	3
Total number of exit packages	-	5	5
Total costs (£000)	-	239	239

Exit costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme (CSCS), a statutory scheme made under the Superannuation Act 1972.

Staff report: part B (unaudited)

Analysis of staff policies and statistics

Our people

Staff by grade and gender

Our staff are a mix of civil servants and contractors. Our civil servants are employed by DfE on its terms and conditions. Responsibility has been delegated to us as Accounting Officer for the recruitment of staff within the parameters provided by DfE's policies and procedures.

The headcount for permanent staff as of 31 March 2026 is as follows:

	2025-26		
	Male	Female	Total
	Number	Number	Number
SCS			
Director	-	3	3
Deputy Director	3	5	8
Non-SCS			
Grade 6	11	16	27
Grade 7	36	67	103
Senior executive officer	30	38	68
Higher executive officer	4	13	17
Executive officer	1	6	7
Total	85	148	233

Recruitment practice

The Agency has a duty to ensure it is fully compliant with the Civil Service Commissioners' recruitment principles. The Agency follows DfE's approach to recruitment which reflects its commitment to equal and fair opportunity for all. All recruitment processes comply with the Equality Act 2010. Details can be found in DfE's ARA.

Sickness absence

Figures below show the average number of working days lost through sickness absence across the Agency.

	2025-26
Days per FTE	4.9

The figure is well below the Civil Service average, which was 8.2 average working days lost per full-time equivalents (FTE) in the [year ending 31 March 2025](#)³⁸ which is the most recently published information.

Staff turnover

The figures below show the number of leavers within the reporting period divided by the average staff in post over the reporting period presented as a percentage. Agency turnover (staff leaving the Agency) is compared to the Civil Service average.

	2025-26
Civil Service turnover	4%
Agency turnover	3%

The Agency figure does not include staff who transferred within DfE.

Commitment to improving diversity

We have adopted DfE's Diversity and Inclusion Strategy 2022-26, launched in June 2022 with a vision to create an inclusive department, which nurtures talent and reflects the diversity of DfE, mirroring the country we serve. We are proud of the progress we are continuing to make in our diversity and inclusion agenda.

DfE has seen increases in our workforce representation, to 21.3% for those from a minority ethnic background, 18.3% for disability and 10.9% for LGBO. We continue to work towards achieving our SCS workforce representation targets for staff from an ethnic minority.

Aligned to DfE's approach, we continue to be transparent with diversity data, publishing a quarterly diversity and inclusivity data dashboard, using data to support decision making and accountability. Alongside other characteristics, this dashboard includes data to support us to measure socio-economic background to progress work on social mobility.

Our central aim in building our internal diversity is based around continuing open and honest conversations across diverse characteristics which continues to be critical to driving positive change. Senior leaders and managers facilitate, and champion holding powerful conversations about inclusion and make sure all our staff feel accepted, valued, respected and supported.

By accessing and progressing talent from all backgrounds, we will benefit from better decision-making, higher productivity and engagement, and more innovative thinking. A focus on social mobility will help DfE and Skills England's wider diversity and inclusion goals – engaging with more people across the organisation.

38 <https://www.gov.uk/government/publications/civil-service-sickness-absence>

Staff policies for disabled persons

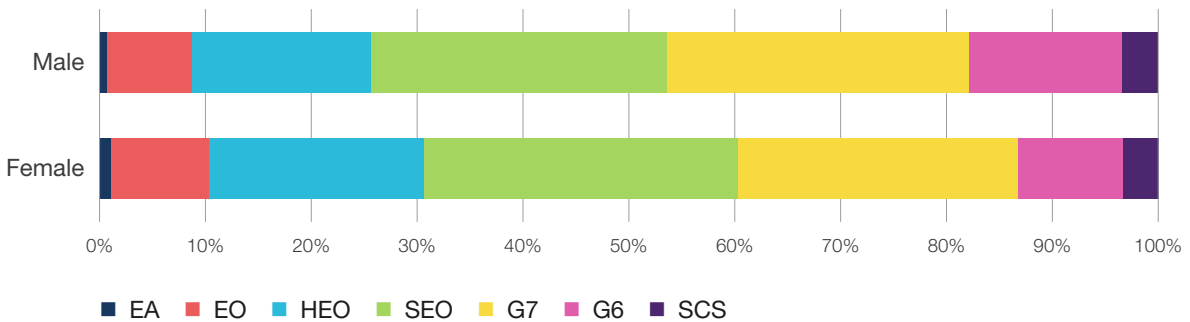
The Agency offers disability leave which is to enable employees with a disability to be able take reasonable time off from work to go for occupational rehabilitation, assessment or treatment to help them to return to work, or while they are waiting for a reasonable adjustment to be put in place.

