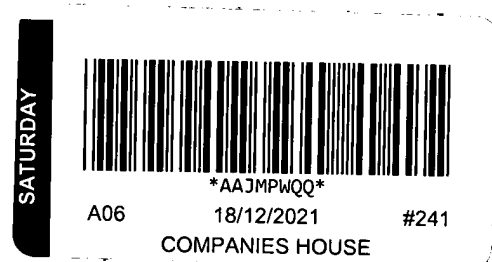


THE EDUCATION ENDOWMENT FOUNDATION

(A company limited by guarantee)

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED

31 MARCH 2021



Registered Charity Number: 1142111
Registered Company Number: 07587909 (England and Wales)

THE EDUCATION ENDOWMENT FOUNDATION

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THE EDUCATION ENDOWMENT FOUNDATION

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees

Sir Peter Lampl, Chairman (*)

David Hall CBE, Vice Chairman(*)

Naomi Eisenstadt

Louis Elson (*)

Sir Peter Gershon

Lucy Heller

Sir Kevan Collins (appointed 3 December 2020, resigned 25 February 2021 and re-appointed 11 October 2021)

Nat Sloane CBE (*)

Hanneke Smits

(*) Founder Trustees

Company Registration Number: 07587909

Charity Registration Number: 1142111

Registered Office

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THE EDUCATION ENDOWMENT FOUNDATION

TRUSTEES' REPORT (INCLUDING DIRECTOR'S REPORT AND STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2021

Solicitors (continued)

Macfarlanes
20 Cursitor Street
London
EC4A 1LT

Key Management Personnel

Prof. Becky Francis (Chief Executive)
Stephen Fraser (Deputy Chief Executive until June 2021)
Emily Yeomans (Director of Research since July 2021)
Chris Paterson (Director of Impact since September 2021)
Anne-Laure Bedouet (Director of Finance and Operations)
Stephen Tall (Development and Communications Director until August 2021)

EEF Team

Please refer to the EEF website at <https://educationendowmentfoundation.org.uk/about-us/our-people>

Education Advisory Board

Sir Michael Wilshaw (Chairman)
Kate Atkins
Peter Goldsbrough
Sir Mark Grundy
David Hall CBE
Hang Ho
Russell Hobby
Prof Li Wei
Prof Steve Higgins
Sir Frank McLoughlin CBE
Ann Mroz MBE
Professor Dame Alison Peacock

Investment advisors

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THE EDUCATION ENDOWMENT FOUNDATION

TRUSTEES' REPORT (INCLUDING DIRECTOR'S REPORT AND STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2021

The Trustees (who are also directors of the charity for the purposes of the Companies Act) present their annual report together with the audited financial statements of The Education Endowment Foundation (the charitable company) for the year ended 31 March 2021. The Trustees confirm that the Annual Report and financial statements of the charitable company comply with the current statutory requirements, the requirements of the charitable company's governing document and the provisions of the Statement of Recommended Practice (SORP), applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

Structure, governance and management

Constitution

The Education Endowment Foundation ('EEF') is a registered charity (number 1142111) whose principal object is the advancement of education for the benefit of the public, in particular, but not exclusively, by a) making grants to schools, local authorities, charities, social enterprises and other voluntary and community sector organisations to fund projects which seek to address low educational attainment; and b) supporting and disseminating the results of research into ways to mitigate the factors that cause or contribute to, and successful strategies for dealing with, low educational attainment. Within its charitable objects, the EEF particularly focuses on improving outcomes for disadvantaged children and young people. The EEF was set up by The Sutton Trust as the lead charity in partnership with Impetus Trust (now Impetus) and was initially funded by a £125m grant from The Department for Education.

The organisation is a company limited by guarantee, incorporated on 1 April 2011 and registered as a charity on 25 May 2011. The charitable company is controlled by its Memorandum and Articles of Association, dated 31 May 2011, and constitutes a company limited by guarantee, as defined by the Companies Act 2006.

Appointment of Trustees

The appointment of Trustees is governed by the governing document of the charity. EEF Trustees are appointed for a term not exceeding five years. Any Trustee may be re-appointed on the expiry of his/her initial or any subsequent term of office. The Sponsors' Agreement between The Sutton Trust and Impetus - The Private Equity Foundation (now Impetus) specifies that four of the seven Trustees are to be nominated by Impetus and five to be nominated by The Sutton Trust. Impetus nominated Louis Elson, Lucy Heller, Nat Sloane and Hanneke Smits. The Sutton Trust nominated Sir Peter Lampl, Naomi Eisenstadt, Sir Peter Gershon, David Hall, and Sir Kevan Collins (appointed 3 December 2020, resigned 25 February 2021 and re-appointed 11 October 2021). The members of the EEF have duly appointed these individuals as the EEF Trustees. The Sponsors' Agreement provides that the Chairman of the EEF is Sir Peter Lampl, who is also the Chairman of The Sutton Trust.

Development since year end:

In October 2021, the Sutton Trust, as sole member, agreed with the Board of Trustees of the EEF that EEF would be permitted full control over its governance. As a result, it was agreed that the Trustees of EEF have the authority to appoint EEF's Trustees, and that the Member's right to appoint Trustees would cease. In addition, The Sutton Trust has stepped down as the sole Member of EEF, and EEF's Trustees are the charity's only Members going forward. The articles of EEF were amended accordingly on 22 October 2021. The Sponsors' agreement between The Sutton Trust and Impetus – The Private Equity Foundation has been terminated and neither organisation have any rights in respect of the governance of EEF. It is the intention of the Founder Trustees that they shall resign on a staggered basis, that new trustees be appointed for a term not exceeding four years and that trustees may be reappointed for a maximum of one additional term.

Organisational structure and how decisions are made

The EEF Board has the ultimate responsibility for directing the affairs of the EEF, ensuring that it is financially sound, well run, and delivering the charitable outcomes for which it has been set up. The Board comprises the directors of the company who are also the charity Trustees.

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The EEF Trustees meet at least four times a year to discuss overall strategy and to determine how best to direct the EEF's resources to meet its objectives. The EEF has a Chief Executive, who reports to the Chairman and other Trustees, and is supported by an Executive team. The Chief Executive and Executive team oversee a team of full and part time posts as referred to on the Legal and Administrative pages. The Trustees have also established three committees to support the effective governance of the EEF's operations:

- The Grants Committee makes recommendations to the Board on projects to support (including the funding for the independent evaluations of each project), shapes the priorities for grant making, reviews the project portfolio and oversees the scale up efforts of the EEF.
- The Finance and Fundraising Committee oversees the management of the EEF's resources. Its remit includes recommending the appropriate investment strategy for the charity and monitoring the performance of fund managers. It also reviews and recommends the annual budget and long term cash flow projections to the Board, reviews performance against the agreed budget and cash flow projections and monitors the integrity of EEF's financial statements, with particular emphasis on the effectiveness of the external audit process and internal control systems. The committee also reviews and recommends the risk register to the Board. Since 2017, the committee also monitors and supports the development and delivery of the EEF's fundraising strategy.
- The Audit Committee oversees the audit of the annual accounts and the internal and external audit plans.

These committees comprise Trustees of the EEF, with relevant members of the executive team attending each committee. The committees may also co-opt expert members beyond the EEF Trustees from time to time to supplement the expertise of the committees. At present, Robert Coe Director of Research and Evaluation at Evidence Based Education sits on the EEF Grants Committee. The Department for Education also normally have a representative on this committee. Rory Gribbell, previously Schools Policy Adviser at the Department for Education, has stepped down from this position and the EEF is seeking a replacement with DfE. Richard Lamplough, partner with Lancaster Investment sits on the Finance and Fundraising Committee.

The EEF also has an Evaluation Advisory Group (EAG), which offers the executive team advice and guidance on research and evaluation methodologies.

Induction and training of Trustees

Trustees are made aware of their legal obligations under Charity Law and Company Law, the decision making processes at the EEF and its strategic aims. They are also provided with relevant documentation, including a budget, planned grants expenditure, a current list of research and practical projects and copies of recent publications and press releases. New trustees have an induction session with EEF team members and are invited to visit projects.

Trustees and members of the executive team are encouraged to attend training events where these will assist with their role.

Relationships with wider interests and related parties

Transactions with related parties are disclosed in note 25 to the financial statements.

THE EDUCATION ENDOWMENT FOUNDATION

TRUSTEES' REPORT (INCLUDING DIRECTOR'S REPORT AND STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2021

Objectives and Activities

Objectives

The object of the EEF is the advancement of education for the benefit of the public, in particular, but not exclusively, by:

- a) making grants to schools, local authorities, charities, social enterprises and other voluntary and community sector organisations to fund projects which seek to address low educational attainment; and
- b) supporting and disseminating the results of research into ways to mitigate the factors that cause or contribute to, and to advance successful strategies for dealing with, low educational attainment.

The EEF fulfils its charitable objectives by undertaking work to raise the attainment of 3-18 year-olds, particularly those facing disadvantage; develop their essential life skills; and prepare young people for the world of work and further study. The EEF aims to have a direct impact on those young people involved in its projects and also an indirect benefit by building the evidence of 'what works' and influencing the decisions of schools, policymakers and others.

Grant making policy

The EEF's grant-making principally focuses on supporting and evaluating projects that are likely to improve the educational outcomes of young people, particularly pupils eligible for free school meals in the most challenging schools. The EEF's aim is to fund, develop and evaluate cost effective and scalable projects that have a measurable positive impact on educational attainment or related outcomes, as well as promoting the use of evidence in the decision making of schools, early years settings, post-16 settings, and by other commissioners and policymakers. All EEF-funded projects are rigorously evaluated by independent experts in educational research, and the charity has to date commissioned 212 projects, 154 of which use randomised controlled trials (RCTs), involving over 60% of English schools. The EEF also aims to influence the decision-making and spending of the wider education sector, for example by scaling up and building the delivery capacity of projects which are determined to be effective and replicable, and by communicating and disseminating what works, through various channels such as the EEF's Research School Network, campaigns and policy work.

