

NIACE Annual Report 2005–2006



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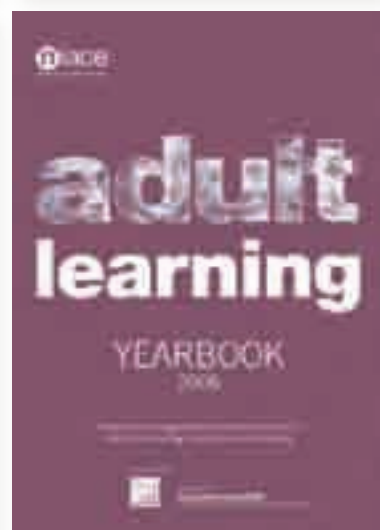
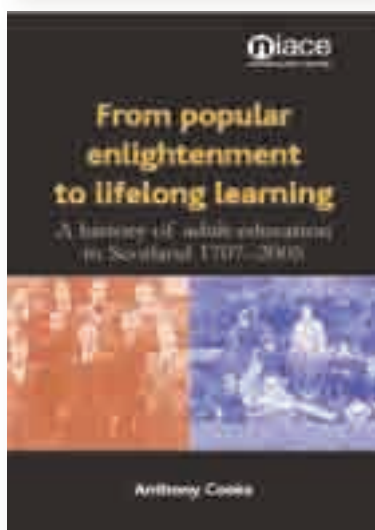
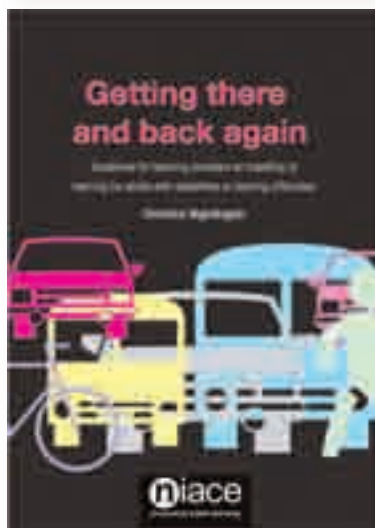
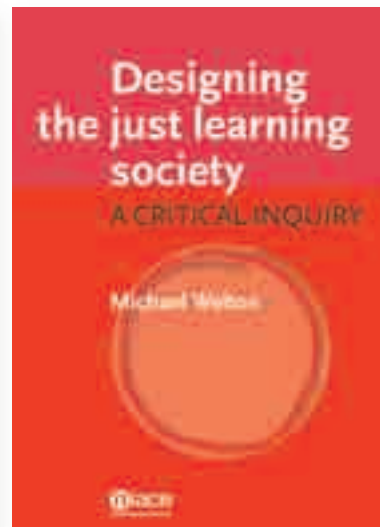
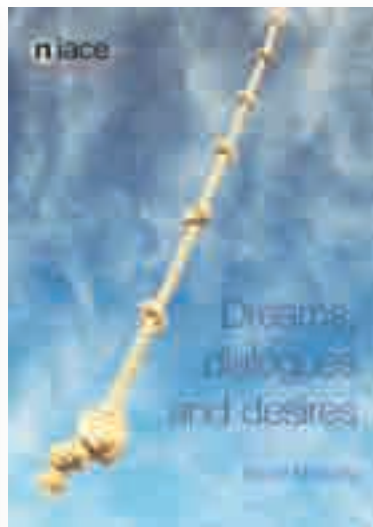
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Introduction

NIACE is a registered charity, founded in 1921, working to promote the interests of adult learners and potential learners. On 31 March 2006 there were 306 organisations in corporate membership of NIACE, as well as 16 reciprocal members, from right across the spectrum of contexts where adults learn, and there were 236 individual members. In addition, 172 local education authorities receive automatic membership because of the funding NIACE receives from the Local Government Association.



Our values

We believe that adult learning is essential, not only to create and maintain a more skilled and knowledgeable workforce, but also for personal development, and for building a democratic, just and informed society. We believe that people are excluded from learning because of structures and policies which work to their disadvantage, and we recognise the need to fight for equality of opportunity for all learners. In all our work, the key issue is 'how can we improve learning opportunities for adults in the full range of communities?'

Our objectives

We work to support an increase in the total numbers of adults participating in formal and informal learning in England and Wales, and we are also concerned to ensure that the quality of the learning experience is the highest possible. We try to improve opportunities to widen access to learning, especially for adults who have benefited least from previous education and training.

NIACE seeks to influence decision-makers responsible for the policies which affect adult learning. We operate across all sectors of post-compulsory education and training, and work with other agencies to promote the interests of adult learners.

NIACE aims to achieve its objectives by:

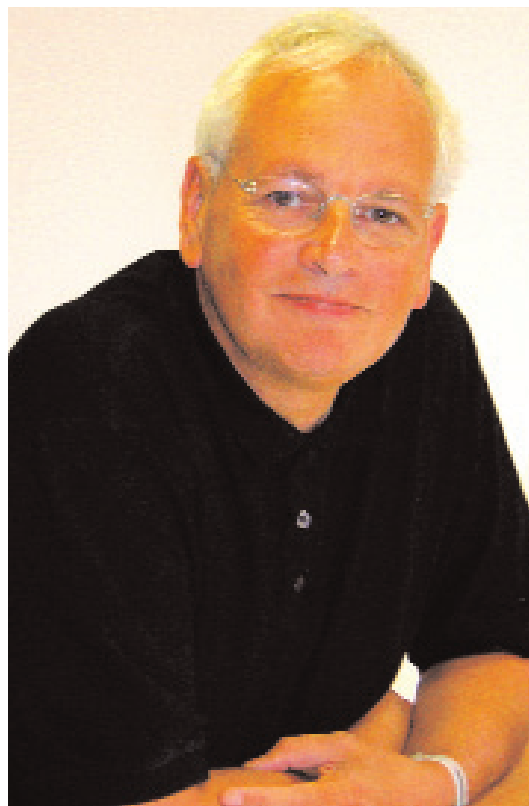
- **influencing, monitoring and contributing to policy and practice;**
- **promoting participation for all;**
- **strengthening the voice of learners;**
- **acting in all sectors where adults learn;**
- **working regionally, nationally and internationally.**

Director's Foreword

The pattern of publicly supported provision for adult learners changed radically during 2005–06. In England, in further education courses funded by the Learning and Skills Council (LSC), participation by pensioners plummeted by almost a quarter in a single year – and older people were the most obvious losers, as 700,000 places were lost in just two years from 'other further education' – courses funded by the LSC outside of *Skills for Life* or the national qualifications framework. One cause of the rapid reduction was the way the law governing further education was framed in 2002. It put a duty on the LSC to meet the needs of 16–19-year-olds first, and to spend only what was left on adults. There was, during the same year, a welcome increase in the number of young people staying on, particularly in schools, which are funded for a whole year as soon as a student enrolls. The result is that one full-time young person displaces ten part-time adult students. Hence, with capped budgets, success for Peter robs Paul.

A second reason for the loss of openly advertised and freely chosen adult learning places derived from a re-balancing of government priorities. As the second Skills White Paper, which was issued just at the beginning of the year, made clear, the Government was keen to expand provision in the workplace, and to increase the numbers of people gaining a 'level 2' qualification (the equivalent of five good GCSE passes) as a platform for future employability, and to stimulate more achievement, too, at level 3, technician or university entrance level. The Employment Training Pilots, launched to fund employers to support workers towards those qualifications, were to be expanded. As the pilots rolled out, there was encouraging news of employer satisfaction with the programme, but an evaluation of the first year of the pilots' work released just after Christmas 2005 pointed to almost 90 per cent deadweight – that is public money driving out what employers would have spent already – and little evidence of qualifications gained. Other evaluations produced more positive evidence of the effectiveness of the programme, but for many adult learners the scale and speed of re-balancing seemed like an experiment on a large scale, undertaken more in hope than in certainty of success.

There have been some encouraging signs following government's attempts to align skills demand with



Alan Tuckett, Director

supply at a regional level in England. This has been predicated to date on an increased emphasis on listening to the views of employers, worthwhile in itself, over the needs of individuals and communities. Opportunities to link funding for adult learning with regeneration, culture and civic renewal are also at an early stage. The time is right for cross-government work on an 'every adult matters' agenda to parallel the laudable work with young people.

One welcome feature of the early years of this government was its commitment to widening participation and achievement. In further education the focus of that aspiration has now changed from community-based provision, where a number of the advances of the early years have been reversed, to the workplace, where, after all, people with no post-school experience of engaging in education and training are most likely to get the opportunity to learn, as long as their employers provide the chance. Interestingly, as widening participation slipped down the agenda of further education colleges, it became an increasingly important focus in the work of the Higher Education Funding Council for England.