Its recruitment policies also guarantee an interview to any disabled candidate who demonstrates that they meet the minimum standard required for the role.

Gender pay gap reporting

Skills England is included within DfE's Gender pay gap reporting. DfE's median gender pay gap at March 2025 was 6.7% (prior year: 8.2%) the latest date of available data. Our analysis has identified that over-representation of females in more junior grades is likely to be a significant contributor to the remaining pay gap. The 2025 DfE and Agencies graph shows that whilst both the median male and female salary continue to be within the Skills England pay band, the higher proportion of women in EA to HEO grades means the overall female median is closer to the middle of the Skills England distribution for females while the median male's pay closer to the top end of the Skills England distribution for males. The value for March 2026 is not available at the time of publication and will be included in next year's ARA.

Figure 1: March 2025 grade breakdown by gender (DfE and Agencies)



Engagement with employees

DfE and its agencies work with our trade unions, both formally and informally, engaging with them to promote an open and constructive relationship. It aims to promote a positive employee relations environment where staff and the trade unions can contribute constructively to our objectives.

Skills England adopts DfE's strategic workforce plan which launched in May 2022. The vision for the future set out in this plan is to create a workforce with world class skills and capabilities, which is flexible and makes the best use of excellent talent by supporting increased diversity and social mobility as well as ensuring colleagues have well-defined development plans, and that clear career paths are set out for all those who want to progress and develop their expertise. The strategic workforce plan is aligned to the Government Reform Agenda and clearly articulates the ambitions for the future workforce.

DfE conducts a full People Survey annually, with the results published each December.

Table 5: Response rate and engagement indices

	2025
Response rate	59%
Engagement index	46%

The information from the survey is used to support development of the DfE's strategies and continually improve our levels of employee engagement.

Fire, health and safety

Skills England followed the DfE's approach to fire, health and safety. Further information can be found in the DfE Group annual report and accounts.

Review of tax arrangements of public sector appointees

As part of the Review of the Tax Arrangements of Public Sector Appointees published by the Chief Secretary to the Treasury on 23 May 2012, departments were directed to publish information pertaining to the number of off-payroll engagements at a cost of over £58,200 that were in place on, or after, 31 January 2012; and any off-payroll engagements of Board members, and/or senior officials with significant financial responsibility, during 2025-26.

The tables on the following pages set out this information.

Table 6: Highly paid off-payroll worker engagements as at 31 March 2026, earning £245 per day or greater

	Total
Number of existing engagements as at 31 March 2026	5
Of which the number that have existed for:	
less than one year at time of reporting	5

Table 7: All highly paid off-payroll workers engaged at any point during the period ended 31 March 2026, earning £245 per day or greater

	Total
Number of off-payroll workers engaged during the year ended 31 March 2026	5
Of which:	
not subject to off-payroll legislation	5
subject to off-payroll legislation and determined as in-scope of IR35	-
subject to off-payroll legislation and determined as out-of-scope of IR35	-
Number of engagements reassessed for compliance or assurance purposes during the year	-
Of which: number of engagements that saw a change to IR35 status following review	-

Table 8: For any off-payroll engagements of Board members, or senior officials with significant financial responsibility, between 2 June 2025 and 31 March 2026

	Total
Number of off-payroll engagements of Board members, or senior officials with significant financial responsibility, during the financial year	-
Total number of individuals on- and off-payroll that have been deemed "Board members or senior officials with significant financial responsibility" during the financial year. This figure should include both on- and off-payroll engagements	23

Parliamentary accountability and audit report

Overview

This section presents the disclosures to support Parliamentary accountability of Skills England. The balances disclosed in this section are subject to additional controls due to their nature and sensitivity. The audit certificate from the Comptroller and Auditor General is also included at the rear of this section.

