

PRISONERS' EDUCATION TRUST
(Company limited by guarantee no. 04132595
registered charity no. 1084718)

TRUSTEES' REPORT

AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

PRISONERS' EDUCATION TRUST

(Company limited by guarantee no. 04132595, registered charity no. 1084718)

REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2019

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PRISONERS' EDUCATION TRUST

REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS For the year ended 31 December 2019

President: His Honour John Samuels QC

Patrons:

Sir Christopher Ball	Michael Smyth CBE QC (Hon)
Susan Hill CBE	Baroness Stern CBE
Baroness Linklater of Butterstone	The Rt Hon. the Lord Woolf
Paul Maxlow-Tomlinson	
Lord Ramsbotham GCB CBE	

Trustees: Peter Collins (Resigned 14 January 2019)
Hilary Cross
Catherine Dawkins (Honorary Treasurer)
Elisabeth Davies - Chair
Philip W Deer (Resigned 25 September 2019)
Patrick Diamond
Emily Giles (Appointed 19 August 2019)
James Killen (Appointed 19 August 2019)
Vicki Morris (Appointed 12 August 2019)
Dr Paul Phillips CBE (Appointed 12 August 2019)
Simon Scott (Resigned 27 April 2019)
Emily Thomas
John Richard Ward OBE (Appointed 10 August 2019)
Mark Welsh
Geoffrey M Wolfson (Resigned 20 November 2019)
Graham A Ziegler (Resigned 1 March 2019)

During the year, a number of long-serving trustees retired and both the staff and their fellow trustees of PET would like to record our gratitude for their support and commitment over the years. Although PET does not currently set term limits for trustees, the Board are mindful of the recommendations within Charity Commission's Code of Governance regarding periods of trusteeship longer than 9 years.

Mandeep Mahill was also subsequently appointed to the Board on 29 January 2020.

**Company Secretary and
Chief Executive:** Rod Clark

Company reg. no: 04132595

Charity reg. no: 1084718

PRISONERS' EDUCATION TRUST

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY,
ITS TRUSTEES AND ADVISERS**

For the year ended 31 December 2019 (continued)

Registered office: The Foundry
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Chartered Accountants and Tax Advisors
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PRISONERS' EDUCATION TRUST

TRUSTEES' ANNUAL REPORT, (incorporating the Directors' report) for the year ended 31 December 2019

The Trustees (who are also the directors for the purposes of company law) present our report and the audited financial statements for the year ended 31st December 2019.

The Trustees confirm that the annual report and financial statements of Prisoners' Education Trust (referred to here as PET) comply with the Charities Act 2016, the Companies Act 2006, the Memorandum and Articles of Association, and 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 (FRS 102).

OBJECTS, ACTIVITIES, AND STRATEGY

The charitable objects of PET are contained in our memorandum and articles of association and relate to advancing the education and training of prisoners and ex-prisoners in the UK, the Isle of Man and the Channel Islands (though in practice we do not fund prisoner learners in Scotland and Northern Ireland). They include providing funding for distance learning courses; providing advice and guidance about education and training; promoting improvements in prison education policy and practice; publicising the authentic views and insights of prisoner learners; and commissioning and carrying out research, projects, reports, and conferences to help in evaluating and promoting improvements in prison education policy and practice in the UK.

PET published its strategy for 2018 to 2020 early in 2018.

The Board agreed that PET's **vision** should be expressed as:

Prisoners' lives transformed through learning

This is supported by the **mission**:

Every prisoner a learner, every prison a place to learn

The vision and mission is underpinned by PET's values:

- **we inspire** hope and aspiration through learning;
- **we care** passionately about empowering learners and staff;
- **we collaborate** to achieve more together;
- **we are tenacious** to make change happen;
- **we are expert** and listen to learners and other experts;
- **we celebrate** everyone's successes; and
- **we are inclusive** and promote equality and diversity.

PET's strategy sets out our work across three spheres of influence:

- the learner at the centre;
- prisons and communities; and
- the wider system.