Government's commitment to the creation of a learning society is predicated on everyone investing more – the state, individuals and employers. There has, without doubt, been a major increase in government investment in post-compulsory education in the years since 1997, with some half a billion pounds spent during 2005–06 on literacy, language and numeracy alone. Yet the primary focus of that spending has been on 16–19-year-olds, at a time when two in three of the jobs of the next decade need to be filled by adults, since there are not enough young people to fill the new and replacement jobs becoming available.

NIACE hoped that this issue would be addressed in Sir Andrew Foster's report on further education colleges, which appeared in October. The report highlighted the importance of colleges' vocational role, both in preparing people for entry to the labour market, and in supporting employers in workforce development, but had little to say about the balance of needs between young people and adults. The report was less convinced of the role of colleges in responding to the broad range of demands made on them by local communities. NIACE's own report on adult learners in further education, *Eight in Ten*, concurred with Foster's analysis of the primary vocational purpose of colleges, but argued too that they had a third task, to conserve and enhance cultural value. Foster was impatient with the cluttered landscape of audit, inspection and supervision experienced by colleges, and government moved to address those concerns by announcing the intention to amalgamate the Office for Standards in Education with the Adult Learning Inspectorate, and by announcing the creation of a Quality Improvement Agency, designed to bring together responsibilities for quality enhancement from the Department, from the LSC and other agencies – both initiatives to take effect after the end of the year in review.

In parallel with the Foster review, the Government announced a review of the skills needs of the UK in 2020, led by Lord Leitch, the former head of Zurich Insurance, and located in the Treasury. Its interim report, again published in the autumn, did accept that adult skills would need to be a major focus of future public policy. Its analysis suggested that even if the

current and challenging targets for qualifications and achievement were to be hit, our comparative international position in a global league table of industrial and industrialising countries would be mediocre at best. Interestingly, the report suggested that, taking productivity gains and social inclusion into account, there was an equally strong case for investing in low-, intermediate- and high-skilled adults. However, it recognised that the economic case for employers would lead them to concentrate expenditure on their more skilled employees. The strong implication of this is that government should prioritise investment in those with the lowest levels of skill. The Skills Strategy and Skills for Life strategy are both steps in this direction, but where funding pressures intensify, and a target culture continues unabated, the temptation for funders and providers alike is to look not for those in greatest need, but for those with the shortest journey to take to achieve qualifications. We look forward to Lord Leitch's final report with great interest.

A third major report, the Turner review of pensions, like Leitch, highlighted the importance of demography, and the challenges posed in supporting a rapidly-expanding older population with a shrinking population of adults of working age. It highlighted the importance of financial literacy, an area NIACE has now worked on for some years, and the need to rethink the end of working life to enable people to extend participation in the labour market, often part-time, without jeopardising pension entitlements. One result of the debate engendered by the report has been re-vitalised attention being given to the learning needs of older people. This was reinforced by a cross-government policy paper, *Age Opportunity*, which identified the benefits of participation by older people, without yet leading to a focus on how public services can meet their needs.

There were real gains in England for part-time learners in higher education – and part-timers in HE are overwhelmingly adults – when the Government announced a modest package of grants and loans for part-timers. It continues to leave part-time students less well funded and supported than full-time students but represented a welcome step along the way. The Open University played a central role in

securing the change, without ever needing to mobilise its army of alumni, but nevertheless reminding legislators and funders alike of the fierce loyalties that can be generated by adult learning that changes people's circumstances and their lives. In Wales, too, part-timers look to get a better settlement following the decision of the Welsh Assembly to establish a review on funding arrangements for institutions and personal support, chaired by Heather Graham.

As migration flows increase, there has been renewed pressure on already over-stretched English language course provision for speakers of other languages. NIACE decided to follow up its inquiry into adults in further education with an inquiry into provision for ESOL, led by Derek Grover, who when in the civil service led the work that secured the place of ESOL in the *Skills for Life* strategy. It will report in the early autumn of 2006, in time hopefully to influence the next public spending review.

The launch of the Union Academy marked public recognition of the success of the trade union movement in stimulating participation among union members. The role of union learning representatives, as peer group advisers, encouraging members to take up learning opportunities in order to maintain options in the labour market, or to enrich their lives, has been impressive, and points the way for the review of Information, Guidance and Advice services to recognise the powerful role peer-group intermediaries can play in fostering a learning culture, stimulating participation and acting as mentors through the process.

The balance between central government, regional and local planning for education and for skills policy took centre stage during the year, when Ken Livingstone, the Mayor of London, argued powerfully that responsibility for learning and skills should be transferred from the LSC to the Mayor – so that skills could be better integrated with other regeneration initiatives. It is a concern echoed elsewhere in Regional Development Agencies. At its best regional co-operation between LSCs and RDAs works well for larger scale initiatives, but as local government continues to remind government, many learning initiatives for adults need to be responsive to

neighbourhood needs. The outcome of the London proposal was not resolved by the year-end. But the question of balance will run and run!

The publication of a strategy for Offender Learning and Skills was a welcome development during the year. For the first time it reviewed provision for offenders in custodial and community settings, and looked, too, at the needs of ex-offenders. Securing sustained investment and commitment to realise the aims of the strategy must now be a key focus for advocacy work.

Whilst this has been a tough year in England, and, to a lesser extent, in Wales, for many involved in adult learning, developments in the European Union seem encouraging, at least at first glance. NIACE was pleased to facilitate a conference to mark the UK Presidency of the EU in September, and progress has been made to adopt the Lisbon Memorandum. Just as in England, however, the period has marked some slippage on the commitments to life-wide learning secured in the consultations following Lisbon, as a narrow utilitarianism is adopted in response to the fierce heat of international competition.

Globally, the situation facing adult learners offers a mixed picture. State after state, backed by aid agencies, and in line with World Bank thinking, focuses attention on universal primary schooling to the exclusion of adult engagement. However, the continuing expansion of the World Social Forum seeking other possible ways of organising the world, so that everyone might share in the prosperity it supports for some is grounded in adult learning of the kind R.H.Tawney and Archbishop Temple would have recognised – allied to humanistic values, actively focused on securing a democracy where all voices can be heard and respected, where opportunity, to borrow a phrase of the Government's, can be for the many not the few. Adult educators everywhere will need to work hard to re-assert that approach, to ensure that people can have access to life-wide as well as life-long learning.

Alan Tuckett
Director

Influencing, monitoring and contributing to policy and practice

Our key role is to help create a favourable policy environment for adult learners. We use evidence from our extensive research and development activity to lobby government, whether at local, regional or national level. We seek to consult with and advise the Government and key agencies in the field. We brief Members of Parliament from all political parties. As our membership is representative of each area of adult learning provision, our advocacy work carries a substantial body and weight of opinion. In all of this we try to highlight the perspectives of adult learners.

- NIACE and LLU+ worked in partnership on a highly successful English for Speakers of Other Languages (ESOL) and citizenship project, developing language-learning materials for migrants wishing to apply for UK citizenship. Six thousand copies of the materials, for use in England, were produced and are available free from the Department for Education and Skills (DfES); these materials are referenced in the legislation as a language requirement for UK citizenship. Two thousand ESOL teachers attended the familiarisation workshops in England, Wales and Scotland. Forty-four trainers were trained to deliver the workshops and are now NIACE/LLU+ Associate Trainers, who can be approached to deliver further training. The challenge with which we are now engaged is to produce similar materials which are sensitive to the different cultures and politics of Scotland, Northern Ireland and Wales.
- Patricia Hewitt MP awarded a prize to Leicester nextstep for its Prescriptions for Healthy Living project, and NIACE's instrumental role in the development of this work was highlighted in the ceremony.
- David Morris, a senior director of the National Institute of Mental Health in England (NIMHE), gave a keynote speech at our conference on Adult Education and Mental Health in November 2005. NIACE was mentioned in the NIMHE National



Social Inclusion Programme Annual Report to Ministers. Our work with the Learning and Skills Council and NIMHE to promote and improve access to learning and skills for people experiencing mental health has led to the recruitment of nine regional project officers. Despite these successes, major challenges remain, with very tangible cuts to provision for adults with learning difficulties and disabilities.

- We are carefully monitoring the development of proposed welfare reforms, particularly those that impact on people in receipt of Incapacity Benefit. We would like to see clear directions for adults to learning opportunities and for clarification of the impact that participating in learning will have on benefit payments.
- The inclusion of later life learning in the new Sure Start-Link Age plus pilots, being developed as a consequence of the Social Exclusion Unit's final report *A Sure Start to Later Life: Ending Inequalities for Older People*, gives recognition to the value now being placed by the Government on learning in later life. However, the ever-changing funding is worsening and the impact on older learners, especially those who are reliant on provision for their main stimulation and social contact, has yet to be evaluated.