Parliamentary accountability disclosures (audited)

We are custodians of taxpayers' funds and have a duty to Parliament to ensure the regularity and propriety of our activities and expenditure. We manage public funds in line with Managing Public Money.

The importance of operating with regularity and the need for efficiency, economy, effectiveness and prudence in the administration of public resources to secure value for public money, is the responsibility of our accounting officer whose responsibilities are also set out in Managing Public Money. They include responsibility for the propriety and regularity of the public finances for which the accounting officer is answerable.

To discharge this responsibility and ensure our control totals are not breached, the following activities are in place:

- formal delegation of budgets
- detailed monitoring of expenditure
- monthly management reporting against control totals

In addition, we operate the three lines of defence model, which is included in our risk management framework.

Public Sector losses and special payments

A1 Losses statement

There were no losses made in the period.

A2 Special payments

There were no special payments made in the period.

A3 Gifts

There was one gift of £400 relating to a youth roundtable event. There were no gifts over the additional reporting threshold of £300,000.

Remote contingent liabilities

No remote contingent liabilities were identified in the period.

Functional standards (unaudited)

The functional standard is part of a suite of management standards that promotes consistent and coherent ways of working across government, and provides a stable basis for assurance, risk management and capability improvement. Standard GovS 006 sets out expectations for effective management and use of public funds.

The suite of standards, and associated guidance, can be found at [GOV.UK](https://www.gov.uk/government/collections/functional-standards).³⁹

Sarah Maclean and Tessa Griffiths
Joint Accounting Officers
29 June 2026

³⁹ <https://www.gov.uk/government/collections/functional-standards>

The certificate and report of the Comptroller and Auditor General to the House of Commons

Opinion on financial statements

I certify that I have audited the financial statements of Skills England for the period ended 31 March 2026 under the Government Resources and Accounts Act 2000.

The financial statements comprise Skills England's

- Statement of Financial Position as at 31 March 2026;
- Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the period then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted international accounting standards.

In my opinion, the financial statements:

- give a true and fair view of the state of Skills England's affairs as at 31 March 2026 and its net expenditure for the period then ended; and
- have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury 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 (UK) (ISAs UK), applicable law and Practice Note 10 *Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2024)*. 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 2024*. I am independent of Skills England 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

In auditing the financial statements, I have concluded that Skills England'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 Skills England'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 Accounting Officers with respect to going concern are described in the relevant sections of this certificate.

The going concern basis of accounting for Skills England is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which requires entities to adopt the going concern basis of accounting in the preparation of the financial statements where it is 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 financial statements and my auditor's certificate and report thereon. The Accounting Officers are 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.

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 the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000.

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

- the parts of the Accountability Report subject to audit have been properly prepared in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000;
- the information given in the Performance and Accountability Reports for the financial period for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

Matters on which I report by exception

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

Responsibilities of the Accounting Officers for the financial statements

As explained more fully in the Statement of Accounting Officers' Responsibilities, the Chief Executives as Accounting Officers are responsible for:

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within Skills England from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;
- preparing financial statements which give a true and fair view and are in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000;
- preparing the annual report, which includes the Remuneration and Staff Report, in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000; and
- assessing Skills England'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 Accounting Officers anticipate that the services provided by Skills England 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 Government Resources and Accounts Act 2000.

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.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations, including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I:

- considered the nature of the sector, control environment and operational performance including the design of Skills England’s accounting policies.
- inquired of management, Skills England’s head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to Skills England’s policies and procedures on:
 - identifying, evaluating and complying with laws and regulations;
 - detecting and responding to the risks of fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including Skills England’s controls relating to Skills England’s compliance with the Government Resources and Accounts Act 2000 and Managing Public Money;
- inquired of management, Skills England’s head of internal audit and those charged with governance whether:
 - they were aware of any instances of non-compliance with laws and regulations;
 - they had knowledge of any actual, suspected, or alleged fraud,
- discussed with the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within Skills England for fraud and identified the greatest potential for fraud in the following areas: posting of unusual journals, complex transactions and bias in management estimates. In common with all audits under ISAs (UK), I am required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of Skills England’s framework of authority and other legal and regulatory frameworks in which Skills England operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of Skills England. The key laws and regulations I considered in this context included Government Resources and Accounts Act 2000, Managing Public Money, employment law and tax legislation.