To succeed in affecting change in these spheres of influence, we agree that the organisation needs to have robust foundations. The sections on achievements and performance below use these headings to review our achievements in 2019.

Public benefit

PET, as a registered charity established to support prisoners and ex-prisoners in the UK, is a Public Benefit Entity. When approving PET's ongoing activities, Trustees give due consideration to how they meet the Charity Commission's statutory guidance on public benefit.

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- We grant access to distance learning courses not otherwise available within the prison system to individual prisoners throughout England, Wales, the Isle of Man and the Channel Islands, irrespective of any protected characteristics. We believe (supported by rigorous evidence from Ministry of Justice research) that these learning opportunities have a positive impact on reducing reoffending and promoting employment, benefitting the individuals, their families, and wider society.
- We provide an advice service to help prisoners maximise the benefits of successful selection, study and completion of their courses, which again benefits their families and wider society.
- We seek to improve prison education policy, support and promote best practice, and make the case for its benefits to society.

Grant making policy

Any individual who has been sentenced and is currently serving a custodial sentence in England, Wales, the Channel Islands or the Isle of Man is eligible to apply to PET to fund him/her to partake in an educational distance-learning course. For the first three months of 2019, PET also supported prisoners in the purchase of arts/hobby materials. For most of 2019, grants were awarded based on a letter from the applicant, an endorsement from a member of staff at the prison, selection of a suitable course, and evidence of the prisoner's ability to complete the course during the remainder of his/her custodial sentence. As set out below, we implemented a more transparent and digitally-enabled application process in the course of 2019, replacing the letter with an application form. Our grant approval criteria are shared with applicants or prison education staff upon request with prison education staff and applicants. Information, advice and guidance (IAG) are provided to prisoners and prison staff throughout the application process.

ACHIEVEMENTS, PERFORMANCE AND PLANS FOR FUTURE PERIODS

2019, our thirtieth year as a charity, was a year of major change for PET in which we implemented significant improvements to our processes for supporting prisoner learners. We did this against a background of significant changes to the prison education landscape with the implementation of new prison education contracts from April 2019.

PET in 2019 in ten numbers

Number of education courses awarded for prisoners: 1,703
Advice episodes: 962
Most popular courses: Open University Access Modules, funding 281
Number of staff: 20
Number of prisons we operated in: 120
Income: £1.8m
Prisoner Learning Alliance members: 137
New trustees recruited: 6
Funding from appeals in PET's 30th year: £53,068
Number of Twitter followers: 17,500

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The learner at the centre

Achievements and performance in 2019

Support for distance learning courses

In 2019 PET continued to be the leading organisation funding and supporting distance learning in prisons in England and Wales through our Access to Learning programme. This is the largest area of our charitable expenditure. We have now funded prisoners to study courses or for arts and hobby materials over 42,000 times since our foundation in 1989.

In 2019 PET implemented a new, more transparent and rigorous process for deciding which prisoners to fund. Until now, ever since our inception as a charity in 1989, we have essentially followed the same fundamental process for prisoner funding applications: asking the prisoner to write us a letter setting out their motivation and case for funding, backed by an endorsement from staff in the prison. Although tried and tested, feedback showed that this approach was not as clear for learners as it might be in specifying what information PET needed and how it would be used in funding decisions. In 2019 we developed, piloted and implemented a new process, which consists of an application form broken down into specific questions to help determine an individual's readiness and motivation to benefit from a course of learning. These answers are then scored using a decision matrix to assess the overall strength of the application. The new process offers a number of benefits and advantages, including:

- Greater clarity for learners and prison staff on the information that is needed;
- A transparent and replicable decision-making process that can achieve consistency of standards regardless of changes in PET staff;
- Richer data on the strength of applications against agreed criteria, which can be used in future to analyse decision-making;
- A more modern database (using the Salesforce platform), which offers better control and protection of personal data and improved statistical reporting;
- An embedded collection of information on protected characteristics, which allows for better monitoring of our processes for equality, diversity and inclusion;
- A stronger link to information on our website setting out the courses available and the facilities that an establishment needs to offer to support them;
- Automated processes to identify information that is either missing or automatically prevents applications from being taken forward;
- Automated production of feedback letters explaining more clearly why applications have not been funded;
- A basis for developing automated interfaces with our accounting software to enable the background finance processes to operate more efficiently and accurately, with less manual data entry; and
- The future capability to accept a digital web-based application form, which removes the need for laborious data entry by PET staff.