The EEF usually runs two grants rounds per school year. Applications are submitted online via the EEF's website and reviewed by the team of Programmes Managers, drawing on external advice as needed. The most promising applications are developed by a Programmes Manager in collaboration with the applicant, before being put forward to the Grants Committee in a two-stage process. The Trustees make the final decision on funding the applications recommended by the Grants Committee over £1m and on scale up grants. Following approval, all grant awards made are subject to: i) the recipient entering into a written, legally binding agreement, and ii) a project review at each milestone as set out in the grant agreement. Under the terms of its agreements with grant recipients, the EEF can withdraw its future funding commitment for a number of specified reasons, including failure to meet agreed milestones. This process was significantly impacted by the partial school closures due to the COVID-19 pandemic. More detail on grant making, evaluation and dissemination activities in the period under review can be found under the Strategic report section.

Main activities undertaken to further the charity's purposes for the public benefit

The EEF works for the public benefit by addressing educational disadvantage, by granting funds to projects aimed at alleviating such disadvantage, by finding out what works to increase attainment and other outcomes, and by disseminating this evidence. All EEF resources are provided to schools free of charge. The Trustees and staff are mindful of the Charity Commission's guidance on public benefit when planning future activities and are confident that the Charity's plans meet these requirements.

THE EDUCATION ENDOWMENT FOUNDATION

TRUSTEES' REPORT (INCLUDING DIRECTOR'S REPORT AND STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2021

STRATEGIC REPORT

Going concern

Despite COVID-19, after making appropriate enquiries, the Trustees have a reasonable expectation that the charitable company has adequate resources to continue in operational existence for the foreseeable future. For this reason the Trustees continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies section of the financial statements.

Activities, achievements and performance

The EEF's activities have been significantly impacted by COVID-19 and the associated school closures. As schools closed, the EEF focused on catch up activities with funding from the Department for Education for the National Tutoring Programme (NTP) and the scale up of Nuffield Early Language Intervention (NELI), on recalibrating its existing projects to ensure programmes were adapted to school closures, and on supporting schools by publishing evidence-based resources for use in this extraordinary context. The large catch-up programmes lead to recruitment of a new team in Summer 2020 with the onboarding of 20 new roles. Following this, the EEF underwent a light-touch restructure with the appointment of new Director roles (see Pay policy for senior staff in this report). The results for the year are set out on page 24.

Grant making, evaluation and dissemination activities

Last year the EEF set itself a number of objectives aligned to the three main aspects of its work: evidence generation (grants and evaluation), synthesis (toolkit and guidance reports) and mobilisation / scale up (including research schools and campaigns).

COVID-19 impact on EEF's activities in the year and response by EEF

At the very end of the last financial year as a result of the COVID-19 crisis, schools closed for most pupils. The EEF continued its role of evidence synthesis, generation and mobilisation in this new context.

The EEF conducted a rapid evidence assessment to examine the potential impact of school closures on the attainment gap. The review found that school closures were likely to reverse progress made to narrow the gap in the last decade, supporting effective remote learning would mitigate the extent to which the gap widens and that sustained support would be needed to help disadvantaged pupils to catch up.

The EEF supported the Department's policy response by providing advice on the promising approaches to support children to catch-up on their return to school, most notably related to tutoring with the National Tutoring Programme (NTP) and with the scale up of the Nuffield Early Language Intervention (NELI).

In response to school closures, the EEF conducted a rapid evidence assessment on the best practice in remote learning. An internal team at the EEF reviewed the evidence from a wide range of remote learning approaches and summarised them in an accessible report and poster for school leaders. This report was widely used and accessed over 20,000 times.

The Programmes and Evaluation teams have been working with all funded projects to develop contingency plans in response to school closures. For example, some projects needed to delay recruitment for a year, others needed to extend delivery or testing. Detailed plans have been submitted to the Grants Committee in April and June, and changes in funding have been approved. The vast majority of projects have been able to continue with some changes, and we expect them to produce useful findings. A small number of projects have

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been cancelled early leading to savings. The total change in budgets was £1.1m, which was lower than originally anticipated.

The EEF supported the Department's policy response by providing advice on the promising approaches to support children to catch-up on their return to school, most notably related to tutoring with the National Tutoring Programme (NTP) and with the scale up of the Nuffield Early Language Intervention (NELI).

As part of supporting schools to respond to the partial closures and lockdown, the EEF produced a range of resources for schools. These included a set of resources designed to be used by schools in helping parents/carers to support home learning, drawing on the evidence-based recommendations across a number of guidance reports. These have proved popular with schools with around 60,000 views and approaches to the use by other organisations and other countries (e.g. Jordan). In addition the EEF have supported schools with their planning through a "Schools planning guide" and update which helped school leaders navigate the evidence and put it in practice – with more than 30,000 downloads in the academic year.

The EEF was able to support the Research Schools Network, and other organisations, in adapting their training and professional development approaches to remote delivery in a number of ways, including the Rapid Evidence Assessment on Remote Professional Development published in Sept 2020.

EVIDENCE GENERATION

To continue to make grants to support the development and evaluation of a wide range of approaches to raising the attainment of 3-18 year-olds, particularly those facing disadvantage; developing their essential life skills; and preparing young people for the world of work and further study.

We have delayed general round funding due to the impact of school closures, however we have continued to fund re-grants and research into the impact of school closures. The research continued including:

- A project aiming to assess the extent to which pupils' attainment and socioemotional development in Year 1 and Year 2 has been impacted by school closures, and particularly the effect on disadvantaged pupils.
- A project aiming to understand the experiences of children attending reception in the academic year 2020/2021; and if, and how, they are different from the experiences of previous cohorts.
- The National Online Tuition Pilot aimed to establish the feasibility of supporting disadvantaged pupils by providing fully subsidised online tuition during the 2020 school 'closures'.
- Regrants to Stop and Think and Improving Working Memory, both projects showed promising effects at the efficacy level and will now be tested in a greater number of schools through effectiveness trials. Stop and Think have been working with the Behavioural Insights team to develop a more scalable version of the approach and to further develop the technology platform that is used by pupils.
- As schools closed to most pupils, all of the 70+ live projects run by the EEF were significantly impacted. The EEF team worked very closely with grantees and evaluators to re-design the projects to maximise the learnings from the projects. This generated adjustments to all the live projects, either through pausing the delivery, adapting delivery to online, delaying delivery and unfortunately in some instances cancelling projects.

Details of grants expenditure are included in Note 9 of these financial statements.

We also have an annual report (different from the Trustees' annual report), which gives much more of a flavour of projects and activities - see: <https://educationendowmentfoundation.org.uk/about-us/annual-reports>

To continue to publish robust evaluation reports of funded projects

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The EEF has continued its commitment to publishing evaluation reports on all completed projects and 18 evaluation reports were published in the period covered by this report.

The team at Durham University continues to analyse the data archive, to replicate results, inform methodological improvements and track the impact of EEF-funded projects longitudinally. The EEF is now hosting the data archive in partnership with the Office for National Statistics. This will enable wider access to the archive for the purpose of research with public benefit.

EVIDENCE SYNTHESIS

To develop its core resources available on the website, including the Teaching and Learning Toolkit and Guidance Reports

This year the EEF has entered the final year of the project to update the EEF's Teaching and Learning Toolkit, which recent polling showed was being used by 70% of secondary headteachers. The team of researchers at Durham University have been analysing the data from the individual academic studies included in the original Toolkit to provide more information in an updated version of the EEF toolkit, which will launch in 2021. The website development for the new Toolkit has begun, which will display outcomes by subject and by age where the evidence is sufficiently robust to do so.

The EEF agreed future development work on the Teaching and Learning Toolkit with the team at Durham. The next contract includes development to make the resource sustainable into the future, through automating the update process. There is a commitment from the Durham team to support the building of internal evidence synthesis capacity at the EEF to ensure that evidence synthesis work can be completed cost effectively by a small team based at the EEF.

The EEF also commissioned and published a number of evidence synthesis products:

- School Closures Rapid Evidence Assessment: this research was widely used by the sector and especially by the Department for Education to establish a response to school closures and the impact on the attainment gap.
- A free and accessible evidence-based report for school leaders and teachers on effective distance and online learning approaches. Again, this report was widely used and accessed over 40,000 times.
- A systematic review to update the implementation guidance report was commissioned. A mixed methods review will be used to identify new evidence around high quality implementation in education.

EVIDENCE MOBILISATION AND SCALE-UP

To focus more resources on scaling up and disseminating successful approaches through a variety of models

The EEF strategy includes a number of models for both mobilising evidence and scaling up its work. The EEF has continued to pursue a range of approaches this year, aiming to widen the engagement and direct impact of the work, and add to the evidence base about disseminate best bets.

A key aspect of this work is the regional strategy agreed by the board. This was somewhat affected by the pandemic, in terms of the capacity of schools and partners to engage with the EEF's work, despite continued enthusiasm and appetite for doing so. In Autumn the board decided to extend the strategy into a fourth year (within the same financial envelope) and so this will now run until August 2023.

In light of the pandemic context there was significant work in supporting the Research Schools Network to change the delivery model away from in-person training and professional development to more remote and occasionally blended delivery- whilst still being informed by the evidence. This helped enable continued engagement and development of new partnerships between EEF and a range of organisations and schools to

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work together to support the use of evidence in tackling joint priorities. This means that the EEF is on course to support training to be delivered to over 1000 schools by the end of the second year of the strategy (summer 2021). The regional strategy is particularly aimed at reaching and supporting schools with higher than average numbers of disadvantaged pupils and lower than average attainment for those pupils, and following the progress in this year at least 40% of those 2,400 schools are expected to be engaged by the end of the academic year. There was a significant increase in interest for future partnerships as the 6 Regional Delivery Leads have continued to broker new relationships.

The EEF's network of 40 Research Schools remains an important component of the strategy and development and support for the network remains strong. Increasingly their capacity and capability is recognised by others in the system and it enabled the EEF to provide support for a number of DfE initiatives by working closely with the Research Schools, for example, the early roll out of Teaching School Hubs and the EdTech Demonstrator programme.

Content specialists who were recruited to support the regional strategy have been invaluable through the year at providing the capacity for EEF to be responsive to school need in responding to partial school closures and other pandemic related challenges. Having close involvement of practitioners in the development of the EEF's communications, contents and school facing resources has been had a significant positive impact on ensuring messaging in a challenging year was adapted to schools' context. Another cohort of content specialists have been recruited to support the work from September 21. The integration of practice and practitioner perspectives into the EEF's work over the coming year will continue to be developed.