“ As I started my studies I felt as if I had been in a room with shuttered windows which were being opened one by one revealing another world outside. I wish with all my heart that I had started my adult studies much sooner ”

Raymond Elgood, Age 84, Leicester

- Central to our advocacy role is a continuing dialogue with government in Wales. This year NIACE Dysgu Cymru was involved in the preparation of the Rees Report (particularly a key chapter on part-timers in higher education) and contributing to the Graham Review (set up to investigate part-time higher education).
- NIACE has worked successfully with FPM (an independent training organisation) on the Managing Better and Leading Adult Learning programmes funded by the Centre for Excellence in Leadership (CEL) for adult and community learning managers, and has undertaken an interesting and informative action research project with Lancashire Adult Learning Service, looking at how distributed leadership can be developed and supported.
- NIACE has continued to contribute to the Support for Success quality improvement programme, funded by the Learning and Skills Council.
- This year NIACE Dysgu Cymru established a black practitioners network for Wales.
- During the year NIACE was engaged by the DfES to support the embedding of the work carried out by Testbed Learning Communities set up under the Skills Strategy. Work included regional support and networking, the running of three national conferences, a media campaign, preparation of case study material and meetings with key officials across Government departments and in think tanks. NIACE published a book on the main messages for practice from the initiative.
- During the year NIACE co-ordinated an action research programme involving 12 organisations to consider how they can best use e-learning to widen adult participation in learning. Participants were enabled to develop practical skills and knowledge for conducting research into their own practice, and stated positively at the end of the project that they would conduct action research again in the future.
- NIACE made the case for organisations to develop an e-learning strategy, and was successful in convincing 142 out of 151 adult and community learning organisations to do so.
- We also supported 40 per cent of LEA adult education providers to employ learning platforms to aid their programmes.
- NIACE also presented 164 training events, representing 242 training days, which were attended by 3,603 participants. Of these 86.3 per cent of delegates gave their event an overall assessment of 'excellent' or 'good'.
- Our E-Guides national event brought 325 participants to a two-day residential event in March to mark the conclusion of the two-year project. The event ran an amazing array of 102 workshops over the two days. This event was rated 'good' to 'excellent' by 99 per cent of participants.

Strengthening the voice of learners

One way in which we give a powerful voice to learners is by organising and co-ordinating national campaigns. The largest is Adult Learners' Week, which celebrates learners and gives recognition to their achievements, sometimes in great adversity. For the sheer passion, vigour and inspiration with which adults bring to their learning, Adult Learners' Week provides a showcase, encompassing press and TV articles and advertising, radio broadcasts, poster campaigns, conferences and seminars, award ceremonies and Parliamentary receptions. Adult Learners' Week is a breathless party which demonstrates clearly the energy, variety and vitality of adult learning.

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- 2005 saw the 14th annual Adult Learners' Week – when the formal launch and opening awards ceremony on 23 May was attended by Rt Hon Ruth Kelly MP, Secretary of State for Education and Skills, and the actor and TV presenter, Tony Robinson. The event also saw the launch of *And Now Press the Red Button* – an Ofcom-supported guide to media literacy.
- This year's policy conference – on the theme of sectoral approaches to workplace learning – was addressed by the new Minister for Skills, Phil Hope MP. Our annual Parliamentary Reception, hosted by the All-Party Group for Further Education and Lifelong Learning, was also addressed by the Minister.
- The final national event of the Week – to mark Learning at Work Day and celebrate NIACE's Opening Doors to Adult Learners and Learning Works award winners – was attended by Bill Rammell MP, the newly-appointed Minister of State for Lifelong Learning, FE and HE, and compered by BBC newsreader, Moira Stuart.
- In the days running up to Adult Learners' Week, during and after the Week itself, coverage was secured on all of the major terrestrial television broadcasters – the BBC, ITV and Channel 4 – together with news and feature coverage in *The Guardian*, *The Independent*, the *Daily Express*, the *Financial Times*, the *Daily Telegraph*, the *Daily Mail*, *The Mirror*, *The Scotsman*, *BBC Online* and the *Times Educational Supplement*. There was a four-minute news feature on Channel 4 News, together with coverage on Press Association and a live studio discussion on Radio 4's Learning Curve.
- There were 58,305 visitors to the Adult Learners' Week website in May 2005 – an increase of 77 per cent on 2004. 4,318 events were listed on the Week's online calendar – a doubling of 2004's listings. Data from learndirect indicates that 27 per cent of callers to the advice line during Adult Learners' Week 2005 specifically mentioned the campaign. Forty-five per cent of callers had a highest level qualification of Level 2 or below. Fifty-nine per cent of callers were aged 25 to 49. Thirty-eight per cent of callers were not in employment or unemployed and nearly 77 per cent of callers were currently not in learning.

“ Education in prison gives a person a way out of the rut that they find themselves in, thanks to the forgotten army of prison tutors ”

Peter Fewell, Age 48, East Sussex

“ Learning has turned my life around. I only wish I had done it earlier...Don't be afraid to take the first step as it is the first step to a new beginning. Have faith in what is on offer and don't give up ”

Margaret Hewitson, Age 60, Arkright Town



- Although Adult Learners' Week is clearly one of the outstanding events in NIACE's calendar, we did organise other promotional campaigns in the year, aimed at giving greater voice to the learning needs of specific sections of the community.
- In our ESOL Outreach Research Campaign, NIACE appointed outreach researchers to work with the Indian community in Leicester, the Pakistani community in Bradford, the Bangladeshi community in Tower Hamlets and the Somali community in Ealing and Southall to gather research on learning participation and learner preferences. Radio, cinema and TV advertisements to accompany this campaign were translated into community languages and an evaluation showed a significant increase in the number of callers to learndirect – in particular, calls to the Somali Language line.
- Free support materials and learner packs were distributed to prisons throughout the English regions as part of our Offender Learning Campaign. Branded learner packs containing notebooks, puzzles and interactive materials to encourage and promote learning were selected as a result of detailed consultation with prisons. The packs included a CD containing positive guidance from fellow inmates on issues such as skills for life, keeping in contact with family, health, wellbeing and fitness.
- In our campaign on adult learning and homelessness, NIACE worked closely with shelters, hostels and support organisations to encourage adult learning using learner packs targeted at homeless adults and those in vulnerable housing.
- Our Skills United campaign targeted employers in six industry areas – property, housing, cleaning and facilities management; construction; passenger transport; broadcast, film, video, interactive media and photo imaging; IT, telecommunications and contact centres; and building services engineering. The purpose of the campaign was to encourage employers to think about the skills needs of their own organisations in response to the changing demography of the UK.
- In NIACE Dysgu Cymru we co-ordinate three campaigns to raise awareness of adult learning opportunities: Adult Learners' Week in Wales; Sign Up Season in August/September; and Taking Control in January. In 2005 these campaigns directly reached 22,000 beneficiaries through local learning events and calls generated to the helpline. Running alongside these national events in Wales have been local learning festivals, which encourage local providers to make better connections with their communities.

“ Once you have gained your new knowledge, instead of feeling small and cowering away you feel ten foot tall ”

Heather Hegarty, Age 52, Bristol

“ Without adult learning I would still be sitting at home, staring at the four walls quietly going mad...I have gained full time employment and not only do I have a better life and better prospects, I also have a reason to live. Adult learning has changed my life! ”

A member of The Braille Group, Pontefract, West Yorkshire

- A research report prepared by NIACE staff on young adults' experiences of literacy, language and numeracy was published and disseminated by the National Centre for Research and Development in Adult Literacy and Numeracy. In response to the findings of the research, a youth literacies network was set up.
- Our programme of work in Wales included the development of a project in which nine older learners created digital stories about their learning experiences. The resulting stories continue to be used widely to promote the wider benefits of learning for older people.
- Research work undertaken by NIACE's family learning team and the Young Adult Learners Partnership produced a well-received publication on young parents' experience of adult learning, published by the National Youth Agency.
- NIACE has been conducting evaluations on neighbourhood renewal projects involving gypsy and traveller communities in Liverpool and Sefton.



Working across all sectors

NIACE is concerned to promote learning in all its diversity. During the year we published *Eight in Ten* – the results of an enquiry into adult learning in further education colleges. Our work with the voluntary and community sector provides ample evidence that good learning outcomes need not be measured by accreditation or qualifications. With local authority provision, issues of staff development have been highlighted. Our experience is that quality and resources are recurrent issues both here and in the more formal learning settings in colleges and universities.