Funded by the generous support of Allan & Gill Gray Philanthropy the implementation of this process was supported by an Implementation Manager and an Administrator with expertise in the Salesforce software platform. It involved careful process- and system-development; consultation with current and former prisoner learners; piloting in the Welsh prisons in September (which built on the strong relationship PET had developed with those prisons through the Welsh Prisons Project); and active communications with prisons from the end of October, including visits to 25 prisons and 17 intensive telephone briefings with staff. Decision-making in December was the first set of national awards made entirely using the new process. It was very gratifying to see how well staff and prisoners understood the new form and the thinking underlying it.

PET took the difficult decision to cease, from April 2019 after many years, providing funding for arts and hobby materials unless linked to an arts related course. This reflected: the disproportionate administrative effort in handling applications for complex packages of arts materials of low overall value; the relative difficulty in finding restricted funding to cover the applications; the statistical evidence that such materials had a lower impact on subsequent reoffending; and concerns expressed by some prisoners regarding whether the materials were always being used for the purposes intended, or were being traded for illicit purposes. The table below therefore focuses on numbers of applications and awards for courses only.

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Courses only	2019 Target	2019 Actual	2018 Actual
Applications	2,400	2,678	2,802
Awards	1,400	1,703	1,790

As in previous years, PET supported a wide range of courses in 2019 including Open University Access Modules, and courses in business start-up, fitness training, creative writing, plumbing, understanding substance misuse, construction and health and safety certificates as amongst the most popular. Thanks to the generous support of the Garfield Weston Foundation and the Open University Students' Educational Trust, we have been able to continue to support prisoners to take their initial module towards a full degree without relying on a student loan. We were able to support 116 prisoners to start their degree level study over 2019 (2018: 126). PET also worked in partnership with the Longford Trust to administer and award funding to ten prisoners for degree level study (2018: 16).

PET also continued to offer professional careers advice and help with course choice in 2019, providing 962 advice sessions (2018: 838) and exceeding our internal target of 800. These figures relate to the London based team and exclude the in depth advice sessions offered as part of the Welsh Prisons Project described below.

Digital course development

Thanks to generous support from the Goldsmiths' Company Charity, and working in partnership with the National Extension College (NEC), PET has developed a course on business start-up specifically tailored to the needs and circumstances of prisoners, drawing on case studies from PET alumni. Overcoming the technical and logistical barriers to making this course available to a pilot cohort of learners has been a prolonged process that has provided a wealth of learning about the issues involved. Finally in September we were able to embark on a pilot of the course with a group of ten learners at HMP Parc. The pilot positively endorsed the course overall, and the digital mode of delivery, subject to a number of relatively small suggested changes. It did however also underline the vulnerability of a digital course to effective functioning of the prison's IT platforms. The lessons are now informing our plans to develop our digital learning offer for the future.

"I know the learners enjoyed the course, and were enthusiastic about the content and delivery. Hopefully, this will be the start of many more interactive courses."
Further Education Curriculum Manager, HMP Parc

Learner voice – prisoner learner engagement

A key aspect of putting learners at the centre of PET's work is ensuring that we actively and genuinely embrace their views in determining our direction and the changes we implement. PET has continued to convene a PET Alumni Advisory Group which has contributed enormously to the recent review and refresh of our business model. In 2019 we also conducted a review of the Advisory Group, led by our Chair Elisabeth Davies, with two main objectives:

Objective 1: To understand more about how PET will ensure those with lived experience of prisons are at the heart of how we implement our strategy; how their voice, and listening to their voice, will be embedded throughout all aspects of our work; and how we will ensure this is proactively and explicitly embedded in our approach to equality, diversity and inclusion.