Much of the development and publication of practitioner focused guidance has tackled the pandemic response, however, significant development and preparatory work on the future guidance reports is under way to publish in the next year including Feedback and Professional Development.

The North East Primary Literacy Campaign, funded in partnership with Northern Rock Foundation, ran into its fifth year in 2020/21. During the year the work continued on the campaign's key elements:

- Place-based advocacy: further developing the local capacity to advocate and support the use of evidence through the additional capacity in the North East within the Research School Network.
- Resources for school improvement: promoting EEF's the guidance reports on Improving Literacy in in Key Stage Two and Preparing for Literacy focusing on Early Years Literacy. The Key Stage one guidance report was updated following early feedback to increase the practical application and usefulness with more school-based exemplification.

To develop the EEF's digital presence

The EEF's key audiences are the leaders and key decision-makers in schools, early years and post-16 settings, together with classroom teachers and practitioners, as well as other influencers, such as policy-makers, governors and parents. The EEF's digital strategy aims to improve the reach and engagement of its work – in particular, evidence-based resources with clear and actionable recommendations – to these groups.

In the past 12 months, the EEF website has seen a 38% increase in users, to c.1.3M. The EEF email newsletter has over 38,000 subscribers, an increase of 17% on last year. On social media, the EEF Twitter following has increased to 83,000 (up 36%), Facebook 'likes' are 28,000 (up 11%), and EEF LinkedIn following has significantly increased to 37,000 (up 63%). The design of the EEF website has recently been refreshed, ensuring it is attractive, accessible and engaging, and with all content up to date.

To scale up tutoring with the National Tutoring Programme as part of the recovery effort

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The EEF's recommendation of tutoring as the catch-up strategy with the strongest supporting evidence was accepted by the Department for Education and the EEF worked closely with the Sutton Trust, Impetus, Nesta and DfE officials to develop a proposal to increase the availability of tutoring for disadvantaged children. On 19th June 2020, the Secretary of State for Education and Prime Minister announced £350 million to create "a National Tutoring Programme, to increase access to high-quality tuition for the most disadvantaged young people".

The National Tutoring Programme was designed to comprise two pillars:

- Through NTP Partners, schools were able to access heavily subsidised tutoring from an approved list of tuition partners. These organisations – who were subject to quality, safeguarding and evaluation standards – were given support to reach as many disadvantaged pupils as possible.
- Through NTP Coaches ('Academic Mentors'), trained graduates were employed by schools in the most disadvantaged areas to provide intensive catch-up support to their pupils, allowing teachers in these schools to focus on their classrooms.

The pillars build on an evidence base the EEF has helped develop over 10 years, including through evaluations of the Tutor Trust and Graduate Coaches Programme. The DfE invited the EEF to vary its Grant Funding Agreement by £76.2 million to establish the NTP Tuition Partners pillar for one year. This variation was signed at the end of July 2020, establishing that the EEF would be responsible for encouraging high-quality tutoring organisations to apply for funding, awarding grants to tutoring providers, subsidising provision of tutoring to schools, working with approved tutoring organisations to expand provision and conducting monitoring and evaluation of tutoring. Subsequently the value was increased by a further £4m (in late October 2020) to provide the EEF team with head room when setting up contracts with Tuition Partners.

A new sub-committee was formed to ensure effective governance of this additional area of activity.

The delivery of the programme started in schools in November 2020 after a first phase of preparation and selection of 33 approved Tuition Partners to provide subsidised tutoring to 250,000 pupils in the academic year 2020/21. Take up and interest from schools was strong from the launch, but delivery was significantly disrupted by the partial school closures in January, February and March 2021. Tuition Partners continued delivery through lockdown including by offering at home online delivery. Following the reopening of schools to all pupils on 8 March, school demand for face-to-face tutoring increased sharply and by end March 2021, 86,280 pupils had received some tuition and 5,326 schools were onboarded. The total income recognised for NTP at end March 2021 was calculated using the number of pupils reached at year end over the total target of 250,000 pupils, or 34.5% of the total £80.2m agreed with the DfE, or £27.7m.

The Department of Education opened a tender for the delivery of Year 2 of the National Tutoring Programme for the 2021/22 academic year. EEF, Sutton Trust, Impetus and Nesta with support from Bain & Company prepared a response to the tender and established the National Tutoring Foundation as at 1 April 2021.

The new National Tutoring Foundation supported by EEF and its partners did not win the tender for Year 2 of delivery, which was awarded by the Department of Education to Randstad. See more detail on page 14.

To scale up the Nuffield Early Language Intervention as part of the recovery effort

The Department for Education announced in August 2020 their funding to work with the EEF to scale up the Nuffield Early Language Intervention (NELI). The Department awarded a significant grant extension (£8m) to the EEF to fund and manage the delivery partners (Oxford University, OxEd and Assessment, OUP, Elklan, Future Learn).

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The Department took the lead on recruitment which concluded at the end of Autumn term 2020 with 6,666 schools registered to receive NELI. This was 39% of all eligible schools which surpassed the original target of 25%. Crucially the targeting during recruitment appears to have been successful as the programme has been taken up more frequently by schools with a higher prevalence of pupils eligible for free school meals (FSM) (see table below). 60% of the schools listed on EEF's priority school list have registered for NELI. The round of school closures in Jan-March 2021 inevitably and unfortunately impacted delivery of the programme to pupils. However, when pupils fully returned, delivery could commence, and the EEF responded by providing schools with an extended delivery plan to ensure they could complete the full 20-week programme with pupils.

After competitive tender RAND Europe were awarded the grant to evaluate the scale up of NELI with the design amended to take account of the additional round of school closures.

To continue to engage constructively with the Department for Education on its school improvement and social mobility agendas

Over the course of the year, the EEF has supported and encouraged the use of evidence in a number of aspects of the Department for Education's work. Notably, the EEF has continued to support the development of the Early Career Framework, which creates an entitlement for every Newly Qualified Teacher in England to receive high-quality, evidence-informed mentoring and training.

In addition, the EEF has supported the DfE to improve the quality of training provided to teachers through the development of a new suite of National Professional Qualifications. More broadly during the year, EEF colleagues have participated in a number of Department for Education-led discussions and reviews on topics such as Special Educational Needs, the pupil premium and further education.

The EEF have provided direct support to the pupil premium policy team of the DfE. Collaborating on research into how pupil premium is currently spent and working with the team on guidance around high quality pupil premium spend.

The EEF has continued to be an active participant in the What Works Network.

Fundraising activity

The EEF actively seeks to partner with other funders – whether trusts and foundations, corporates, individuals, charities or public bodies – to help extend the reach of the charity's work. To date, the EEF has successfully developed partnerships with 43 organisations, which have contributed a total of c.£36.8m funding towards EEF-approved programmes. The EEF's funding partnerships totalled £2.7 million in this financial year and fell into one of three categories:

- Direct donations to the EEF – £0.9million, from KPMG Foundation, Wellcome Trust and Paul Hamlyn Foundation, to support setting up EEF's response to the COVID-19 school closures including the National Tutoring Programme.
- Pro bono donations to the EEF – including legal advice and consultancy from Freshfields and Bain & Co on the National Tutoring Programme, governance advice from the Boston Consulting Group and legal advice from Macfarlanes. See Note 3 for further detail.
- Shared funding of EEF supported programmes – £0.1 million of contributions from grantees and their partners towards the costs of EEF-funded programmes.
- Shared funding of EEF Regional delivery – £0.6 million of contributions from a range of partners in support of the EEF's regional work, which aims to ensure all schools, especially those in deprived areas, have access to the resources, training and support they need.

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Direct donations and pro bono donations are both recorded in the financial statements, whereas shared funding is not; this goes directly to the EEF-funded programme rather than to the EEF itself.

Grants from the Department for Education and contributions to projects from schools are all excluded from these figures.

The Trustees acknowledge their grateful thanks to all those organisations contributing to the EEF's programme of work.

The charity is registered with the Fundraising Regulator. The Fundraising Regulator is an independent regulator of charitable fundraising who, using the cross-party review of fundraising self-regulation (2015), strengthen the system of charity regulation and restore public trust in fundraising. No complaints have been received in the year in relation to the charities fundraising activities.

International activity

The EEF started to work with overseas partners who share the charity's commitment to generating and using robust research in improving educational outcomes particularly for the most disadvantaged. This work provides clear benefits to English practitioners by collecting evidence and developing research worldwide. In June 2018, the charity entered into a partnership with BHP Foundation for £9.9 million to support the expansion of the EEF international work over the next five years and to broaden its reach and income sources.

Thanks to the partnership with the BHP Foundation, EEF has supported a network of organisations across four continents in countries that are keen to further integrate evidence into their education systems. Alongside existing Toolkit licencing agreements with Social Ventures Australia (Evidence for Learning) and SUMMA in Latin America and the Caribbean, a partnerships with Effective Basic Services Africa (eBASE) based in Cameroon has been established, working across The Lake Chad Basin, Queen Rania Foundation (QRF) in Jordan and "la Caixa" in Spain, with further partnerships emerging across the globe.

The BHP Foundation grant has enabled us to set up EEF's first ever Global Trials Fund (GTF) which supports existing partners to commission trials in their own jurisdictions. To date, over £3 million has been committed towards eight pilots or trials and a potential further four trials. The GTF projects have been subject to delays due to the COVID-19 school closures.

This year the EEF funded a further three global fellows through the BHP Global Fellowship Programme which, to date, has supported a total of six global fellows. Fellows from the QRF and "la Caixa" Foundation have completed work to translate and recontextualise the Toolkit using additional local content, with QRF publishing their Arabic version of the Toolkit this year. The eBASE fellow continues their work on the re-contextualised version of the Toolkit for Cameroon which will be translated into French.

The EEF has continued to work on a project funded by the Centre for Development Impact and Learning (CEDIL) in collaboration with eBASE and Durham to add topics to the Toolkit that are relevant for low and middle-income countries. The new Toolkit will be launched in October 2021. The EEF also received £13,500 funding from EdTech Hub to re-contextualise the rapid evidence assessment on remote learning for low- and middle-income countries.

Investment performance

The portfolio's value at year end of £74.1 million compared to £73.6 million in the previous year with an additional £28.5m held in a liquid reserve fund. The net increase in value is due to a significant revaluation gain of £8.7m partly offset by withdrawals of £8 million made during the year to fund grants and evaluations as well

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as operating expenses Income received from the investments after management costs was £0.1 million and investment management costs were £0.3m in the year.