Audit response to identified risk **Other auditor's responsibilities**

To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management and the Audit and Risk Committee concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board; and internal audit reports; and
- I addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements on 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 communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members 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.

I am required to obtain sufficient appropriate audit evidence to give reasonable assurance that the expenditure and income 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.

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 I identify during my audit.

Report

I have no observations to make on these financial statements.

Gareth Davies
Comptroller and Auditor General
7 July 2026

National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

Financial Statements



Statement of Comprehensive Net Expenditure

For the 10-month period ended 31 March 2026

		2025-26
	Note	£000
Staff costs	3	17,136
Grant expenditure	4	7,805
Operating expenditure	5	5,444
Net operating expenditure		30,385
Finance expense		2
Transfer of function from IfATE	2	(1,745)
Transfer of function from DfE	2	(265)
Net expenditure		28,377
Other comprehensive expenditure		
Comprehensive net expenditure for the year		28,377

All income and expenditure reported in the Statement of Comprehensive Net Expenditure are derived from continuing operations.

The notes on [page 66](#) to [page 75](#) form part of these accounts.

Statement of Financial Position

As at 31 March 2026

	2026
	£000
	Note
Non-current assets	
Intangible assets	6
Total non-current assets	4,125
Current assets	
Cash and cash equivalents	8
Total current assets	2
Total assets	4,127
Current liabilities	
Payables	9
Provisions	10
Total current liabilities	(3,580)
Total assets less total liabilities	547
Taxpayers' equity	
General Fund	547
Total taxpayers' equity	547

Sarah Maclean and Tessa Griffiths
 Joint Accounting Officers
 29 June 2026

The notes on [page 66](#) to [page 75](#) form part of these accounts.

Statement of Cash Flows

For the 10-month period ended 31 March 2026

		2025-26
	Note	£000
Cash flows from operating activities		
Net expenditure	SoCNE	(30,385)
Adjustments for non-cash transactions	5	3,835
Adjustments for Intra Group transactions		1,834
(Increase)/decrease in receivables	7	113
Increase/(decrease) in payables	9	879
Finance expense		(2)
Net cash outflow from operating activities		(23,726)
Cash flows from investing activities		
Purchase of intangible assets	6	(1,351)
Net cash outflow from investing activities		(1,351)
Cash flows from financing activities		
Draw down of Supply from sponsor department	SoCTE	23,813
Cash received in transfer of function	2	1,266
Net cash inflow from financing activities		25,079
Net increase/(decrease) in cash and cash equivalents in the period		2
Cash and cash equivalents at beginning of period		-
Cash and cash equivalents at end of period		2

The notes on [page 66](#) to [page 75](#) form part of these accounts.

Statement of Changes in Taxpayers' Equity

For the 10-month period ended 31 March 2026

	General Fund
	£000
Note	
Balance at 2 June 2025	-
Net Parliamentary funding – drawn down	23,813
Comprehensive expenditure for the year	(28,377)
Non-cash adjustments	
Intra-Group transactions	1,834
Auditor's remuneration	5 80
Notional shared service recharges	5 3,197
Balance at 31 March 2026	547

The General Fund represents total assets less liabilities, to the extent that the total is not represented by other reserves and financing items for the Agency.

The notes on [page 66](#) to [page 75](#) form part of these accounts.

Notes to the accounts

1. Statement of accounting policies

These accounts have been prepared in accordance with the 2025-26 FReM issued by HMT. This is set out in a statutory Accounts Direction issued pursuant to section 7(1), (2) and (5) of the Government Resources and Accounts Act 2000.

The accounting policies contained in FReM apply International Financial Reporting Standards (IFRSs) as adapted or interpreted for the public sector context. Where FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Agency for the purpose of giving a true and fair view has been selected.

The particular policies adopted by the Agency for this financial period are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

1.1 Accounting convention

These accounts have been prepared under the historical cost convention.