Objective 2: To review the role, contribution and impact of the Alumni Advisory Group, and how this fits with PET's wider commitment to ensuring those with lived experience of prisons are at the heart of how we implement our strategy.

As a result of this review, and ongoing support from the Service Delivery team, the group will continue to evolve over the coming months, working on our 2020 work plan which will include closer working with the Trustee Board and engagement in the quality assurance framework of the new application process.

PET also recognises the need to gather the views of serving prisoners. We have always received a constant flow of feedback from individual prisoners through the application process and the monitoring process that follows. We also gather important views and insights in response to our regular column in the prisoner newspaper *Inside Time*. In 2019 PET also made other concerted efforts to engage with groups of prisoners in a structured way. This included the development of the Peer Mentoring course as part of the Welsh Prisons

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Project which was taken forward as an active collaboration with serving prisoners, initially at HMP Prescoed and then at HMP Parc. The pilots successfully demonstrated the effectiveness of the approach and the course will be designed and signed off to be made available across England and Wales in 2020.

PET has also engaged with European partners in an Erasmus Plus project on prisoner learner voice. This involved a series of projects by different European partners in their different jurisdictions. In the UK PET managed a series of workshops with serving prisoners supporting the development of our new business process and reviewing our branding and communications material. PET took the lead in developing a toolkit to support Prisoner Active Citizenship, based on learning from across different jurisdictions. PET supported the launch of the final report *Citizens Inside: a guide to creating active participation in prisons* at the Brussels Parliament in November. The toolkit is available at: <https://www.prisonerseducation.org.uk/wp-content/uploads/2019/11/Citizens-Inside-A-guide-to-creating-active-participation-in-prisons.pdf>

Evidence of impact

PET is proud of the letters and spoken accounts from our learners that give daily testimony to the impact of learning in helping them change their lives.

"PET has helped me look past my convictions because of the courses they provide. I've realised I can get qualifications in prison that will help me get a job once I'm released. It's made me more determined to leave crime in the past and achieve my goals."
Prisoner 18, funded for a Customer Services Certificate

"Thank you! If it wasn't for you guys I wouldn't be able to go to uni until min. 23 because I'd have had to start college again upon release. You're doing amazing work and I wouldn't be surprised to see my parents cry when I tell them about this on a visit."
Prisoner studying for his Psychology A Level

The evidence of our impact is also substantiated by hard-edged and statistically robust quantitative analysis. We submitted details of prisoners who receive our support to Ministry of Justice (MoJ) statisticians who then looked at the reoffending and employment outcomes for those we support post-release (using data from the Police National Computer, DWP and HMRC). The team at the Justice Data Lab also create a comparison group of prisoners with matched characteristics. In this way analyses in 2015 and 2018 showed that prisoners we support go on to reoffend around 25 percent less (18 percentage point rate of reoffending compared to 25 for the matched group) and go on to get jobs around 25 percent more (39 percentage points compared to 31 in the matched group). This analysis can only consider past cohorts of learners because it depends on looking at data over a year after a prisoner is released. The Justice Data Lab team have started work on data we submitted in 2019, and we are looking forward to publication of these more up-to-date results in spring 2020. The team are hoping that their analysis will break new ground by comparing the reoffending rates of prisoners who engage in education and who go onto out of work benefits on release compared to prisoners we have not supported who also go onto benefits. This will cast light on whether education reduces reoffending even for those prisoners who are not helped by it to get a job.

Looking forward

During 2020 we will continue to embed and refine our new business delivery process in the light of feedback from our quality assurance mechanisms and experience of delivery in practice. In particular, we will want to develop the impact and effectiveness of our advice work – helping to ensure that prisoners are equipped with the right information regarding learning options early in their decision-making process. We hope to secure funding to expand this work to improve outcomes for more prisoners.