The investment portfolio experienced a very positive year, after a significant loss in the 3 months to 31 March 2020 due the COVID crisis. The portfolio had regained this loss within 2 months after year end as central banks around the world responded to the crisis with strong and broad monetary and fiscal policies. During Summer 2020, the economic recovery continued with the restart of activities after lockdowns and markets gained value despite the COVID-19 related uncertainty. At the end of 2020, the markets (bond and equities) experienced a vaccine driven recovery and growth was supported by ongoing significant policy support, high savings rates and extensive inventory rebuild. The performance at the beginning of 2021 was mixed with the equities part of the portfolio performing well and the fixed income element being overall stable in Q1 despite increased volatility.

The overall return on the portfolio since inception in June 2011 has been 34%, an annualised rate of 3% per annum. The portfolio risks were reviewed throughout the year with the portfolio managers including inflation risk, credit risk and currency risks. They were all assessed as appropriate for the EEF and its long-term objectives.

Financial review

In the financial year under review, income including donations and legacies, income from trading activities and from investments was £42.7 million (2020: £8.9 million). This included grants from the Department for Education relating to the COVID-19 crisis relating to the National Tutoring Programme for £27.7m and for the Nuffield Early Language Intervention for £8m. Total expenditure for the year was £35.4 million (2020: £21.2 million). Total funds, were £75.7 million as at 31 March 2021 (31 March 2020: £59.7 million), with £56.5m unrestricted and £19.2m restricted (31 March 2020: £58.2m and £1.5m respectively).

Pay policy for senior staff

The key management personnel of the EEF are considered to be the Chief Executive, Deputy Chief Executive, Head of Finance and Operations and Director of Development and Communications. Following the Deputy Chief Executive and Director of Development and Communications departure in Summer 2021, the key management personnel will be the Chief Executive, the Director of Research, the Director of Impact and the Director of Finance and Operations. Pay packages are set through benchmarking with equivalent posts in organisations of a similar size and complexity (often with the advice of a specialist executive recruitment firm) and in order to aid the retention of key personnel. The remuneration of all staff, including key management personnel, is reviewed annually as part of the budgeting process of the charity. The Chairman and Vice Chairman are involved in reviewing the salary of the Chief Executive; the Chief Executive and Executive team lead the review of other pay packages.

Reserves policy

In accordance with the policy adopted since the establishment of the EEF, the initial endowment grant of £125 million from the Department for Education is treated as an unrestricted reserve. The unrestricted fund reserves as at the year end were £56.5 million. The Trustees treat the unrestricted funding as available for activities which forward the EEF's charitable objectives, including grant making, and for funding the requirements for support costs and governance costs. Additionally, the Trustees review on a regular basis the investment strategy and performance of the funding pool along with projections in terms of future grant and operating expense commitments. Accordingly, the Trustees consider that the current level of free reserves (general unrestricted funds less fixed assets) of £56.1 million forms a pool available for supporting EEF activities to April 2026 – as stipulated in the terms of the initial grant – and believe this pool is sufficient to meet the planned expenditure requirements of the organisation for the foreseeable future.

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The funding for the National Tutoring Programme and for the Nuffield Early Intervention that has not yet been disbursed of £16 million and £1 million respectively has been classified as restricted as the funds will be disbursed in accordance with the activities for these two programmes that are aligned to the 2020/21 academic year. The funds are expected to be disbursed by the end of Summer 2021 when these two programmes end. The restricted fund reserves as at the year end were £19.2 million (see detail in Note 22).

Investment policy

1. Introduction

The Trustees have a wide power of investment conferred on them including the power to delegate the management of investments to any firm authorised by the Financial Conduct Authority to give investment advice. The Trustees have avoided direct investment in securities issued by organisations primarily engaged in the supply of: arms, gaming and gambling, pornography, and tobacco products and services. For those investments held within the collective or pooled investment funds, the Trustees have instructed fund managers to monitor the extent, if any, to which the funds selected are invested in securities issued by businesses primarily engaged in the activities listed above and to report the position to the Trustees on a semi-annual basis.

As noted above, the EEF's assets were intended to support work to April 2026 to schools, teachers, local authorities, charities and other approved parties, and the EEF's operating costs.

The Trustees have developed a cash flow profile and spending schedule which they will keep under review and revise from time to time as appropriate. This schedule forms the basis of the EEF's investment policy.

2. Investment objectives

The EEF's investment objectives aim to support its plans for making grants. The objectives will therefore evolve in congruence with the development of the EEF's grant strategy.

At the date of this document, the investment objectives are:

- To ensure a reasonable match between the cash flows from the assets in the portfolio and the EEF's planned spending schedule;
- To maximise potential spending power while remaining consistent with the low risk character of this investment policy.

The matching of cash flows will be inexact because the profile of the spending schedule will evolve. The Trustees therefore oversee adjustment of the spending schedule and regularly review the schedule with the investment managers to ensure matching of assets to liabilities within reasonable margins of tolerance.

3. Contributions, distributions and income

It is possible that additional contributions may be added to the portfolio if assets raised through fundraising activities exceed the spending rate.

Distributions will be made regularly out of both income and capital. There is no specific "income" requirement for the portfolio.

4. Investment management

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TRUSTEES' REPORT (INCLUDING DIRECTOR'S REPORT AND STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2021

In March 2019, Goldman Sachs Asset Management was appointed as the single portfolio manager.

The Trustees have appointed BNY Mellon as custodians of the Goldman Sachs portfolio.

The managers have entered into an agreement with the EEF. This agreement includes investment guidelines and parameters ("the mandate") within which the manager will operate with full discretion (ie without requiring prior approval from the Trustees).

The Trustees review the manager and their mandate periodically in line with their responsibilities. The managers are expected to reconcile their records with those of the custodian.

5. Reporting

The Trustees have established regular and appropriate reporting arrangements with the managers and custodian. There are currently monthly reports from, and quarterly meetings with, the managers and custodian.

The Trustees can convene ad hoc meetings as and when required.

6. Review of investment policy statement

The Trustees intend formally to review this Investment Policy Statement annually or more frequently if the circumstances or objectives of the EEF or any other factors so warrant.

Plans for future periods

The EEF will continue with its three main areas of activity: building and summarising the evidence base of what works and scaling that evidence so that it changes behaviour in schools and benefits more young people, particularly those from poorer backgrounds. The balance of the EEF work shifted significantly to scale up work in the year attention to scale up is expected to be maintained for the upcoming year. Specifically:

- The EEF will continue to publish evaluation reports from its projects and seek to scale up the most promising approaches, taking into account their cost effectiveness, ease of implementation and replicability. A number of effectiveness trials are due to report in 2021/22 and more scale up grants are expected to be made.
- Since year end, the EEF team has started to develop its approach to a more proactive and question-led grant-making strategy. This work will focus around setting a clear and externally communicated Research Agenda, which will aim to prioritise specific research questions under a topic. This will lead to more targeted research commissioning addressing the EEF mission, rather than the more open and general funding rounds the EEF have conducted in the past. This new approach will be piloted over the Autumn as part of both the Accelerator Fund (see below) and the co-funded round with the Youth Endowment Fund (see below).
- The EEF team has been developing a new funding stream with the Department for Education entitled The Accelerator Fund. This would represent funding of £10.5m from the Department for Education, designed to foster a behaviour change around schools' spending of their funding, ensuring there is a quality supply of programmes that settings can confidently and easily access. The funding is intended to support the development of suppliers of evidence-based practice, with delivery focused on the North, East Midlands & the Humber, and the West Midlands. The first Accelerator Fund will run across the 21/22 academic year, but the intention is for DfE to fund future National Accelerator Funds, with this first year acting as a test of the overall approach. The work will include four workstreams:

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developing the pipeline, scaling programmes with promise, capability building, to help projects that are scaling to do this while maintaining quality and the evaluation of each workstream and of the programme overall.

- The EEF has since year end launched the new version of the Toolkit in Summer 2021, with over 20,000 users accessing it in the first 72 hours after launch. The EEF will conduct a rapid evidence assessment for best practice in increasing school attendance. The work will be led by the new internal evidence synthesis team and will inform a funding round on attendance interventions co-funded with the Youth Endowment Fund.
- The EEF will continue to focus more resources on mobilising evidence to support teachers to improve practice in schools, colleges and early years settings, especially those serving high numbers of disadvantaged students. The EEF moves into the second year of the extended four year commitment to regional delivery and will continue to focus on schools with higher than average numbers of disadvantaged pupils AND lower than average attainment for those pupils. There will be particular focus on supporting schools to respond to the educational impact of COVID-19 with sustained and focused activity around the most disadvantaged pupils as part of this work and exploration of greater support to early years settings. The Research School Network will continue to be a key plank in the engagement and direct support for schools, supported by the Regional leads and the enhanced development of resources through the Content Specialists. In addition the EEF will look to further strengthen the voice of practice in both internal decision making and in its communications activities.
- The EEF will continue to develop its international work in line with its partnership with the BHP Foundation. This work will be supported by the developmental work to the Toolkit and the CEDIL project as it makes the information which underpins the Toolkit more relevant to different schooling contexts and therefore more useful to educators across the globe. This will include developing additional partnerships with overseas organisations that share the EEF's mission and seek to address the learning losses caused by COVID-19; supporting evaluation delivery of promising projects and initiating evaluations in the final GTF funding round; and supporting the development of appropriate evidence brokers, building on the EEF Research Schools model and approach to Guidance Reports.
- The EEF will continue to build its work to support evidence-informed policymaking, engaging constructively with the Department for Education on its school improvement and social mobility agendas, looking to balance influence with the need to maintain independence and objectivity. The EEF will also continue to work with other policy stakeholders and with the other members of the What Works Network to secure the use of rigorous evidence in Government and elsewhere, and to collaborate on joint initiatives.
- The EEF will continue to develop its newly established strategy to ensure sustainability post-2026, prioritising a financial commitment from Government, but maintaining a multi-faceted approach to reduce risk.
- The EEF intends to continue to review and update its investment strategy in 2021/22 based on the advice of its investment manager concerning current and expected bond and equity market conditions. The EEF will continue to review the manager's performance and level of fees against benchmark very closely.