1.2 Going concern

Skills England has agreed a budget for the financial period and actively monitors the sufficiency of future grant-in-aid to meet the needs of its corporate plan for twelve months from approval of these accounts. Furthermore, DWP has provided confirmation of support for the going concern period to July 2027 that enables Skills England to deliver its objectives and continued regulatory intent. Our management of associated risks is outlined in the governance statement section of this report, and Skills England's continued existence remains a matter of policy.

Therefore, it is considered appropriate to adopt a going concern basis for the preparation of these financial statements.

As an executive agency, funding for Skills England will be met by DWP as the sponsoring department from 1 April 2026. The 2025 Spending Review achieved a funding settlement to 2028-29 that recognises the important role that DWP plays in delivering government objectives, which includes an appropriate level of grant-in-aid being provided to Skills England to support increased capacity for its core business.

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. These are based on historic and other factors that are believed to be reasonable. The results of these form the basis for making judgements. The estimates and underlying assumptions are reviewed on an on-going basis.

Management has specifically made such judgements on:

1.3.1 Intangible assets

The recognition of internally developed intangible assets involves three critical judgements by management. The first judgement is over the projected feasibility of the intangible assets once it has been completed. Internally created intangible assets can only be recognised when management are satisfied that the organisation has the technical and operational ability to complete the development of the assets, which will result in a usable or saleable product.

The second critical judgement is the identification of internal costs that are required to be included in the assets carrying value. Internal costs are only included if they are direct costs wholly incurred in developing the intangible assets once the asset's development has moved into the development phase from the earlier research phase.

The third critical judgement is the identification of when the asset is ready to be brought into use and its useful economic life. This will determine the amortisation period of the asset.

Intangibles are assessed for impairment annually at year end, or sooner if potential impairment conditions are identified.

Further details can be found in note [1.13](#).

1.3.2 Contract accruals

The preparation of financial statements requires Skills England to make estimates and assumptions relating to un-invoiced goods or service that affect the reported amounts of assets and liabilities. Actual results could differ from these estimates.

Further details can be found in [note 9](#).

1.4 Adoption of FReM amendments

There have been some significant amendments to FReM for the year, namely the adoption of IFRS 17 Insurance Contracts (IFRS 17) and the change in accounting for non-current assets. These changes have no impact for Skills England.

1.5 Early adoption

The Agency has not early adopted any accounting standards in the year.

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 Agency must disclose where it has not applied a new IFRS that has been issued but is not yet effective. The Agency has carried out a review of the IFRSs in issue but not yet effective, to assess their impact on its accounting policies and treatment.

1.6.1 IFRS 18 Presentation and Disclosure in Financial Statements

This standard was issued on 9 April 2024 with an effective date for the private sector reporting periods beginning on or after 1 January 2027. The standard has not yet been adopted by FReM, so there is as yet no effective date for central government bodies.

The objective of the standard is to set out requirements for the presentation and disclosure of information in financial statements to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses.

Until the standard is adopted into FReM, with adaptations and interpretations for the public sector context decided, it is not possible for the Agency to assess the impact on our reporting.

1.6.2 IFRS 19 Subsidiaries without Public Accountability: Disclosures

This standard was issued on 9 May 2024 with an effective date for the private sector of reporting periods beginning on or after 1 January 2027. The standard has not yet been adopted by FReM, so there is as yet no effective date for central government bodies.

This standard, as issued, addresses how subsidiaries of IFRS-applying entities present their own IFRS-compliant financial statements. As an executive agency of a government department, the Agency has significant public accountability. As such we do not expect this standard to have any significant impact on our reporting. However, until the standard is adopted into FReM with public sector context adaptations and interpretations, the position cannot be fully determined.

1.7 Segmental reporting

In accordance with IFRS 8 Operating segments (IFRS 8), the Agency has considered the need to analyse its income and expenditure relating to operating segments. The Agency has assessed that all lines of operation fall within the same geographical location and regulatory environment as envisaged by IFRS 8.

Since segmental information for total assets and liabilities is not regularly reported to the chief operating decision-maker and in compliance with FReM, it has not been produced in the accounts.