One uncertainty which has been our greatest single risk in past years has been whether the statutory grant for our funding of Open University Access Modules and other further education courses from HM Prison and Probation Service (HMPPS), which accounts for around 25% of our income, would continue. In past years, this has been continued on an annual basis and for 2020/21 there was additional uncertainty as HMPPS had told us that they intended to launch a competition for the grant. It is very pleasing that, having reviewed our data on the full range of courses that PET funds and the considerable additional charitable funding that PET raises, HMPPS have indicated that they now minded to continue the grant on a direct award basis for three years from April 2020, subject to annual reporting and confirmation. MoJ will not take their final decision until after these financial statements are approved by the Board of Trustees, but, if PET is successful, this would be an excellent development, giving PET the financial foundations on which to continue to develop our services.

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In numerical terms PET's aim will be to continue to support numbers of courses learners at broadly the same levels as in 2019.

Our new business process has been designed with consideration of possible digital processes, both for applying for support and for the learning itself. Our work with the NEC on the prisoner specific business start-up course has helped us develop our understanding of some of the challenges. In 2020 we look forward to grasping opportunities to make much more digital learning available to wider groups of prisoners as and when HMPPS develop the platforms for better digital access by prisoners.

We will also continue to work with the Justice Data Lab and with a partner charity, Pro Bono Economics, to understand further and develop their statistical analyses of PET's impact.

Prisons and communities

Achievements and performance in 2019

The Welsh Prisons Project

PET's Welsh Prisons Pilot Project was established in 2015 with generous funding from a Welsh grant-making organisation. It successfully demonstrated how a locally based team working closely with the staff and learners in individual prisons could enhance support for learners. Following this, PET successfully applied for a further three years' funding, starting in the summer of 2017. The project has continued to develop and demonstrate the value of links with prisons and local community organisations.

Notable achievements in 2019 have included leading a review of the distance learning courses that PET offers, using the project team's close contact with learners and prison staff to ensure that our courses are fulfilling our learners' needs. The team has built on the knowledge gained in the course of doing this work to begin development of a suite of starter courses: short 'tasters' giving potential learners an insight into the experience of distance learning, while equipping them with the study skills they will need to take their education further whilst in prison. These will be made available, free of charge, to learners via PET's website in 2020.

The team has continued to develop the Peer Mentoring course, designed specifically to provide prisoners who support others with the skills they need to perform this vital role. Two cohorts of learners in two different prisons have completed the course, providing feedback and helping to revise and rewrite the course where necessary, giving the project team the benefit of their experience and knowledge. The course will be made available to learners across establishment in England and Wales early in 2020.

As part of the team's continued development of PET's offer of Information, Advice and Guidance (IAG), a new system for recording IAG sessions was developed which allows PET to link the advice delivered to learners to any applications received, previously or subsequently, more effectively. This has gone on to influence organisation-wide developments, which we hope will help us to offer a fully integrated service, combining personalised advice and guidance with our offer of distance learning courses.

The team visited the prisons in the Welsh project cohort on 64 occasions during the year.

The project was invited to deliver a workshop at a Learning and Work Institute employment sector convention, with a specific focus on PET learners' experiences. Three of our current students attended whilst on ROTL (Release on Temporary License) and spoke to the audience about the way that education in prison had acted as a turning point in their lives. One was a young learner who had never thought university was a realistic option for him, and is now studying for an Open University degree; another was an older learner who took the opportunity to retrain during his sentence in anticipation of a change of career after release; and another committed learner (he recently applied to PET for the 9th time) who has remained active as a mentor, helping other prisoners with their education.

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Prison-University Partnerships

In 2019 PET continued our work supporting relationships between prisons and local educational institutions. We maintained and developed the PUPiL (Prison University Partnerships in Learning) network to provide encouragement and advice for a range of programmes with different delivery models. This included addressing the Scottish Centre for Crime and Justice Research in March, and the National Education Opportunities Network in June. The team also advised university teams responsible for widening access on fair admissions policy and guidance for potential students with convictions.