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National Tutoring Programme (NTP) update since year-end and post balance sheet event

- The new National Tutoring Foundation supported by EEF and its partners did not win the tender for Year 2 of delivery, which was awarded by the Department of Education to Randstad. EEF signed the Transfer Service Agreement to hand the NTP over to Randstad in August 2021, with the EEF's role officially ending on 31 August 2021. Over the summer a comprehensive handover was undertaken with Randstad, which included a series of workshops, handing over key documentation, as well as the website and social media accounts.
- The NTP Phase 1 has now been wrapped up. Over 250,000 pupils were enrolled to the programme in over 7,158 schools. This exceeded the top of the projected range of 200-250,000 pupils. In total 206,844 pupils were reached, with these pupils receiving, on average, 12 sessions (with the average being above the recommended 10 as suggested by the evidence). Over 29,000 tutors were recruited to the programme, which exceeded the projection of 26,000.
- The numbers do suggest that the required supply and demand was generated to reach the top projection of 250,000 pupils. However, despite pupils reached exceeding the lower projection, not all pupils enrolled were converted to pupils reached. Much of this gap is due to school closures across January and February and the third wave of Covid that schools experienced in the Summer term, with schools reporting to us a reluctance to start tutoring when they had other priorities and pupils were already receiving a high level of online learning. The EEF also engaged in a 'lessons learned' exercise to support good practice in future tutoring delivery.
- The programme achieved a good regional spread of supply and demand. All regions exceeded 90% of their end of year targets for school enrolment, including regions that were initially areas of concern. Strategies that worked particularly well to achieve this included: working through Regional School Commissioners and hosting regional events where take up was initially slow.
- As a result of the impact on the delivery of the programme from the various periods of school closure and disruption, there was a significant underspend of £29.2m on the original £80.2m grant variation from the DfE. Details of this are further explained as a post balance sheet event disclosed in note 25 in the notes to the financial statements.

Risk management

The Trustees have a risk management strategy which comprises:

- compiling and reviewing a risk register twice a year through the Finance Committee and once a year through the Board of Trustees;
- the establishment of systems and procedures to mitigate those risks identified in the plan; and
- the implementation of procedures designed to minimise, where appropriate, any potential impact on the EEF should those risks materialise.

The top four risks during the financial year 2020-2021 were:

1. Research does not meet expected standards to forward the objectives (eg trials fail or are late, results are insecure, schools lose confidence in the work).

Mitigation: robust selection and monitoring processes, focus on lessons learned from previous trials, developing clear Quality Assurance standards and processes and involving external experts as needed.

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Ensuring the EEF research agenda is mission aligned and focused on key leverage points for disadvantaged pupils.

2. Scale-up: messages from research and promising programmes fail to influence the education system.

Mitigation: a detailed regional delivery plan has been implemented since September 2019 targeting priority schools in all regions and aiming to change practices in schools that need it the most based on the best evidence available. Teacher and school choices work translate into more direct EEF involvement in the system.

3. Overreliance on third parties to deliver.

Mitigation: Application and monitoring processes in place, diversification of partner base, policy of not reappointing after poor performance.

4. Internal effectiveness: the EEF team fails to adapt to changes in leadership and a more dynamic external environment, leading to a risk that it does not deliver on its plan effectively.

Mitigation: despite changes at manager levels, the EEF retains key staff at different levels and has recruited a strong team in 20/21 that allows the development of key relationships with a broadened base of schools, key academics and advisors.

Statement of Trustees' Responsibilities

The Trustees (who are also directors of The Education Endowment Foundation for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company and charity law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period.

In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The Trustees are responsible for keeping adequate and proper accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of information to auditor

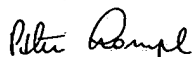
In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware;
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

As part of the regular review of governance, the charity conducted a competitive tender process for the appointment of auditors. Following this process, Moore Kingston Smith LLP were appointed as auditors for the period under review and have indicated their willingness to continue in office.

This report, including the strategic report was approved and signed on behalf of the board by:



Chairman (Dec 15, 2021, 8:06pm)
Sir Peter Lampl, Chairman

Date:

15 Dec 2021

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE EDUCATION ENDOWMENT FOUNDATION

Opinion

We have audited the financial statements of The Education Endowment Foundation ('the company' for the year ended 31 March 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard Applicable in the UK and Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2021 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of financial statements section of our report. We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE EDUCATION ENDOWMENT FOUNDATION

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' annual report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 18, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE EDUCATION ENDOWMENT FOUNDATION

audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the charitable company.

Our approach was as follows:

- we obtained an understanding of the legal and regulatory requirements applicable to the charitable company through the use of permanent audit file information, updated this year for any changes that have been identified by management or by our own investigations and considered that the most significant are the Companies Act 2006, the Charities Act 2011, the Charity SORP, and UK financial reporting standards as issued by the Financial Reporting Council;
- we obtained an understanding of how the charitable company complies with these requirements by discussions with management and those charged with governance and through reviews of relevant accounting and management records;
- we assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, based on our work as outlined above;
- we enquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations, using associated documentary evidence to better understand items of interest;
- based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. As well as specific audit testing, this included approaching accounting records with an inquisitive and sceptical mindset such that we examined items that were felt to be of interest or of higher risk in this area, and obtaining additional corroborative evidence as required.

To address the risk of fraud through management override of controls, we carried out the following work:

- procedures were undertaken to identify any unusual or unexpected matters, and the rationale behind any such matters was examined;
- journal entries were reviewed to identify unusual transactions;
- judgements and assumptions made in determining the accounting estimates set out in the accounting policies were reviewed.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the charitable company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charitable company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE EDUCATION ENDOWMENT FOUNDATION

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

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the charitable company and charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Moore Kingston Smith LLP.

James Saunders (Senior Statutory Auditor)
for and on behalf of Moore Kingston Smith LLP, Statutory Auditor

Devonshire House
60 Goswell Road
London
EC1M 7AD

Date: 16 December 2021

The Education Endowment Foundation
Statement of Financial Activities
for the year ended 31 March 2021

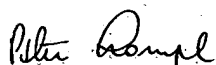
	Note	Unrestricted fund £	Restricted fund £	2021 total £	2020 total £
Income from:					
Donations and legacies	3	1,112,647	41,258,065	42,370,712	8,380,674
Trading activities	4	245,613	-	245,613	163,387
Investments	5	56,195	-	56,195	405,006
Total Income		1,414,455	41,258,065	42,672,520	8,949,067
Expenditure on:					
Raising funds					
Fundraising expenditure	6	257,501	8,942	266,443	225,474
Trading costs	6	-	-	-	-
Investment management	6	269,781	-	269,781	348,183
		527,282	8,942	536,224	573,657
Charitable activities	7	11,237,477	23,580,633	34,818,110	20,544,212
Total Expenditure		11,764,759	23,589,575	35,354,334	21,117,869
Net gains/(losses) on investments		8,703,834	-	8,703,834	(809,054)
Transfers between funds		-	-	-	-
Net movement in funds		(1,646,470)	17,668,490	16,022,020	(12,977,856)
Reconciliation of funds	23				
Balances at 1 April 2020		58,182,405	1,545,891	59,728,296	72,706,152
Balances at 31 March 2021		56,535,935	19,214,381	75,750,316	59,728,296

The notes on pages 27 to 39 form part of these financial statements.

The Education Endowment Foundation
Balance Sheet
as at 31 March 2021

		2021		2020	
		£	£	£	£
Fixed assets					
Tangible Fixed Assets	14		356,437		345,471
Investments	15		<u>102,557,684</u>		<u>73,567,904</u>
			<u>102,914,121</u>		<u>73,913,375</u>
Current assets					
Debtors falling due after one year	17	131,313		1,569,851	
Debtors falling due within one year	17	41,716,222		6,951,311	
Cash at bank and in hand		<u>8,308,490</u>		<u>3,132,812</u>	
		<u>50,156,025</u>		<u>11,653,974</u>	
 Creditors: amounts falling due within one year	18	<u>(73,987,698)</u>		<u>(19,851,141)</u>	
 Net current assets/(liabilities)			(23,831,673)		(8,197,167)
 Creditors: amounts falling due over one year	18		(3,332,132)		(5,987,912)
 Net assets			<u>75,750,316</u>		<u>59,728,296</u>
 Funds					
Restricted funds	23		19,214,381		1,545,891
Unrestricted funds	23		56,535,935		58,182,405
			<u>75,750,316</u>		<u>59,728,296</u>

The financial statements were approved by the Board and authorised for issue, on 15 Nov 2021 and signed on their behalf by:



Chairman (Dec 15, 2021, 8:06pm)

Sir Peter Lampl, Chairman
Trustee

Date

15 Dec 2021

Company registration number: 07587909

**The Education Endowment Foundation
Statement of Cash Flows
for the year ended 31 March 2021**

	Note	2021 £	2020 £
Net cash provided by operating activities		25,599,583	(15,649,812)
Cash flows from investing activities:			
Purchase of tangible fixed assets		(194,154)	(174,122)
Purchase of investments		(40,710,564)	(53,303,735)
Proceeds on disposal of investments		20,424,618	67,232,420
Interest received		56,195	405,006
Net cash (provided by)/used in investing activities		(20,423,905)	14,159,569
Net increase/(decrease) in cash and cash equivalents		5,175,678	(1,490,243)
Cash and cash equivalents at the beginning of the year		3,132,812	4,623,055
Cash and cash equivalents at end of year		<u>8,308,490</u>	<u>3,132,812</u>
Cash generated from operations		2021 £	2020 £
Surplus/(Deficit) for the year		16,022,020	(12,977,856)
Adjustment for:			
Investment income recognised in statement of financial activities		(56,195)	(405,006)
Loss on disposal of tangible fixed assets		-	11,629
Fair value gains and losses on investments		(8,703,834)	809,054
Depreciation and impairment of tangible fixed assets		183,188	188,817
Movement in working capital:			
(Increase)/decrease in debtors		(33,326,373)	(3,593,028)
(decrease)/increase in creditors		963,190	(529,642)
Increase in provision		-	-
Increase/(decrease) in deferred income		50,517,587	846,220
Net cash provided by operating activities		<u>25,599,583</u>	<u>(15,649,812)</u>
Analysis of cash and cash equivalents		2021 £	2020 £
Cash at bank and in hand		8,308,490	3,132,812
Total cash and cash equivalents		<u>8,308,490</u>	<u>3,132,812</u>
Analysis of changes in net debt	As at 1 April 2020	Cash-flows	As at 31 March 2021
	£	£	£
Cash at bank and in hand	3,132,812	5,175,678	8,308,490
Total	<u>3,132,812</u>	<u>5,175,678</u>	<u>8,308,490</u>

The Education Endowment Foundation
Notes to the financial statements
for the year ended 31 March 2021

Accounting Policies

1 Charity Information

The Education Endowment Foundation is a private company limited by guarantee incorporated in England and Wales. The registered office is 5th Floor, Millbank Tower, 21-24 Millbank, London, SW1P 4QP.