1.8 Draw down of Supply from sponsoring department

The Agency has recorded all draw down of funding from DfE (the sponsor department) as financing, as the Agency regards draw down of Supply as contributions from the Agency's controlling party giving rise to a financial interest. The Agency records draw down of Supply as financing in the Statement of Cash Flows and draw down of Supply to the General Reserve. The previously mentioned transfer of function between DfE and DWP takes financial reporting effect from 1 April 2026. Therefore, DfE funded the agency for the entire 2025-26 financial year. From 1 April 2026 the sponsor department changed to DWP who will provide funding to the agency.

1.9 Grant funding

Grants are recorded as expenditure in the period that the underlying event or activity giving entitlement to the grant occurs. Entitlement is recognised upon receipt and review of a claim with appropriate evidence of expenditure.

1.10 Pensions

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

Where the Agency makes contributions to defined contribution pension schemes (which do not have underlying assets and liabilities) and unfunded, multi-employer defined benefit pension schemes (where the Agency is unable to identify its share of underlying assets and liabilities), the Agency recognises contributions payable in the SoCNE.

Further details of the pension schemes are available in the Remuneration and staff report.

1.11 Other employee benefits

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

1.12 Financial instruments

As the cash requirements of the Agency are met through the Estimates process, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body. The majority of financial instruments relate to contracts to buy non-financial items in line with the Agency's expected purchases and usage requirements, and the Agency is therefore exposed to little credit, liquidity or market risk.

1.12.1 Financial assets

Financial assets include cash and cash equivalents, trade and other receivables. The Agency determines the classification of its financial assets at initial recognition. Financial assets are recognised initially at fair value, normally being the transaction price. Cash and cash equivalents which are cash in hand and on demand deposits are measured at amortised cost under IFRS 9. The Agency does not hold derivative financial instruments.

1.13 Intangible assets

IT assets are capitalised as intangible assets where expenditure of £2,500 or more is incurred. Intangible assets are initially valued at cost, then carried at cost. Assets are amortised over their estimated useful economic lives on a straight-line basis. Assets under construction are not amortised but are assessed for impairment annually.

The asset life for developed software is 3-5 years.

1.14 Payables

Skills England recognise accruals to ensure that income and expenditure are recorded in the period to which they relate, rather than when cash is received or paid.

1.15 Provisions

Provisions are recognised 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.

1.16 Value added tax

Most of the activities of the Agency are outside the scope of VAT. In general, output tax does not apply or, where it does, input tax on purchased is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of intangible assets. Where output tax is charged or input tax is recoverable, the amounts are stated net of VAT.

1.17 Shared Services

DfE provides a number of corporate functions as a shared services reflecting the DfE’s operating model as follows:

- human resources
- estates and facilities management
- communications
- legal services
- information and technology services
- corporate finance and procurement, including transactional services.

The accounts include a notional recharge from DfE to the Agency to reflect the costs of these shared services. DfE makes direct charges in relation to those services which can be directly apportioned to Skills England and the remainder is an apportionment of costs. The apportionment is calculated as a cost per full time equivalent employee within the DfE group multiplied by the number of the Agency’s full time equivalent employees.

2. Transfer of function

On 2 June 2025 Skills England received assets and liabilities through a transfer of function from IfATE and from DfE summarised below. The transfer has been accounted for under the absorption approach as set out in FReM with no restatement of prior year balances. The net asset carrying value has been recorded as a non-operating gain from the transfer of function through net expenditure.

	From IFATE	From DfE	Total
	£000	£000	£000
Non-current assets			
Intangible assets	2,997	265	3,262
Total non-current assets	2,997	265	3,262
Current assets			
Receivables	113	-	113
Cash and cash equivalents	1,266	-	1,266
Total current assets	1,379	-	1,379
Total assets	4,376	265	4,641
Current liabilities			
Payables	(2,343)	-	(2,343)
Provisions	(288)	-	(288)
Total current liabilities	(2,631)	-	(2,631)
Net assets transferred	1,745	265	2,010

3. Staff costs

	2025-26		
	Permanently employed staff	Other	Total
	£000	£000	£000
Wages and salaries	11,939	674	12,613
Social security costs	1,699	-	1,699
Pension costs	3,343	-	3,343
Sub-total	16,981	674	17,655
Less:			
Capitalised staff costs	-	(519)	(519)
Total	16,981	155	17,136

4. Grant expenditure

	2025-26
	£000
Local Skills Improvement Plans	7,805
Total	7,805

Skills England issues grants to designated Employer Representative Bodies (ERBs) to deliver LSIPs in all areas of England. From October 2025 includes funding for ERBs to, working jointly with strategic authorities where they exist, develop the next set of LSIPs in parallel with the continued delivery of current plans.