- The main activity in our work in FE centred round the Committee of Enquiry (into adult learning in FE colleges). The Committee, which was chaired by Chris Hughes, former Chief Executive of the Learning and Skills Development Agency, met from January to July 2005, and its Report, *Eight in Ten*, was published in October. The Report has been well received, arguing for greater emphasis on the social and cultural value of adult learning than appears in much current policy. Successful conferences were held during the year on 'Saving Adult Learning', 'Human Capital and Adult Skills' and 'Foster, Funding and Adult Learning'. Alan Tuckett and Colin Flint contributed to the 'think-pieces' that were invited as evidence to the work conducted by Sir Andrew Foster, and they also appeared before the House of Commons Select Committee on Further Education in March. Funding allocations for much adult provision in colleges fell during the year, except for those areas of work prioritised by the Government (literacy, language and numeracy and Level 2 vocational skills). This has resulted in uneven provision across the country, as some colleges maintained courses and increased fees, while others cut large proportions of their adult provision.
- We continued to support and service LEAFEA, the local authority adult learning network, holding more than 20 well-attended national and regional meetings for information-giving and exchange, as well as running seminars on current issues of interest to local authority adult learning. Seminar



themes for 2005–06 included securing provision through contracts, reshaping the curriculum offer and working with employers.

- As part of our work for the Local Government Association, 24,000 copies of a lifelong learning bulletin were sent in the autumn of 2005 to every councillor and chief officer in England. The bulletin and a series of follow-up regional events with elected members outlined the contribution that adult learning can make to a range of local authority agendas, and helped to initiate a number of discussions around wider learning strategies.
- NIACE's E-Guides training programme in e-learning skills was completed in March 2006. It had attracted 1,286 participants from local authority adult learning services, WEA regions and some former external institutions. The programme had a retention rate of 93 per cent and a satisfaction

rating of 94 per cent. An impact survey carried out in January 2006 indicated that the training had been cascaded to 8,669 staff in 81 ACL providers. Surveys have also shown that the training materials have been used extensively. The programme was extended to libraries in a highly successful pilot programme attended by representatives from 63 libraries.

- We completed our work for the Learning and Skills Council on segmenting the adult education curriculum offer and successfully argued the case for the inclusion of learning for both personal and community development within the Government's financial 'safeguard' for wider lifelong learning. Unfortunately, our argument that First Steps learning should be fully funded from within the mainstream FE budget, although initially well received, subsequently fell victim to the funding shortages in the lower priority end of this funding stream.
- At the request of the Learning and Skills Council, we worked with ARCA, the Adult Residential Colleges Association, to map the nature and range of these colleges' activities in widening participation and to consider possible funding options for work most closely aligned with government priorities.
- NIACE has sought to influence a major new project, Lifelong Learning Networks, launched by the Higher Education Funding Council for England and the Learning and Skills Council. The aim of the project is to improve vocational pathways from FE into HE. Given the name of the Networks, NIACE discussed with Sir Howard Newby, HEFCE Chief Executive, how the Networks could embrace the wider concept of lifelong learning. This resulted in a HEFCE/NIACE project to support the Networks – about 30 of them so far – in their vision and planning, including Bill Jones giving a large number of presentations and keynote speeches to stakeholder conferences on the Networks.
- Organisations in each region worked together on training activities and on improving *Skills for Life* awareness. Participating organisations were encouraged to identify two other organisations within their region to build networks and share effective practice. We found that even a small amount of funding available made a huge difference to small voluntary organisations. However, the volunteers struggled to find time to do the *Skills for Life* training they wanted and smaller organisations without access to email experienced difficulties with communication.

“ Learning has given me a new lease of life – I want to encourage other people with disabilities to reach their full potential...I have joined the 'Disabled Peoples Forum' – issues are reported to local government and we speak to relevant bodies to try to resolve problems. I want to speak up for other service users, some of whom may have communication problems...Adult learning has given me a new beginning and a broader outlook. As my knowledge has grown, I have grown as a person ”

Beth Furness, Age 25, Birmingham

Working regionally, nationally and internationally

Over the last three years we have invested incrementally in building a strong team of regionally-based Development Officers. The soundness of the strategic decision to work more regionally is amply demonstrated, not only in the networking at regional level, but also in the sharing of policy, practice and news between regions. NIACE has a high awareness of local, sub-regional and regional perceptions of national policy, and we are able to draw on a wide diversity of experiences and examples to underpin our advocacy work.

- We have contributed to the development of strategy by responding to a range of regional consultation documents, aiming to ensure that a positive model of skills enhancement and adult learning is put forward rather than an emphasis purely on skills gaps or shortages.
- We have worked with the voluntary and community sector in each region to build capacity to deliver literacy, language and numeracy.
- As part of the Regional Achievement Programme, we are engaged in organising a series of ongoing Regional Achievement Dialogues across the English regions.
- We are continuing our work with regional partners on Action For Communities, a project to develop a regional framework for community learning in the South East. An Open Agenda event is being planned, on the future of community-based adult learning, to take this work further at a national level.
- We have completed the Strengthening Participation: A Regional Comparison (SPARC) project, funded by the Esmée Fairbairn Foundation, and are disseminating a project DVD that presents learners' views of their experiences of community-based learning.
- We are involved in work with other regions in Europe; for example, a transnational project on competencies to support effective regional working, and have recently submitted a bid for a project on age, work, health and well-being in the South West.
- We have held events for LSC staff on various themes including demography and forthcoming legislation on age discrimination and its impact on the LSC, Recognising And Recording Progress and Achievement in non-accredited learning (RARPA), and the impact of ESF funding on mainstream LSC provision.
- We are involved in project groups of Regional Skills Partnerships in a number of regions, leading research elements of these in terms of *Skills for Life*, demography, individual demand for learning and employability.

“ *Adult learning means always having a go and always trying because you don't know what you're capable of until you do* ”

Doreen Fletcher,
Adult Learners' Week award winner



- An opportunity to work in our home city of Leicester arose from a project conducted by the Young Adult Learners Partnership (run by NIACE in collaboration with the National Youth Agency, who are also based in Leicester), exploring the impact of drama on the oracy skills of young offenders. A pilot project was funded by the Arts Council and the work involved a partnership with Leicester College, Glen Parva Young Offenders Institute, Leicester Haymarket Theatre and Leicester University's Centre for Labour Market Studies.
- NIACE delivers the adult and community learning elements of Support for Success, specifically regular regional quality improvement networks, information and advice.
- One of the highlights for our European activity was the publication of our work on the Skills Audit Methodology which we developed over three years with nearly 600 asylum seekers and refugees in the East Midlands. When we reviewed and evaluated the work and collected the data for the publications, we recognised that the lessons learned had helped empower refugees and enabled many of them to work towards meeting their aspirations in the UK.
- As part of the UK's European Presidency, NIACE was able to organise a European Conference on the theme of Learning, Work and the Lisbon Goals. Adult Education policy-makers from all but one of the EU states and accession countries attended. Phil Hope MP spoke on English lifelong learning policy. This conference highlighted the necessity for adult learning to be a central policy development in Europe.
- Attendance at a conference of the European Association for the Education of Adults at Lillehammer in Norway helped to establish new European links for NIACE Dysgu Cymru, and as a result we made arrangements to host a study visit to Cardiff during Adult Learners' Week 2006 for Dutch colleagues.

“ ... like a garden that is always in full bloom, it brought me back to life. You are never put under pressure, there is always someone to talk to and guide you through. Now I know you are never too old to learn ”

David Love, Age 49, Norfolk

Meeting our goals

To meet our goals and make best use of our resources, we seek to:

- maximise our impact and deliver the highest quality of work; and,
- sustain a well-managed, sound and stable organisation.

Maximising our impact and resources

- During the year we submitted 90 competitive research and development bids and tenders, of which 39 were successful. The value of successful submissions was £1,830,639.
- During a one-week snapshot carried out in March 2006, NIACE staff answered 441 enquiries.
- Our Information Team responded to enquiries from current or potential learners and staff from FE, LEA, community education, and voluntary sectors. The most frequent requests were for information about funding and courses, details of our publications and research projects, and useful adult education resources.
- The number of visitors coming to the various NIACE websites continued to increase this year, with a total of 1,123,623 visits.
- During the year NIACE produced 66 publications across the entire range of good practice, policy discussion documents and research reports. As well as our portfolio of six journals, including the magazine *Adults Learning*, we also produced newsletters, briefing sheets and bulletins to meet the needs of the audiences of different NIACE teams. A contract for the DfES involved the production of the very substantial *Learning for*

Living suite of materials, which comprised several large volumes, CD-ROMs and webpages aimed at literacy, language and numeracy practitioners working with adults with learning difficulties or disabilities. We also produced, for the Home Office and the DfES, a set of ESOL citizenship materials for ESOL learners – a resource which has been cited in *Hansard*, the Parliamentary record.