In the event of the charitable company being wound up each of the members have agreed to contribute up to £1 each towards:

- payment of those debts and liabilities of the charity incurred;
- payment of the costs, charges and expenses of winding up; and
- the adjustment of rights of contributors among themselves.

2 Accounting convention

Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the revaluation of investments being measured at fair value through income and expenditure within the Statement of Financial Activities.

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant note(s) to these financial statements. The financial statements have been prepared in accordance with the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) including Update Bulletin 2, (Charities SORP (FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006. Additional information has been provided where this increases understanding of the figures.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest pound.

The company has taken advantage of the exemption under section 402 of the Companies Act 2006 not to prepare consolidated accounts, on the basis that the subsidiary's results are immaterial to the results of the group.

The following accounting policies have been applied consistently during the current and previous year except as defined below:

Going concern

The Trustees have assessed whether the use of going concern is appropriate and have considered possible events or conditions that might cast significant doubt on the ability of the group to continue as a going concern. The Trustees have given due consideration to the impact of the Covid-19 pandemic, which has remained an issue in the period between the year end and the signing of the financial statements. The charity's income continues to be largely sheltered from the impact of Covid-19 due to a number of long term grants and its loyal supporter base, who have continued to support the charity in the current global pandemic. The trustees have prepared a budget and cash flow forecast covering a period of at least twelve months from the date of approval of these financial statements, which incorporates confirmed income and consideration has been given how expenditure could be managed if further grants were not. Having reviewed forecasts prepared by management the Trustees are confident that the charity will continue to meet its obligations as they fall due and that therefore the going concern basis continues to be appropriate.

Fund accounting

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives unless the funds have been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charitable company for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Investment income, gains and losses are allocated to the appropriate fund.

The Education Endowment Foundation
Notes to the financial statements
for the year ended 31 March 2021

Accounting policies (continued)

Income

All income is recognised in the Statement of Financial Activities once The Education Endowment Foundation has entitlement to the resources and is probable that the resources will be received within The Education Endowment Foundation or on its behalf and the monetary value of the incoming resources can be measured with sufficient reliability.

Voluntary income is received by way of grants, donations and gifts and is included in full in the Statement of Financial Activities when receivable. Grants, where entitlement is not conditional on the delivery of a specific performance by the charity, are recognised when the charity becomes unconditionally entitled to the grant.

Grant income is deferred when the grants are received in advance and specified by the donor as relating to specific accounting periods; or alternatively which are subject to conditions which are still to be met and which are outside the control of the charity; or when it is uncertain whether the conditions can or will be met. These are deferred to the period to which they relate and released to incoming resources.

Investment income and associated tax recoverable is accounted for on a receivable basis.

Donated services and facilities are recognised as income and expenditure in the financial statements when companies and individuals offer their professional expertise pro bono. The value of these donated services and facilities to The Education Endowment Foundation is considered to be equal to market value which is based upon the valuation the professional or organisation places upon the time, services and facilities they have provided to The Education Endowment Foundation. All of these amounts are treated as unrestricted donations.

Trading Income

Trading income comprises revenue recognised by the charitable company in respect of licensing of The Education Endowment Foundation resources, exclusive of Value Added Tax and trade discounts.

Licensing income is recognised on the accruals basis based on the contracted terms and substance of the relevant arrangements.

Interest Receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charitable company; this is normally upon notification of the interest paid or payable by the Bank.

Expenditure

Expenditure is accounted for on an accruals basis as a liability is incurred, which is when there is a legal or constructive obligation committing The Education Endowment Foundation to the expenditure. Expenditure includes any VAT which cannot be fully recovered, and is reported as part of the expenditure to which it relates.

Raising funds comprise the direct staff costs and other support costs associated with attracting voluntary income.

Investment management costs include the costs of:

- (a) Portfolio management
- (b) Obtaining Investment advice
- (c) Administration of the investments

Costs associated with acquiring and disposing of investments would normally form part of the acquisition cost of the investment or reduce the return on disposals. These costs are therefore not part of the investment management costs.

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both the direct costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them. Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fees, statutory reporting, legal costs and Trustee expenses linked to the strategic management of the charity.

Overhead and support costs have been allocated first between the cost of generating voluntary income, charitable activity and governance. Where overhead and support costs relating to costs of generating voluntary income and charitable activity cannot be directly allocated, these have been apportioned based on the head count for each activity.

The Education Endowment Foundation
Notes to the financial statements
for the year ended 31 March 2021

Accounting policies (continued)

Expenditure

Grants are recognised as expenditure in the year when the charity creates a legal or constructive obligation.

Following approval by the Board of Trustees, all grant awards made are subject to: (i) the recipient entering into a written, legally binding agreement, and (ii) a project review at each milestone as set out in the grant agreement. Under the terms of its agreements with grant recipients, which are considered to be performance related, The Education Endowment Foundation retains the discretion to withdraw its future funding commitment for a number of specified reasons, including failure to meet agreed performance milestones.

An obligation arises, and expenditure is recognised in the financial statements, when a funding agreement has been signed by both parties and evaluations by the charity confirm the milestones set out in the agreement and any other terms and conditions of funding have been satisfactorily met.

Grants payable but unpaid at the balance sheet date are recognised as grant commitments under creditors.

Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses. All assets costing more than £250 are capitalised.

Computer equipment	25-33% straight line
Fixtures and fittings	20% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in net income/(expenditure) for the year.

Fixed asset investments

Fixed asset investments are initially measured at transaction price excluding transaction costs, and are subsequently measured at fair value at each reporting date. The Statement of Financial Activities includes the net gains and losses arising on revaluation and disposals throughout the year.

Unlisted investments comprise investments in subsidiaries which are measured at cost less impairment.

Impairment of fixed assets

At each reporting end date, the charitable company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less.

Financial instruments

The Education Endowment Foundation only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Taxation

The Education Endowment Foundation is a registered company, number 07587909 and is exempt from corporation tax under the provisions of Sections 466-493 of the Corporation Taxes Act 2010.

Leases

Operating lease costs are charged to the Statement of Financial Activities as incurred, on a straight line basis over the term of the lease.

The Education Endowment Foundation
Notes to the financial statements
for the year ended 31 March 2021

Accounting policies (continued)

Employee benefits

The costs of short term employee benefits are recognised as a liability and an expense.
The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charitable company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense to the Statement of Financial Activities as they fall due.

Deferred taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

Critical accounting estimates and judgements

In the application of the charitable company's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

(i) Location of investment assets

The charity makes an estimate to calculate the level of investment assets held in the UK or overseas. Most asset held as investments are global assets and it requires an element of judgement to determine where the asset is held.

(ii) Useful economic life of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic life and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on future economic utilisation and the physical condition of the assets. See note 14 for the carrying value of tangible fixed assets and the accounting policies for the useful economic lives for each class of asset.

(iii) Gifts in kind

Gifts in kind are recognised within incoming resources and expenditure at an estimate of the value to the charity of the donated services or goods. Where possible the value of services/goods are confirmed directly with the supplier however in some instances this information is not available and a best estimate is made of the expected cost of such goods based on what the charity would be willing to pay for similar services or goods at a market rate.

(iv) Performance related grant recognition

The National Tutoring Partnership Grant funding agreement contains performance related conditions that specify the services to be performed. Income is recognised to the extent that the charity has provided the specified goods or services as entitlement to the grant has occurred as performance-related conditions are met. The degree to which the performance related conditions have been met have been estimated based upon the underlying data available to the charity.

(v) Capitalisation of website costs

Based on historic understanding and relationship with website developers, the development costs are split into two categories: maintenance costs for 30% and capitalised development costs adding significant capabilities and functionalities for 70%.

The Education Endowment Foundation
Notes to the financial statements
for the year ended 31 March 2021

3 Donations and legacies	Unrestricted fund £	Restricted funds £	2021 total £	2020 total £
Donations and gifts	-	367,596	367,596	1,097,958
Grants	-	40,890,469	40,890,469	7,235,938
Donated services	1,112,647	-	1,112,647	46,778
Donation from subsidiary				
	<u>1,112,647</u>	<u>41,258,065</u>	<u>42,370,712</u>	<u>8,380,674</u>
For the year ended 31 March 2020	<u>46,848</u>	<u>8,333,826</u>		<u>8,380,674</u>

	Unrestricted fund £	Restricted funds £	2021 total £	2020 total £
Grants				
Department for Education	-	37,939,768	37,939,768	4,294,658
BHP Foundation	-	1,389,616	1,389,616	1,655,409
KPMG	-	500,000	500,000	25,000
Kusuma Trust	-	-	-	40,160
JP Morgan Foundation	-	-	-	33,335
Paul Hamlyn Foundation	-	100,000	100,000	-
ICG	-	500,000	500,000	500,000
Wellcome Trust	-	461,085	461,085	687,376
	<u>-</u>	<u>40,890,469</u>	<u>40,890,469</u>	<u>7,235,938</u>
For the year ended 31 March 2020	<u>-</u>	<u>7,235,938</u>		<u>7,235,938</u>

Donated services	Unrestricted fund £	Restricted funds £	2021 total £	2020 total £
Macfarlanes	29,446	-	29,446	25,843
Freshfields	170,431	-	170,431	20,935
BCG	350,000	-	350,000	-
Bain & Co	562,770	-	562,770	-
	<u>1,112,647</u>	<u>-</u>	<u>1,112,647</u>	<u>46,778</u>
For the year ended 31 March 2020	<u>46,778</u>	<u>-</u>		<u>46,778</u>

4 Income from other trading activities

	2021 £	2020 £
Licensing of Teaching and Learning Toolkit	100,250	163,387
Commissioned research	145,363	-
	<u>245,613</u>	<u>163,387</u>

Licensing of Teaching and Learning Toolkit
Income from trading activities has arisen from the development and licencing of The Education Endowment Foundation resources to Social Ventures Australia, to La Caixa Foundation and to Queen Rania Foundation, all of which arose within the rest of the world.