PET supported a one-day symposium, organised in conjunction with Durham University, on 29th July. It featured STEM (Science, Technology, Engineering and Mathematics) partnership projects with partner charities including Think Like a Scientist, Code 4000, Cellblock Science and the Royal Astronomical Society. The event was supported with funding from the European Geosciences Union. The team has also supported the access team at Birkbeck University to explore the possibility of offering IAG and other services, including a possible bursary to London prison leavers, and with the Open University to develop a module on the History of the Prison.

The PUPiL blog continues to be a successful monthly communication and readership has grown to over 300, from less than 250 in 2018.

PET has also continued to support the Prisoner Learning Academic Network (PLAN) of academics interested in research into prison education. Led by established academics Dr Morwenna Bennallick (Chair) and Dr Kirstine Szifris (Deputy Chair) the network organised two academic events:

- at the University of Westminster on 25th June, with academics in the field speaking about some of the challenges of researching prison education; and
- at Manchester Metropolitan University on 6th November, with speakers addressing the relationship between research and policy, research and strategic practice, research and practice in the classroom, and pedagogy and trauma.

Evidence of impact

During 2019 PET funded 167 distance learning courses as part of the Welsh Prisons Project (compared to 169 in 2018, 148 in 2017 and 62 in the year prior to the start of the project in 2015).

The Welsh Prisons Project also delivered 362 advice sessions and the emerging evidence from evaluation of the project demonstrates the value of advice work. Data showed that individuals who received advice were significantly more likely to be granted funding compared to those who applied for funding but did not engage with the advice service. The team also found interesting and informative patterns in the way that the type of advice sought differed according to the age of the learner and the prison from which they were applying, as well as differences between those who first engaged with PET through the advice service versus those who first made course applications.

Prison-university partnership and academic network events have proved very successful, and generated excellent feedback on Twitter. Tweets using the STEM Symposium hashtag received 26 Comments, 125 Retweets, and 499 Likes

“Spoke today on behalf of @code4000uk about the need for better digital education in prisons at #PEASS19 STEM Symposium at Durham Uni. Lots of passionate people sharing great ideas about how to improve the life chances of UK prisoners.”
Jim Taylor, Programmes Director at Code 4000

“Today was like seeing the galacticos – these are the people you’d listen to if you wanted to talk about prisons and education.”
Twitter comment on the Westminster PLAN event

Of the 22 completed evaluation forms from the Manchester PLAN event, 95% felt the event had been beneficial to their professional development.

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Looking forward

The Welsh Prisons Project will continue to develop the model for advising and supporting prisoner learners in 2020. This will include promoting the Peer Mentoring course, concluding the review of the courses PET offers and the information we make available on them, and continuing the development of taster courses and support for study skills. The current project funding draws to an end in the summer of 2020. We are considering how best to capture and safeguard its continuing legacy in Welsh prisons and will be seeking funding to develop experimental thinking for the future.

PET will also continue to work with educational and prison institutions to promote prison-university partnerships and pipelines into education on release. And we will continue to support the work to engage Further and Higher Education bodies in prison education, and to encourage them to improve pipelines for learners into continued study.

The wider system

Context

2019 was a year of major change for education in prison. In 2015 PET was closely engaged with the Coates Review of prison education, *Unlocking Potential*, which was published in May 2016. The recommendations of that review were accepted by the Government in full in principle and, despite several changes of Justice Secretary, in 2017 the MoJ launched major procurement exercises to change the system of prison education based on the broad shape of the recommendations. Those procurements resulted in the start of a new system of contracts from April 2019.