5. Operating expenditure

	2025-26
	£000
Building, maintenance and premises costs	357
IT related costs	345
Research and development costs	290
Staff related costs	213
Programme management and administration of grants and awards	172
Travel and subsistence	158
Consultancy and professional fees	32
Other expenditure	43
Sub-total	1,610
Non-cash items	
Amortisation	510
Provisions:	
provided in-year	47
Auditor's remuneration	80
Shared service recharges	3,197
Sub-total	3,834
Total	5,444

6. Intangible assets

			2026
	Software	Assets under construction	Total
	£000	£000	£000
Cost			
Balance at 2 June 2025	-	-	-
Transfer of function	5,855	265	6,120
Additions	1,140	234	1,374
Disposals	(749)	-	(749)
At 31 March	6,246	499	6,745
Amortisation			
Balance at 2 June 2025	-	-	-
Transfer of function	(2,859)	-	(2,859)
Charged in year	(510)	-	(510)
Disposals	749	-	749
At 31 March	(2,620)	-	(2,620)
Carrying value as at 31 March	3,626	499	4,125

Skills England have four internally generated Software assets: Internal Data System, Website, Occupational Maps, Skills Compass and are developing Standard Skills Classifications which is held as Assets under Construction.

7. Receivables

There are no receivables at year end.

8. Cash and cash equivalents

	2026
	£000
Balance at 2 June 2025	-
Transfer of function	1,266
Net changes in cash balance	(1,264)
Balance at 31 March	2
The following balances were held as cash at bank and in hand	
Government Banking Service	2
Balance at 31 March	2

9. Current payables

	2026
	£000
Grants Payable	1,442
Capital Accruals	23
Accruals	1,780
Total	3,245

10. Provisions

	2026
	£000
Balance at 2 June 2025	-
Transfer of function	288
New provision	47
Balance at 31 March	335

Provision for dilapidations for Cheylesmore House. The provision is due within one year.

11. Commitments

There are no commitments as at 31 March 2026.

12. Related party transactions

As well as the disclosures in the remuneration and staff report, the following relationships are also considered as related parties and have therefore been disclosed in line with IAS 24 Related Party Disclosures.

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

In addition, the Agency has had a number of transactions with other government departments and central bodies. Most of these transactions have been with HMRC, PCSPS and CSOPS.

Skills England's non-executive directors and senior officials are required to complete declarations of interest to identify related parties. No related party declarations have been identified.

13. Events after the reporting period

13.1 Adjusting or non-adjusting events

On 1 April 2026, the Machinery of Government change took effect moving Skills England from DfE to the Department for Work and Pensions. This has no impact on the 2025-26 reporting year.

13.2 Authorisation

These accounts were authorised for issue by the Accounting Officers on the date they were certified by the Comptroller and Auditor General. There have not been any other significant post year end events that have required disclosure in the accounts.

Annexes (not subject to audit)



Annex A – Glossary of terms

Abbreviation or term	Description
SE, or Agency	Skills England
AFR	Assurance framework record
ARA	Annual Report and Accounts
ARC	Audit and Risk Committee
CEO	Chief Executive Officer
CETV	Cash Equivalent Transfer Value
DDT	Digital, Data and Technology
DfE, Department	Department for Education
DWP	Department for Work and Pensions
ERBs	Employer Representative Bodies
FReM	Financial Reporting Manual
FTE	Full Time Equivalent
GIAA	Government Internal Audit Agency
HMRC	His Majesty's Revenue and Customs
HMT	His Majesty's Treasury
ICO	Information Commissioners Office
IT	Information technology
NAO	National Audit Office
ODPO	Office of the Data Protection Officer
PCSPS	Principal Civil Service Pension Scheme
SCS	Senior Civil Servant
SIRO	Senior Information Risk Owner
T Level	Technical Level
V Level	Vocational Level
2025-26	Financial year, ending on 31 March



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