Commissioned research
All of this income arose within the UK.

5 Investments

	2021 £	2020 £
Income from listed investments	55,727	237,138
Interest receivable	468	167,868
	<u>56,195</u>	<u>405,006</u>

6 Raising funds

	Unrestricted fund £	Restricted funds £	2021 total £	2020 total £
<u>Fundraising expenditure</u>				
Audit, accountancy and other finance costs	110	4	114	32
Office administration	8,967	310	9,277	7,288
Premises costs	11,553	401	11,954	13,065
Advertising	21,123	734	21,857	8,988
Staff costs	202,226	7,023	209,249	169,060
Other staff costs	2,836	99	2,935	13,808
Depreciation and impairment	10,686	371	11,057	13,233
	<u>257,501</u>	<u>8,942</u>	<u>266,443</u>	<u>225,474</u>

The Education Endowment Foundation
Notes to the financial statements
for the year ended 31 March 2021

6 Raising funds (continued)

	Unrestricted fund £	Restricted funds £	2021 total £	2020 total £
<u>Investment management</u>	269,781	-	269,781	348,183
	<u>527,282</u>	<u>8,942</u>	<u>536,224</u>	<u>573,657</u>
For the year ended 31 March 2020				
Fundraising expenditure	211,204	14,270		225,474
Investment management	348,183	-		348,183
	<u>559,387</u>	<u>14,270</u>		<u>573,657</u>

7 Charitable activities

	2021 £	2020 £
Staff costs	3,171,614	2,173,965
Other staff costs	44,495	177,558
Donated services	<u>1,112,647</u>	<u>46,778</u>
	4,328,756	2,398,301
Grant funding of activities (see note 8)	29,360,442	17,412,621
Share of support costs (see note 10)	986,846	597,135
Share of governance costs (see note 10)	<u>142,066</u>	<u>136,155</u>
	<u>34,818,110</u>	<u>20,544,212</u>
<u>Analysis by fund</u>		
Unrestricted funds	23,580,633	13,130,654
Restricted funds	<u>11,237,477</u>	<u>7,413,558</u>
	<u>34,818,110</u>	<u>20,544,212</u>

8 Grants payable

	2021 £	2020 £
Grants to institutions: See note 9	<u>29,360,442</u>	<u>17,412,621</u>

9 Grants to institutions

	2021 £	2020 £
Achievement for All	(832,933)	855,933
Action for Children	-	(7,181)
Action for Children and Oxford University	-	(3,686)
Ambition Institute	(4,500)	382,785
Ark UK Programmes	-	(14,923)
Bangor University	65,035	400,231
Blackpool Council	-	32,750
Communicate SLT	-	183,544
Chartered College of Teaching	(3,000)	432,600
Childrens University	82,875	570,798
Kingsbridge Academy	-	(27,781)
Midlands Academy Trust	-	10,815
My Tutor	23,267	372,000
NASAN	116,472	559,810
National Children's Bureau	-	(71,770)
National Day Nurseries	52,531	478,284
National Literacy Trust	-	31,082
NFER	-	(340,000)
Oxford Trust	52,632	839,256
SSAT	95,804	257,819
St Mary Catholic Academy Blackpool	-	30,300
SUMMA (Chile)	-	616,972
Tutor Trust	500,000	50,000

The Education Endowment Foundation
Notes to the financial statements
for the year ended 31 March 2021

9 Grants to institutions (continued)

		2021 £	2020 £
UCL	Direct Mapping	(38,550)	399,438
University of Hertfordshire	Primary Science Quality Mark	-	15,819
University of Lincoln	ASCENTS mentoring	-	50,000
University of Manchester	PACT	-	98,446
University of York	TEEM UP	170,682	999,792
White Rose	Early Years Jigsaw	74,408	429,399
Behavioural Insights Team	Stop and Think	506,007	-
University of Oxford	Improving Working Memory	919,046	-
University of Oxford	Nuffield Early Language Third Trial	399,927	-
University of Oxford	Nuffield Early Language Fourth Trial	3,117,610	-
Zenex Foundation	Global Trial Fund	445,000	-
Oxford University Press	Nuffield Early Language	4,265,175	-
Grants awarded to 33 Tuition Partners	National Tutoring Programme	9,382,842	-
Grants made to 5 regions and schools	Sunday Times appeal grant	865,370	-
Various international organisations	Global Fellowships	213,627	-
		<u>20,469,327</u>	<u>7,632,532</u>
Adjustments to grants awarded in previous year		(425,083)	154,261
Scale up expenditure (research schools, advocacy and guidance reports)		2,338,117	2,364,970
Evaluation and research funding		6,978,081	7,260,858
Total grants, scale up activity and evaluation		<u>29,360,442</u>	<u>17,412,621</u>

10 Support costs

	Support Costs £	Governance costs £	2021 total £	2020 total £
Staff costs	-	74,041	74,041	69,207
Other staff costs	-	13,100	13,100	5,652
Depreciation	172,131	-	172,131	175,584
Legal and professional	141,157	-	141,157	17,787
Other finance costs	-	-	-	36,814
Office administration	144,301	-	144,301	110,707
Premises costs	186,099	-	186,099	173,354
Marketing and public relations	340,270	-	340,270	119,281
Audit fees	-	14,855	14,855	14,800
Accountancy	2,888	40,070	42,958	10,104
	<u>986,846</u>	<u>142,066</u>	<u>1,128,912</u>	<u>733,290</u>

11 Auditor's remuneration

	2021 £	2020 £
Audit of the charity's annual accounts	<u>10,750</u>	<u>12,000</u>
Other audit-related assurance services		
Regularity report	<u>2,850</u>	<u>2,800</u>
Non-Audit services		
Taxation compliance services	-	5,000
All other non-audit services	2,950	8,300
Total Non Audit fees	<u>2,950</u>	<u>13,300</u>

12 Trustees

None of the trustees or any persons connected with them received any remuneration from the charitable company during the year (2020: £nil).

There were no trustee expenses (2020: £239 travel expenses for one trustee).

The Education Endowment Foundation
Notes to the financial statements
for the year ended 31 March 2021

13 Employees	2021	2020
Average monthly number of employees during the year:	number	number
Chief Executive Officer	1	1
Grant making, evaluation and dissemination staff	39	32
Fundraising staff	1	1
Administration staff	7	5
	<u>48</u>	<u>39</u>

The key management personnel of the charity are considered to be the Chief Executive, Deputy Chief Executive, Director of Development and Communications and the Board of Trustees.

The remuneration and employee benefits of key management personnel, amounted to £488,184 in the year under review (2020: £416,379).

Staff costs comprise:	2021	2020
	£	£
Salaries & wages	3,072,647	2,117,019
Social security costs	262,594	196,806
Other pension costs	131,261	98,407
	<u>3,466,502</u>	<u>2,412,232</u>

The number of employees whose annual remuneration was £60,000 or more were:

	2021	2020
	number	number
£60,001 - £70,000	2	3
£80,001 - £90,000	2	-
£90,001 - £100,000	-	1
£100,001 - £110,000	1	1
£110,001 - £120,000	1	1
£180,001 - £190,000	<u>1</u>	<u>-</u>

14 Tangible fixed assets

	Fixtures and fittings	Computers and IT Equipment	Total
	£	£	£
Cost			
At 1 April 2020	125,076	1,677,608	1,802,684
Additions	-	194,154	194,154
Disposals	-	-	-
At 31 March 2021	<u>125,076</u>	<u>1,871,762</u>	<u>1,996,838</u>
Depreciation			
At 1 April 2020	109,448	1,347,765	1,457,213
Depreciation charged in the year	15,378	167,810	183,188
Eliminated on disposals	-	-	-
	<u>124,826</u>	<u>1,515,575</u>	<u>1,640,401</u>
Carrying amount			
At 31 March 2021	<u>250</u>	<u>356,187</u>	<u>356,437</u>
At 31 March 2020	<u>15,628</u>	<u>329,843</u>	<u>345,471</u>

The Education Endowment Foundation
Notes to the financial statements
for the year ended 31 March 2021

15 Fixed Asset investments

	Listed investments £	Unlisted investments £	Cash in portfolio £	Total £
Cost or valuation at 1 April 2020	45,170,593	100	28,397,211	73,567,904
Additions	54,993	-	40,655,571	40,710,564
Revaluation changes	8,703,834	-	-	8,703,834
Disposals	(10,924,593)	-	(9,500,025)	(20,424,618)
At 31 March 2021	43,004,827	100	59,552,757	102,557,684
Carrying amount At 31 March 2021	43,004,827	100	59,552,757	102,557,684
At 31 March 2020	45,170,593	100	28,397,211	73,567,904
Historical cost	24,387,805	100	59,552,757	83,940,662
			2021 £	2020 £
Material Investments				
Fixed interest securities			29,674,589	30,162,741
Equities			10,160,603	10,299,506
Cash held within investment portfolio			59,552,757	28,397,211
Other			3,169,634	4,708,346
			<u>102,557,584</u>	<u>73,567,804</u>

The Trustees do not consider any individual investment within these amounts to be material

	2021 £	2020 £
Investments at fair value comprise:		
Investments held in the UK	59,197,284	28,765,050
Investments held overseas	<u>43,360,300</u>	<u>44,802,754</u>
	<u>102,557,584</u>	<u>73,567,804</u>

Fixed asset investments revalued

The above funds are invested in sterling denominated securities.

The Trustee appointed investment custodians are charged with safeguarding the investment assets of The Education Endowment Foundation. Their responsibilities include overseeing the reconciliation of the investment managers' records within their own.

16 Subsidiaries

These financial statements are separate charitable company financial statements for EEF Services Limited.