- NIACE organised 103 conferences during the year, attracting some 6,000 participants. In feedback, 80 per cent of delegates gave an overall assessment of 'excellent' or 'good' for the events they attended. At our conference on Welfare Reform the Minister of State at the Department for Work and Pensions, Margaret Hodge, provided the keynote address.
- For the first time this year, we successfully implemented online surveys and forums as tools to support various projects. We also introduced a Moodle online learning environment, primarily to support some ICT projects.
- NIACE hosted and co-developed the website for the high profile Quick Reads campaign in co-operation with the DfES, the publishing industry, the TUC and the BBC.

Sustaining a well-managed and stable organisation

- During the year 52 new employees started working at NIACE, while 34 people left. By the financial year-end the total number of staff was 241, of whom 167 were women. Fifteen per cent of the staff complement were from non-white ethnic groups.
- NIACE's successful assessment in February 2004 means that we are re-accredited (for the fourth time) as an Investor in People, until 2007.

“ *Adult education has helped me to become more determined and to take new challenges. I have become more confident and outgoing and do not want to let my disability get in the way of what I want to do* ”

Gurpreet Kaur Singh,
Age 24, Bradford

NIACE Dysgu Cymru Summary

Advocacy

NIACE Dysgu Cymru (NDC) continued to service the All-Party Assembly Group with a particular focus on European funding for adult learning post-2006; this led to NDC advocating for ACL on two of the Wales European Funding Office's (WEFO) key Task Groups.

Influencing policy

NDC strengthened its policy support and research capacity, enabling it to organise and respond to eight significant Welsh Assembly Government consultations. In particular NDC contributed to the Rees Commission Review of the future funding of Higher Education in Wales, subsequently producing a briefing paper on part-time adult learners in HE, precipitating NDC's involvement in the work of the Graham Review into part-time funding and support in HE.

Development and research

NDC commenced a contract, commissioned by ELWa, now the Department for Education Lifelong Learning and Skills (DELLS), to deliver a programme of self-assessment training to the local authorities' and voluntary sector ACL providers; completion will be in December 2006.

NDC commenced a DELLS-funded partnership project with Community Learning Wales (CLW) to identify the competences and roles associated with the effective planning, management and delivery of ACL in Community Learning Networks and thus to lay the foundations for future CPD.

NDC completed a survey of the e-learning needs of the voluntary sector in Cardiff for Voluntary Action Cardiff.

Equal

The Equal Development Partnership 'Valuing Learning – Strengthening Communities', led by NDC, was awarded £464,000 funding to run the delivery phase of the project. The project in Cardiff is progressing well with partners engaging in successful local development and transnational activities with Belgium, Italy, Hungary and the Netherlands.

Older and Bolder

In North and South Wales we conducted pilots of courses for empowering older people to influence matters that affect them. Issues tackled ranged from getting a street-light repaired to campaigning for improved transport.

A two-year action research project commenced to seek to identify potential cost benefits to residential care settings from taking up learning opportunities.

Family and intergenerational learning

We had a successful annual conference in February and two extremely successful events for practitioners in the summer of 2005, using storytelling as a tool for intergenerational learning.

Race equality work

A very successful race equality conference was held in March; its main purpose and outcome was to develop the agenda for race equality work with the learning networks in Wales.

Campaigns

A major feature of the campaigns is national promotion with local action. Adult Learners' Week was launched by the Minister for Education and Lifelong Learning (Jane Davidson). The three all-Wales campaigns – Adult Learners' Week (May), Sign Up Season (August/September) and Taking Control (January) – were very successful, reaching 22,000 beneficiaries through local learning events and calls generated to the help-line. NDC introduced Learning Promotion Grants – offering small grants to local partnerships to develop innovative promotional activity.

NIACE Dysgu Cymru Management Group

In late 2005, Bryn Davies (Principal, Ystrad Mynach College) took on the role of Chair of the NDC Management Group, and Annie Williams (Principal, Coleg Harlech, and Director of WEA North Wales) took on the role of Vice-Chair.

Crynodeb NIACE Dysgu Cymru

Adfocatiaeth

Parhaodd NIACE Dysgu Cymru (NDC) i wasanaethu Grŵp Ollbleidiol y Cynulliad gyda ffocws neilltuol ar gyllid Ewropeaidd ar gyfer addysg oedolion ar ôl 2006; arweiniodd hyn at i NDC fod yn adfocad ar gyfer Dysgu Cymunedol i Oedolion ar ddau o Grwpiau Tasg allweddol Swyddfa Cyllid Ewropeaidd Cymru (WEFO).

Dylanwadu ar bolisi

Cryfhaodd NDC ei allu cefnogi polisi ac ymchwil, gan ei alluogi i drefnu ac ymateb i wyth ymgynghoriad sylweddol gan Lywodraeth Cynulliad Cymru. Yn neilltuol cyfrannodd NDC at Adolygiad Rees ar gyllido Addysg Uwch yng Nghymru yn y dyfodol, gan gynhyrchu papur briffio yn ddilynol ar oedolion sy'n ddysgwyr rhan-amser mewn Addysg Bellach, gan arwain at ymgyfraniad NDC yng ngwaith Adolygiad Graham ar gyllid a chefnogaeth i fyfyrwyr rhan-amser mewn Addysg Uwch.

Datblygu ac ymchwil

Dechreuodd NDC ar gontract, a gomisiynwyd gan ELWa, bellach yr Adran Addysg, Dysgu Gydol Oes a Sgiliau, i gyflenwi rhaglen o hyfforddiant hunanasesiad i ddarparwyr Dysgu Cymunedol i Oedolion yn yr awdurdodau lleol a'r sector gwirfoddol, i'w gwblhau ym mis Rhagfyr 2006.

Dechreuodd NDC ar brosiect partneriaeth a ariannwyd gan yr Adran Addysg, Dysgu Gydol Oes a Sgiliau gyda Dysgu Cymunedol Cymru i ddynodi cymwyseddau a rolau yn gysylltiedig gyda chynllunio, rheolaeth a chyflenwi Dysgu Cymunedol i Oedolion yn effeithiol mewn Rhwydweithiau Dysgu Cymunedol ac felly arwain y sylfeini ar gyfer datblygiad proffesiynol parhaus yn y dyfodol.

Cwblhaodd NDC arolwg o anghenion e-ddysgu'r sector gwirfoddol yng Nghaerdydd ar gyfer Gweithredu Gwirfoddol Caerdydd.

Equal

Dyfarnwyd £464,600 o gyllid i Bartneriaeth Datblygu Equal 'Gwerthfawrogi Dysgu - Cryfhau Cymunedau', dan arweiniad NDC, i gynnal cyfnod cyflenwi'r prosiect. Mae'r prosiect yng Nghaerdydd yn mynd rhagddo'n dda gyda phartneriaid yn cymryd rhan mewn gweithgareddau datblygu lleol a rhyngwladol llwyddiannus gyda Gwlad Belg, yr Eidal, Hwngari a'r Iseldiroedd.

Hŷn a Hyderus

Gwnaethom gynnal cynlluniau peilot o gyrsiau yng Ngogledd a De Cymru ar gyfer grymuso pobl hŷn i ddylanwadu ar faterion sy'n effeithio arnynt. Roedd y pynciau a drafodwyd yn amrywio o gael golau stryd wedi'i drwsio i ymgyrchu am well cludiant.

Dechreuodd prosiect ymchwil gweithredu dwy-flynedd i geisio dynodi buddion cost posibl i osodiadau gofal preswyl o ddilyn cyfleoedd dysgu.

Dysgu teulu a rhyng-ghenedlaeth

Fe wnaethom gynnal cynhadledd lwyddiannus ym mis Chwefror a dau ddigwyddiad llwyddiannus tu hwnt ar gyfer ymarferwyr yn haf 2005 yn defnyddio adrodd straeon fel dull ar gyfer dysgu rhyng-ghenedlaeth.

Gwaith cydraddoldeb hiliol

Cynhaliwyd cynhadledd cydraddoldeb hiliol lwyddiannus iawn ym mis Mawrth; ei brif bwrpas a chanlyniad oedd datblygu'r agenda ar gyfer gwaith cydraddoldeb hiliol gyda'r rhwydwaith dysgu yng Nghymru.

Ymgyrchoedd

Un o brif nodweddion yr ymgyrchoedd yw hyrwyddo cenedlaethol gyda gweithredu lleol. Lanswyd Wythnos Addysg Oedolion gan Jane Davidson, y Gweinidog Addysg a Dysgu Gydol Oes. Roedd y tair ymgyrch Cymru-gyfan – Wythnos Addysg Oedolion (Mai), Tymor Cofrestru (Awst/Medi) a Chymryd y Llyw (Ionawr) – yn llwyddiannus iawn, gan gyrraedd 22,000 o fuddiolwyr drwy ddigwyddiadau dysgu lleol a galwadau i'r llinell gymorth. Cyflwynodd NDC y Grantiau Hyrwyddo Dysgu - cynnig grantiau bach i bartneriaethau lleol i ddatblygu gweithgaredd hyrwyddo blaengar.