The shape of the new contracting landscape in English prisons was that the previous Offender Learning and Skills Service (OLASS) contracts for mainstream prison education were replaced via two main contracting routes:

- Prison Education Framework (PEF) contracts, which covered a core curriculum around literacy, numeracy, English for speakers of other languages and ICT. Prison Governors also had flexibility to commission other learning via the PEF contract, for example in key vocational areas. The contracts were awarded for groups of prisons in 17 lots which were largely geographical. In practice the contracts were all won by suppliers who had held the previous OLASS contracts: Novus, Weston College, Milton Keynes College and People Plus.
- A Dynamic Purchasing System (DPS), which was a web based register open to any suppliers (including voluntary and community organisations and providers of specialist or niche learning) to join subject to relatively straightforward qualification requirements. Prison Governors can hold back some of their education budget to purchase services from this system by issuing tenders to which all registered suppliers are able to respond. The contracts via the system are limited to a period of 12 months.

These changes took place against a background of a troubled prison service environment in which, despite efforts to partially restore prison officer numbers, levels of violence and self-harm continued to escalate. Difficulties persisted in 2019 for many prisons, preventing them from maintaining effective regimes which allowed proper access to education classes for learners.

Achievements and performance in 2019

The Prisoner Learning Alliance (PLA)

PET has continued to convene and provide the secretariat for the PLA, a sector wide alliance of members from the charitable and educational sectors committed to improving policy and practice in prison education. It is the key umbrella organisation through which PET promotes prison education to a wider audience and engages with Government and policy makers. At the end of 2019 the PLA had 52 (2018: 48) organisation (full) members, 69 (2018: 31) individual associate members and 16 (2018:11) members with lived experience of the prison system.

One key focus for the PLA over 2019 was to monitor the impact of the new contractual arrangements. All the PEF providers are PLA members, as are many smaller providers who are registered on the DPS, and many individuals working within the system. This means that the PLA is well placed to have an overview of the system. The PLA secretariat, provided by PET, has also led on specific pieces of work to review the changes:

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- A short update report, launched on 20th May 2019, reviewing progress against the Coates recommendations three years after initial publication. The launch event, led by Dame Sally Coates herself and coinciding with the launch of an independent PLA website, reflected progress made with the new structure. However, it also recognised that the way in which PEF contracts were let at the level of regional lots compromised the clarity of the governor autonomy Dame Sally had recommended. Other ambitions, notably around supporting digital learning, were still a long way from being fully realised.
- A survey of prison governors conducted with the help of PLA member the Prison Governors' Association, which gathered views from 60 prisons and showed that of 55 responses to the question about the DPS, 33 respondents had found it difficult, and only six found it straightforward or mostly straightforward.
- The commission, with the financial support of the Further Education Trust for Leadership and the active involvement of HMPPS, of an independent researcher to investigate leaders' experience of the changes. The research, which used in-depth interviews, revealed that managers and leaders responsible for implementing the changes felt that they needed much more expertise and understanding around contract management, and around education itself. The aim is to launch the full report in February 2020.
- Tracking of the sector's experience of the DPS via the PLA members, Clinks (a general prison infrastructure organisation) members, and a twitter campaign. The results showed a high level of dissatisfaction with the performance of the DPS system and the difficulty of using it. We also tracked HMPPS management information on how it was being used and met with officials to feed back recommendations for improvements.

These strands of work contributed to the evidence submitted by the PLA secretariat to the Justice Select Committee hearing on Education Commissioning on 2nd July and featured heavily in their final report on Prison Governance, published in October 2019.

The themes also contributed to the discussions at the annual PLA conference hosted by the Open University in Milton Keynes on 3rd September 2019. At the conference, PLA presented its awards for teachers, officers, peer mentors and others nominated by prison learners for their outstanding contribution to prisoner learning. Particularly moving was the standing ovation for Ishmail, a prisoner released on temporary licence for the day from HMP Kirkham, who won an award for his work as a peer mentor and also won the overall award supported by the Worshipful Company of Educators and others for the outstanding educator of the year.