Details of the charitable company's subsidiaries at 31 March 2021 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held.	% Held	Direct	Indirect
EEF Services Limited	5th Floor Millbank Tower, 21-24 Millbank, London SW1P 4QP	Dormant	Ordinary	100.00		

17 Debtors

	2021 £	2020 £
Amounts falling due within one year:		
Other debtors	21,020	16,126
Grants receivable	41,633,358	6,883,557
Prepayments and accrued income	61,844	51,628
	<u>41,716,222</u>	<u>6,951,311</u>
Amounts falling due after more than one year:		
Grants receivable	131,313	1,569,851
Total debtors	<u>41,847,535</u>	<u>8,521,162</u>

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18 Creditors: amounts falling due within one year	Notes	2021	2020
		£	£
Trade creditors		169,663	757,379
Amounts due to subsidiary undertakings		-	-
Other taxation and social security		87,114	56,980
Deferred income	20	54,354,769	2,672,066
Grants accrued		9,451,662	8,330,737
Other creditors		22,008	528,951
Accruals		9,902,482	7,505,028
		<u>73,987,698</u>	<u>19,851,141</u>
19 Creditors greater than 1 year			
		2021	2020
		£	£
Deferred income	20	114,833	1,279,949
Grants accrued		<u>3,217,299</u>	<u>4,707,963</u>
		<u>3,332,132</u>	<u>5,987,912</u>
20 Deferred income			
		2021	2020
		£	£
Other deferred income		<u>54,469,602</u>	<u>3,952,015</u>
Deferred income is included in the financial statements as follows:			
		2021	2020
		£	£
Current liabilities		54,354,769	2,672,066
Non current liabilities		<u>114,833</u>	<u>1,279,949</u>
		<u>54,469,602</u>	<u>3,952,015</u>
		2021	2020
		£	£
Deferred income brought forward		3,952,015	3,105,795
Grants received in the year		(41,062,469)	(6,389,719)
Grants recognised in the year		<u>91,580,056</u>	<u>7,235,939</u>
Deferred income carried forward		<u>54,469,602</u>	<u>3,952,015</u>

Deferred income represents grants received in advance. The income is deferred when the grant agreements are subject to conditions which are still to be met and which are outside the control of the charity or when grants or income are received in advance and specified by the donor or other party as relating to specific accounting periods.

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21 Retirement benefit schemes

Defined contribution schemes

The charitable company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the charitable company in an independently administered fund.

The charge to the Statement of Financial Activities in respect of defined contribution schemes was £131,369 (2020: £89,407).

Contributions totalling £25,812 (2020: £17,064) were payable to the fund at the balance sheet date and are included in other creditors.

22 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

	Balance at 1 April 2020	Movement in funds		Balance at 31 March 2021
		Income	Expenditure	
ICG	250,000	500,000	(750,000)	-
Northern Rock Foundation	261,061	-	(261,061)	-
Sunday Times Appeal	1,034,830	245,596	(865,370)	415,056
National Tutoring Programme (DfE)	-	27,652,808	(11,630,262)	16,022,546
Nuffield Early Language Intervention (DfE)	-	8,054,465	(7,038,402)	1,016,063
Early Years Professional Development (DfE)	-	232,495	(232,495)	-
Evidence Guardianship (DfE)	-	2,000,000	(361,284)	1,638,716
BHP Billiton Foundation	-	1,389,616	(1,389,616)	-
KPMG National Tutoring Programme	-	500,000	(500,000)	-
Paul Hamlyn Foundation	-	100,000	(100,000)	-
Suffolk County Council	-	100,000	-	100,000
Wellcome Trust	-	461,085	(461,085)	-
Lincolnshire Associated Research School	-	22,000	-	22,000
	<u>1,545,891</u>	<u>41,258,065</u>	<u>(23,589,575)</u>	<u>19,214,381</u>

Details of restricted funds

ICG fund is restricted to funding two of the EEF's promising projects, Tutor Trust and Nuffield Early Language intervention.

Northern Rock Foundation fund is restricted to funding a five-year North East Literacy Campaign focused on primary-age children in the region.

Sunday Times Appeal fund is restricted to supporting schools in disadvantaged communities.

The DfE funding is restricted to four different streams of work: the National Tutoring Programme, the Nuffield Early Language Intervention, the Early Years Professional Development and the Evidence Guardianship.

The BHP Billiton Foundation fund is restricted funding to fund global trials with the EEF's international partners.

KPMG fund is restricted to funding the National Tutoring Programme.

Paul Hamlyn Foundation fund is restricted to funding the EEF's response to COVID-19 related schools closures.

Suffolk County Council fund is restricted to funding Regional delivery activity in Suffolk.

Wellcome Trust fund is restricted to funding collaborations between educators and neuroscientists to develop and evaluate the effectiveness of neuroscience-based educational interventions in the classroom designed to increase the attainment of pupils, particularly those from low-income families, to fund Science and Education trials and Science Teacher retention trials.

A donation from an individual donor to support funding the Lincolnshire Associated Research School.

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22 Restricted funds (continued)

Restricted funds (prior year)

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

	Balance at 1 April 2019	Movement in funds		Balance at 31 March 2020
		Income	Expenditure	
Home Learning Environment (DfE)	-	2,569,288	(2,569,288)	-
Early Years Foundation Stage Profile Pilot (DfE)	-	168,089	(168,089)	-
Early Years Professional Development (DfE)	-	1,557,281	(1,557,281)	-
BHP Billiton Foundation	-	1,655,409	(1,655,409)	-
ICG	-	500,000	(250,000)	250,000
KPMG Manor Park Talks	-	25,000	(25,000)	-
JP Morgan Foundation (Post-16)	33,329	33,335	(66,664)	-
Kusuma Trust	54,940	40,160	(95,100)	-
Northern Rock Foundation	551,624	-	(290,563)	261,061
Sunday Times Appeal	-	1,097,888	(63,058)	1,034,830
Wellcome Trust	-	687,376	(687,376)	-
	<u>639,893</u>	<u>8,333,826</u>	<u>(7,427,828)</u>	<u>1,545,891</u>

The DfE Funding is restricted to three different themed rounds on Home Learning Environment, on an early Years Foundation Stage Profile Pilot and on Early Years Professional Development.

The BHP Billiton Foundation fund is restricted funding to fund global trials with the EEF's international partners.

ICG fund is restricted to funding two of the EEF's promising projects, Tutor Trust and Nuffield Early Language intervention.

KPMG fund is restricted to funding the Manor Park Talks project, a course of training for early years staff which helps them to identify and support children with early language development.

JP Morgan Foundation (Post-16) is restricted to funding post-16 trials.

Kusuma Trust fund is restricted to funding to scale up evidence for impact in mathematics and science in up to 220 schools in regions across the UK.

Northern Rock Foundation fund is restricted to funding a five-year North East Literacy Campaign focused on primary-age children in the region.

Sunday Times Appeal fund is restricted to supporting schools in disadvantaged communities.

Wellcome Trust fund is restricted to funding collaborations between educators and neuroscientists to develop and evaluate the effectiveness of neuroscience-based educational interventions in the classroom designed to increase the attainment of pupils, particularly those from low-income families, to fund Science and Education trials and Science Teacher retention trials.

23 Analysis of net assets between funds

	Unrestricted funds	Restricted funds	Total
	£	£	£
Fund balances at 31 March 2021 are represented by:			
Tangible assets	356,437	-	356,437
Investments	68,653,178	33,904,506	102,557,684
Current assets/(liabilities)	(10,305,360)	(13,576,895)	(23,882,255)
Long term liabilities	(2,218,902)	(1,113,230)	(3,332,132)
	<u>56,485,353</u>	<u>19,214,381</u>	<u>75,699,734</u>

Included within unrestricted funds is a reserve of £8,703,834 (2020: £12,177,588) relating to unrealised gains on investment assets.

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23 Analysis of net assets between funds (continued)

	Unrestricted funds £	Restricted funds £	Total £
Fund balances at 31 March 2020 are represented by:			
Tangible assets	345,471	-	345,471
Investments	73,567,904	-	73,567,904
Current assets/(liabilities)	(11,023,007)	2,825,840	(8,197,167)
Long term liabilities	(4,707,963)	(1,279,949)	(5,987,912)
	<u>58,182,405</u>	<u>1,545,891</u>	<u>59,728,296</u>

Included within unrestricted funds is an unrealised reserve of £12,177,588 (2019: £12,986,642) relating to gains on investment assets.

24 Commitments under operating leases

The charity has the following future minimum lease payments under non-cancellable operating leases:

	2021 £	2020 £
<u>Land and buildings</u>		
Within 1 year	97,315	97,315
Between 2 - 5 years	-	-
	<u>97,315</u>	<u>97,315</u>

25 Related party transactions

Sir Peter Lampl, the Chairman of The Education Endowment Foundation is also the Chairman of the Sutton Trust. Sir Peter Gershon is a Trustee of the Sutton Trust. During the year the charity made payments of £52,919 (2020: £29,384) to the Sutton Trust for the use of office premises and related office administration expenses and reimbursed the Sutton Trust the sum of £44,400 (2020: £29,206) for payments made on behalf of The Education Endowment Foundation for staff costs, staff travel expenditure and sundry purchases.

At the year end the Sutton Trust owed £21,134 (2020: were owed £18,727 by) The Education Endowment Foundation. This amount is included in other creditors.

Lucy Heller, a Trustee of the Education Endowment Foundation, is also the Chief Executive of Ark, an organisation the Education Endowment Foundation granted £nil in the year (2020: £nil). The Education Endowment Foundation owed Ark £224,363 at the year end (2020: £532,655).

Hanneke Smits, Louis Elson, and Nat Sloane, Trustees of the Education Endowment Foundation, are also Trustees of Impetus - The Private Equity Foundation, an organisation the Education Endowment Foundation granted £196,933 in the year (2020: £nil), of which £98,466 was recognised as grant expenditure in 2021. (2020: £nil).

Staff were seconded from Impetus to deliver the National Tutoring Programme and costs recognised during the year are £44,835 (2020: £nil).

At the year end Impetus PEF were owed £49,233 (2020: £nil) by the Education Endowment Foundation for its grant expenditure, this is included in Grant Accruals. At the year end Impetus PEF were owed £23,406 (2020: £nil) by the Education Endowment Foundation with regards to seconded staff costs, this is included in Accruals.

26 Post balance sheet events

After the year end, the charity re-tendered for the National Tutoring Programme Year 2, which they had run for the period 01/08/2020 - 31/07/2021, however the tender was unsuccessful and this was transferred to another provided from 31/08/2021. The project costs were less than budgeted in the period of the programme, due to the reasons outlined in the trustee report, which has resulted in a significant underspend at the finalisation of the project. This represents a total underspend of £29.2 million which will be returned to the Department for Education in the following financial year.