Grŵp Rheolaeth NIACE Dysgu Cymru

Ddiwedd 2005, daeth Bryn Davies (Pennaeth, Coleg Ystrad Mynach) yn Gadeirydd Grŵp Rheolaeth NDC a daeth Annie Williams (Pennaeth, Coleg Harlech) a Chyfarwyddydd WEA Gogledd Cymru) yn Is-Gadeirydd.

Appendices

Company Board

President: Christine King

Chair: Nick Stuart

Richard Ely

Margaret Davey

Bryn Davies (from February 2006)

Leisha Fullick

Rob Humphreys (until February 2006)

Graham Lane

Mike Langhorn

Judith Norrington

Donald Rae

Naomi Sargant

Dan Taubman

Richard Taylor

NIACE Policy Committee

Chair: Richard Taylor

Lyn Ashmore

Derek Child (until September 2005)

Deborah Cooper

Bryn Davies

Richard Ely

Ray Flude

Leisha Fullick

Winifred Hignell

Richard Hooper

Christine King

Graham Lane

Geoff Layer

Stephen McNair

Naomi Sargant

Gordon Stokes

Carole Stott

Nick Stuart

Judith Summers

Dan Taubman

Peter Templeton

Lorna Unwin

Policy Committee Observers

Judy Alloway (Guidance Council)

John Brennan
(Association of Colleges)

Anne Faulkner (Ufi Ltd)

Tony Gallagher
(OFSTED – until February 2006)

Jon Gamble
(Learning and Skills Council)

Brian Helsdon
(Department for Education and Skills)

Philip Pullen
(OFSTED – from March 2006)

Carol Taylor (Basic Skills Agency)

Neil Thomas
(National Assembly for Wales)

Finance and General Purposes Committee

Chair: Richard Ely

Graeme Allinson

Deborah Cooper

Bryn Davies

Christine King

Mike Langhorn

Eddie Playfair

Donald Rae

Nick Stuart

Dan Taubman

Richard Taylor

Senior Staff

Alan Tuckett – Director

Margaret Conner – Director for Finance

Chris Duke – Associate Director, Higher Education
(until December 2005)

Colin Flint – Associate Director, Further Education

Rhoslyn Griffiths – Director, NIACE Dysgu Cymru
(until September 2005)

Rob Humphreys – Director, NIACE Dysgu Cymru
(from February 2006)

Peter Lavender – Director for Research, Development
and Information

Sue Meyer – Director for Policy and Programmes

NIACE Dysgu Cymru Management Group

Pauline Atienza
Viv Davies
Wayne Feldon
Jeff Greenidge
Gerry Jenson
Peter Lavender
Robert Payne
Graham Price
Gareth Rees
Pam Roberts
Joan Smith
Alan Tuckett
Alan Watkin
Annie Williams
Kevin Williams
Jane Williams

Budd L Hall
Roy Harding
Richard Hoggart
Kenneth Hopkins
Hilda Jenkins
Doug Jones
Lucia Jones
Derek Legge
Robert Lochrie
George Low
Jean McGinty
Veronica McGivney
Stephen McNair
Anne Poole
Michael Ridger
Ann Risman OBE
Richard Smethurst
A K Stock
Judith Summers
Tony Uden

Audit Committee

Chair: Mike Langhorn
Leisha Fullick
David Gibson
Ann Risman
Naomi Sargant

NIACE Honorary Life Members

Eileen Aird
Forrest Alter
Paul Belanger
Jeanne Bisgood
Shiela Carlton
Peter Clyne
Margaret Davey
Celita Eccher
Paolo Federighi
Paul Fordham
Hywel Francis
Bob Fryer CBE
Leisha Fullick
Donald Grattan
Brian Groombridge

NIACE is a membership organisation, with five strands of membership, which reflect its history and range of interests. The Institute began as the British Institute of Adult Education, with individual members, and we have currently 236 individual members. The British Institute amalgamated with the National Foundation for Adult Education, a local authority body, in 1949, and all 172 local education authorities in England and Wales are in membership. In addition, we have 318 corporate members, who range from the TUC and the Ministry of Defence to the National Federation of Women's Institutes and the Workers' Educational Association.

Members include broadcasting organisations, sector skills councils, universities, colleges, residential colleges of adult education and voluntary sector bodies. A fourth membership constituency is Adult Learners' Week award winners, who receive complimentary membership for a year after winning their awards. Finally, we have 35 honorary life members, recognised for their distinguished service to adult learning and the work of NIACE. Members exercise governance of NIACE through a Board of Trustees, elected at the Annual General Meeting, and its policy, finance and general purposes, and audit committees, and through the NIACE Dysgu Cymru management committee in Wales.

NIACE is grateful for funding received from the following organisations in 2005/06.

Core Funding

Local Government Association (LGA)

Department for Education and Skills (DfES)

Learning and Skills Council (LSC)

Welsh Assembly Government (WAG)

Other Funders

A F A Wales

Age Concern Cymru

Arts Council of England

Arts Council of Wales

Association for Promoting Gerontology and the Studies of Senior Citizens at Graz university

Atlantic Philanthropies

Birmingham and Solihull LSC

British Council

Campaign for Drawing

Cardiff Council

CEL

CFBT

City and Guilds of London Inst

City Parochial Foundation

College of North West London

Community Fund

Dearne Valley College

Department for Work and Pensions

Department of Health

Department of Trade and Industry

Derby Adult Community Education Service

DVV/IIZ

East Midland Development Agency

EDAP

ELWA

EQUAL

Esmee Fairbairn Foundation

European Commission

European Social Fund

Government Office for West Midlands & South East

Hertfordshire County Council

Higher Education Funding Council

Home Office

Inspire Learning Ltd

Institute of Education

Job Centre Plus

John Lyons Charity

Learndirect

Learning Connections

Leicestershire County Council

Liverpool City Council

London Development Agency

London School of Economics

Loughborough University

Luton Borough Council

Manchester Adult Education

Manchester Metropolitan University

National Research and Development Centre

National Youth Agency

NCETW

NCFE

NHSU

Norfolk Learning Partnership

Northern College

Ofcom

Prudential Plc

Qualification & Curriculum Authority

Rhondda Cynon Taff Council

Sector Skills Development Agency

SEEDA

Socrates

Trade Union Congress

Ufi Ltd

UNESCO

Universities UK

University of Birmingham

University of Bradford

University of Central Lancashire

University of Exeter

University of Surrey

University of Warwick

Voluntary Action Cardiff

Volunteering England

Worcestershire County Council

Workers Educational Association

Ystrad Mynach College

Adult Learners' Week 2005

Core Funding

Department for Education and Skills

European Social Fund

Learndirect

Learning and Skills Council

Broadcasters

BBC

CEEFAX

ITV

4 Learning

Ofcom

Learning Works Awards

European Social Fund

Learning and Skills Council

NHSU

Qualifications and Curriculum Authority

Opening Doors to Adult Learners Awards

Department for Education and Skills

European Social Fund

Get On

Open University

Learning and Skills Development Agency

Universities UK

Promotional and in-kind support

ARCA

Asset Skills

Association of Colleges

B&Q

Blackpool Football Club

British Film Institute

Campaign for Learning

Chartered Institute of Library and Information Professionals

Cheltenham Town Football Club

CILT, The National Centre for Languages

Citizens Advice Bureau

City and Guilds

Co-op

CSV

Development Education Association

Directgov

Educational Guidance Service for Adults

EROSH

Grimsby Town Football Club

Hairnet

Harper Collins

Helena Kennedy Foundation

Improve

Job Centre Plus

Kick it Out

LEAFEA

Learndirect

Leeds United Football Club

Local Government Association

Media Trust

Manchester United Football Club

Milwall Football Club

Museums and Galleries Month

NATFHE

National Association for Educational Guidance for Adults

National Probation Service

Offenders' Learning and Skills Unit

HM Prison Service

Prudential

Royal National Institute for the Deaf (RNID)

Rural Learning Partnership Network

Scarman Trust

Scottish Adult Learning Partnership

Sector Skills Development Agency

Sheffield Wednesday Football Club

Tesco

TUC

Ufi Ltd

UK Skills

University of the 3rd Age

V&A Education

Workers' Educational Association

Financial Summary

General statement

The financial summary has been agreed by Grant Thornton UK LLP as being consistent with the full financial statements for the year ended 31 March 2006. These were prepared in accordance with the Statement of Recommended Practice Accounting by Charities (SORP 2005) and received an unqualified audit opinion.

These summarised accounts may not contain sufficient information to allow for a full understanding of the financial affairs of the charity. For further information, the full accounts, the auditor's report on these accounts and the Trustees' annual report should be consulted. Copies of these can be obtained from NIACE, 21 de Montfort Street, Leicester, LE1 7GE.

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The full accounts were approved on 6 July 2006 and have been submitted to the Charity Commissioners and the Registrar of Companies.

Financial review for the year ended 31 March 2006

NIACE had another successful year in 2005–06, generating an operating surplus of £682,000 compared to £858,000 in 2004–05. Total incoming resources were £21,913,000 and expenditure was £21,231,000. Income was slightly lower than 2004–05 with a corresponding reduction in expenditure. Investments grew significantly, with overall gains of £520,000, as well as dividend income. However, there was an increase in the deficit on the pension scheme of £341,000 on the FRS17 calculation basis, due mainly to changes in bond returns. The accounts now include pension liabilities and this reduces the overall contribution to reserves to £861,000.

NIACE receives income from a range of activities and funders. The major funders include the Department for Education and Skills, who provide a core grant under a three-year compact agreement. Additional

contract work included work with the *Skills for Life* Strategy Unit on the Learning Difficulties and Disabilities Pathfinders contract and promotional work, and for the Standards Unit. The Learning and Skills Council commissioned NIACE to manage the LSC's e-learning strategy, commissioned work around mental health and continued to fund project work under a Memorandum of Understanding as well as a range of smaller contracts. The Welsh Assembly Government and Local Government Association also provide ongoing funding. The European Social Fund continues to support Adult Learners' Week and Sign Up Now both in England and Wales, and has also contracted NIACE for work under the Equal programme, particularly with refugees and migrant workers. Continuing funding up to 2008 was obtained. The Home Office has funded work on ESOL Citizenship. Other significant funders, for which we are grateful, include the Community Fund, the Esmée Fairbairn Foundation, Prudential and the Department of Health. NIACE also raised income from conference and publication sales and membership subscriptions. Any surplus generated from these and other sources is used to fund NIACE advocacy and information work, to fund initiatives of importance to adult learning which cannot be funded elsewhere, and to strengthen the reserves as specified in the Reserves Policy.

The largest item of ongoing expenditure is salaries and associated costs, with an overall increase in costs of 17 per cent. There was a small increase in staff numbers as additional staff were required to work on specific projects. Staff are appointed with a range of specialist skills which support the particular charity activities in their areas of work, and other staff support this. Expenditure supporting each activity is a combination of direct costs, salary costs for staff directly employed on that activity, and support costs which are allocated to all activities. Direct costs are incurred as part of contracts, or are specific to event organisation, publication productions, campaigns and such like. Overall costs in each area have moved in line with income.

Reserves policy

The Trustees have determined that NIACE requires reserves for the following purposes:

- To cover statutory obligations and to wind up its own affairs in an orderly way;
- To cover fixed expenditure commitments in the event of loss of income on a temporary basis, and to provide the company with time to plan its future strategy;
- To provide working capital for projects with late payment dates and to fund initiatives of importance to adult learning which do not meet their costs;
- To meet any potential deficit in the pension scheme;
- To meet the costs of planned major capital expenditure.

All these calls on reserves are interrelated, so that reserves ultimately held to cover statutory obligations may be used as working capital in the short term, where it is known that funding will eventually be received. The long-term objective is that separate sums should be designated to meet statutory obligations and for working capital needs.

Required levels of reserves

The successful year meant that the Institute's reserves could be further strengthened. The minimum target for free reserves was set at £4.3m in July 2005. Free reserves at the end of March 2006 were £1.7m (including the pension liability of £2.8m), the target figure is reviewed annually and in July 2006 the Board revised its minimum target to £2.8m (£5.6m including pension liability). The ongoing growth in NIACE however, means that there is still a shortfall against the three monthly working capital target and there is as yet no separate allocation of reserves to meet statutory wind-up costs.

The reserves policy is currently as follows:

- There is a medium term policy to secure cash reserves sufficient to meet statutory wind-up costs;
- The target for readily realisable reserves is three months of working capital, after the core grants are considered;
- There is a commitment to the continued use of reserves as working capital to enable Adult Learners' Week and European funded projects to be run efficiently.

Investment policy

The Trustees have approved an investment policy that funds not required as working capital are invested to increase the level of reserves as required by the NIACE reserves policy. The investment approach is conservative with a diverse portfolio to minimise risk. The objective is to have a portfolio with 80 per cent equities, 20 per cent fixed interest and no more than 5 per cent in any one equity holding. NIACE also maintains substantial cash balances which form part of the reserves. Funds not required as short-term working capital are held as fixed-term deposits to maximise interest receivable, with the average rate receivable being just above the Bank of England base rate. The performance of the investments is benchmarked against the WM unconstrained Charity Return, and over the year the portfolio grew by 27 per cent compared to the WM charities benchmark of 25 per cent. £1.95m was held in long-term investments at the start of the financial year. A further £400,000 was deposited, and with investment growth, including dividends received of £585,000, the balance at the year end was £2.9m of equity-based investments. In addition, £1m of cash has been invested on fixed-term deposit, this being funds not required as short-term working capital that form part of the reserves. Investment performance is overseen by the Investment Committee, which reports annually to the Board of Trustees. Singer & Friedlander Investment Managers Limited have been appointed as investment managers.

There will be no investments in derivatives, hedge funds, unquoted stocks or any non-readily realisable investments. NIACE seeks the best return from investments, with the only exception that the Trustees have specified that there should be no investment in armaments.

Risk management

The Trustees have overall responsibility for ensuring that the company has an appropriate system of controls to manage risk and safeguard its assets. A risk-management process is in place to assess business risks and implement risk management strategies. This involves identifying the types of risks the Company faces, prioritising them in terms of potential impact and likelihood of occurrence, and identifying means of mitigating the risks. The overall level of risk and the risk-management activities are reviewed on a regular basis by the Audit Committee and any risks that could have a significant impact on the Company's success in achieving its objectives are

considered by the Board of Trustees.

PKF acted as internal auditors in the year advising on risk and reviewing the adequacy of the controls in place. The internal audit programme is approved by the Audit Committee on an annual basis and the findings and conclusions are reported to the Audit Committee on a regular basis. The Audit Committee reports to the Board on the overall efficiency of the risk-management process and the adequacy of the internal control systems.

The Trustees consider that by examining the operational and business risks faced by NIACE, and then by ensuring strategies are in place to alleviate key business risks, controls exist for key financial and other systems, and by ensuring that there are adequate levels of reserves, they have established effective systems to mitigate those risks.

AUDITORS' REPORT TO NIACE

We have examined the summary financial statement of NIACE for the year ended 31 March 2006, which comprises the Balance sheet and the Statement of Financial Activities set out on pages 26–27.

This report is made solely to NIACE members, as a body. Our audit work has been undertaken so that we might state to the members those matters we are required to state to them in an auditors' statement on Summary Financial Statements and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members as a body, for our audit work, for this statement, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The Directors are responsible for preparing the Annual Report in accordance with applicable law. Our responsibility is to report to you our opinion on the consistency of the summary financial statement within the Annual Report with the full annual accounts and the Directors' report. We also read the other information contained in the Annual Report which comprises the Financial Review and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the summary financial statement. Our responsibilities do not extend to any other information.

Basis of opinion

We conducted our work in accordance with Bulletin 1999/6 'The Auditors' Statement on the Summary Financial Statement' issued by the Auditing Practices Board for use in the United Kingdom.

Opinion

In our opinion the summary financial statement is consistent with the full annual accounts and the Directors' report for the year ended 31 March 2006.

GRANT THORNTON UK LLP
Registered Auditors
Chartered Accountants
Leicester

25 July 2006

NIACE BALANCE SHEET AS AT 31 MARCH 2006

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	Y/E 31/03/06		Restated Y/E 31/03/05	
	£'000	£'000	£'000	£'000
Fixed Assets				
Tangible Assets		150		181
Investments		3,934		1,955
Total Fixed Assets		4,084		2,136
Current Assets				
Stocks	125		128	
Debtors	4,775		6,498	
Cash at Bank and in hand	1,820		2,298	
Current Assets	6,720		8,924	
Current Liabilities				
Creditors falling due within one year	5,989		7,367	
Net Current Assets		731		1,557
Net Assets excluding pension liabilities		4,815		3,693
Defined benefit pension scheme liability		-2,757		-2,496
Net assets including pension liability		2,058		1,197
Capital & Reserves				
Financed By:				
Restricted Funds				1
Unrestricted Funds excluding pension liability	4,815		3,692	
Pension reserve	-2,757		-2,496	
Total Unrestricted Funds		2,058		1,196
Total Charity Funds		2,058		1,197

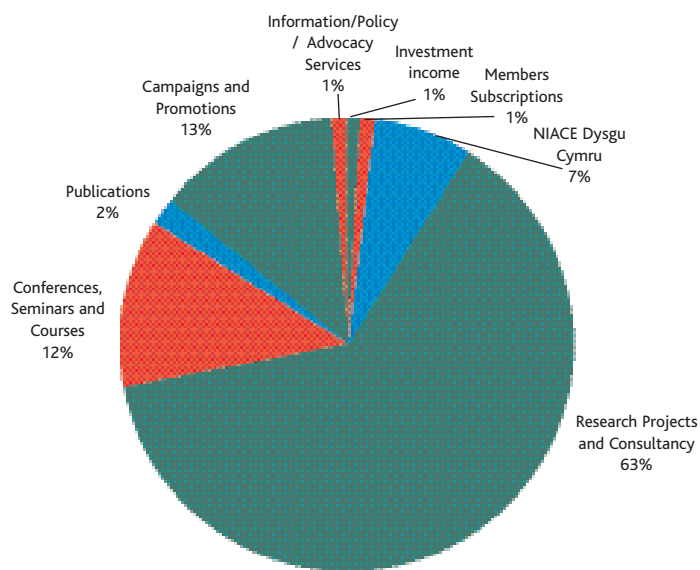
STATEMENT OF FINANCIAL ACTIVITIES

	TOTAL 2005/2006 £'000s	Restated TOTAL 2004/2005 £'000s
Incoming Resources		
<i>Incoming resources from generated funds</i>		
<i>Voluntary Income:</i>		
Members subscriptions	122	112
Investment Income	200	121
	322	233
<i>Incoming resources from charitable activities</i>		
NIACE Dysgu Cymru	1,548	942
Conferences, Seminars and Courses	2,572	2,454
Publications	541	574
Research Projects and Consultancy	13,803	15,046
Campaigns & Promotions	2,815	3,998
Information, Policy and Advocacy	312	239
<i>Total charitable activities</i>	21,591	23,253
Total Incoming Resources	21,913	23,486
Resources Expended		
<i>Cost of Generating Funds</i>		
Investment Management Costs	22	14
<i>Charitable activities</i>		
Total Direct Charitable	21,044	22,392
<i>Governance Costs</i>		
	165	222
Total Resources Expended	21,231	22,628
Net Incoming/outgoing resources for the Year	682	858
Realised gains on investment assets	68	0
Net incoming/(outgoing) resources and surplus of income over expenditure	750	858
Unrealised gains on investment assets	452	214
Actuarial gains/losses on defined benefit pension scheme	-341	-765
Net movement in funds	861	307
Total Funds brought forward	1,197	890
Total Funds carried forward	2,058	1,197

INCOME SOURCE

Income Source	2005/2006 £000s	2004/2005 £000s
NIACE Dysgu Cymru	1,548	942
Research Projects and Consultancy	13,803	15,046
Conferences, Seminars and Courses	2,572	2,454
Publications	541	574
Campaigns and Promotions	2,815	3,998
Information/Policy/Advocacy Services	312	239
Investment income	200	121
Members Subscriptions	122	112
Total Income	21,913	23,486

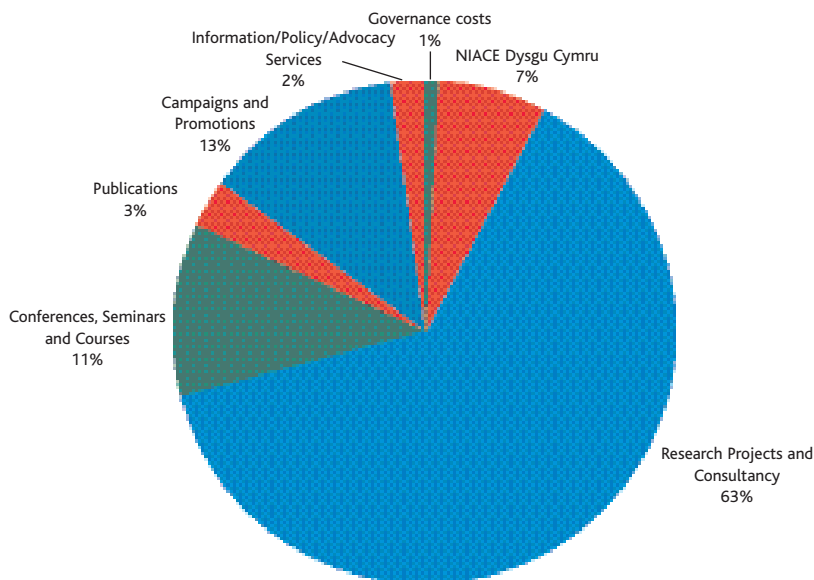
Analysis of income 2005/2006



CHARITABLE EXPENDITURE

Charitable Expenditure	2005/2006	2004/2005
	£000s	£000s
NIACE Dysgu Cymru	1,561	950
Research Projects and Consultancy	13,339	14,724
Conferences, Seminars and Courses	2,309	1,882
Publications	603	536
Campaigns and Promotions	2,758	3,997
Information/Policy/Advocacy Services	474	303
Governance costs	165	222
Investment Management	22	14
Total Expenditure	21,231	22,628

Charitable Expenditure 2005/2006

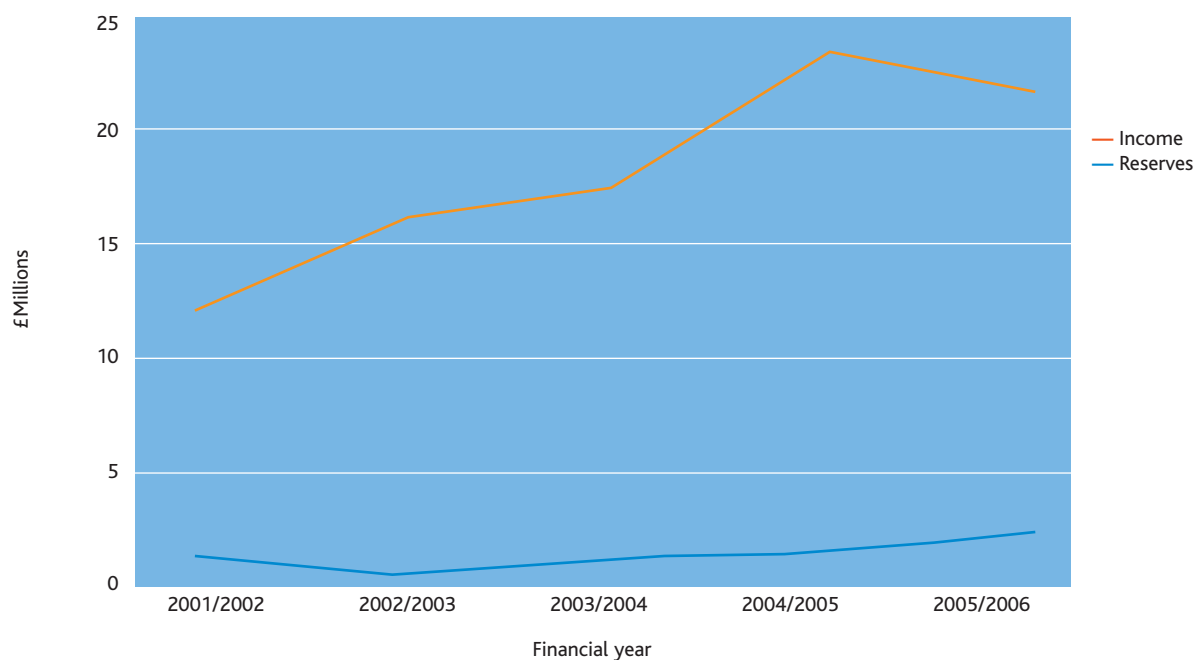


INCOME AND EXPENDITURE TRENDS – £000

	Actual 2001/2002	Actual 2002/2003	Actual 2003/2004	Actual 2004/2005	Actual 2005/2006
Total Income	12,056	15,855	17,261	23,486	21,913
Total Expenditure	11,624	14,980	16,751	22,628	21,231
Net incoming/outgoing resources for the year	432	875	510	858	682
Reserves excluding pension liability	1,294	2,107	2,686	3,693	4,815
Pension Deficit	-362	-1,797	-1,796	-2,496	-2,757
Net Reserves	932	310	890	1,197	2,058
Net Reserves as % of Income	8%	2%	5%	5%	9%

INCOME AND RESERVES OVER TIME

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Note: Incoming and outgoing resources are before the inclusion of gains/losses on investment assets and the defined benefit pension scheme.