"I thank all those who nominated me. It is an absolute honour to win. I was emotional when I learnt that my fellow prisoners and staff from the Education department wrote such strong and positive comments, expressing their gratitude and praise. I believe it was a team effort, we all deserve the recognition, because without them I wouldn't have won."
Ishmail, prison educator of the year 2019

PET in the media

2019 saw our work covered in publications including *The Guardian*, *The Big Issue*, *FE Week* and *TES*, in articles about prison education and opinion pieces authored by staff and alumni. Our social media presence continued to grow, in particular on Twitter where our following increased from 16,000 to 17,500 by the year end, helping our efforts to keep prison education on the public agenda.

We have also continued to share first-hand accounts from prison students, along with the charity's latest news and developments, through our monthly e-newsletter, with the number of subscribers at its highest since April 2017. December's edition was sent to 1,625 recipients, up 27% from December 2018.

We have communicated directly to prison students through various media, including a series of programmes on National Prison Radio focussing on Higher Education in prison, and a regular section in the monthly prison newspaper *Inside Time*.

Evidence of impact

We have had at least a dozen meetings with senior officials from HMPPS and the MoJ. The PLA steering committee invites a key contact to speak at each meeting, as a way of both engaging with policy makers and holding them to account. Recent MoJ job descriptions for education contract managers included PET as a core

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stakeholder for these roles, alongside Ofsted and HM Inspectorate of Prisons. We sit on the HMPPS Education team's digital innovation strategy board and have been asked to speak at the newly formed Learning and Skills Board in March 2020.

The Justice Select Committee's conclusions and recommendations on education in prisons drew directly on evidence submitted by PET and PLA (report published October 2019). And in January 2020 the MoJ implemented one of our key recommendations (also endorsed by the Select Committee) that the minimum contract length for DPS contracts be extended. This is a significant improvement to the DPS and an excellent result from the efforts of the policy team over many months.

Looking forward

After the political turbulence throughout 2019, the December General Election has established a Government with a secure majority which offers the prospect of settled political direction for the medium term, although the need to focus on the UK's relationship with the EU will continue to dominate parliament and government activity in 2020. The Government's immediate legislative agenda on criminal justice has been largely around sentencing. Although this will have an impact on the length of sentences and the size of the prison population, we are yet to see whether the new focus will affect efforts to educate and rehabilitate prisoners. PET, working with our partners in the PLA and other networks, will continue to engage with HMPPS and the MoJ to seek to ensure a continuing commitment to improvements in the education opportunities available. The continued development and promotion of digital learning in the prison system will remain a high level priority.

Robust foundations

Achievements and performance in 2019

Fundraising

Effective fundraising is essential to enable PET to help prisoner learners. In 2019 fundraising income overall represented significant growth. The total income of £ 1,869,792 represented an increase of 12% from 2018 (£1,669,022). This success reflected in particular the diligent work of the fundraising team in submitting a large number of high quality applications and reports to grant-making trusts and foundations. The income from trusts and foundations was £1,211,249 (2018: £940,500) which was 29% higher. We are immensely grateful for the continuing generosity of both previous funders and a significant number of new supporters. We are delighted that they share our belief in the power of education and skills training to transform prisoners' lives. A list of our major supporters can be found in Notes 2 to 4 of the accounts.

Events and supporter engagement

PET's 30th anniversary event on the thirtieth floor of the Clifford Chance building at Canary Wharf on 14th June was a wonderful celebration of PET's history and the great things that it has achieved and continues to achieve for our learners.

"A privilege to be at #PETis30 event this evening with so many #inspirational people."
Twitter comment from a PET alumnus at the 30th anniversary event

We also showcased the inspiring postcards designed and written by people in prison, following our national postcard appeal asking prisoners "What does education mean to you?" Artists told us what education meant to them, and the final products clearly represented the depth and breadth of experiences of distance learning in prison.

"Education is freedom, it is opportunity and for us prisoners, it is a second chance. Not just a second chance at work, but an opportunity to find out who we are. That is what education means to me. Thank you PET."
Postcard from a prisoner in HMP Ashfield

Our excellent group of supporters based in South London also ran events, including a lecture from prison Governor Jamie Bennett and a summer party with music and entertainment, together raising almost £8,000.

Our annual Carol Concert in St Paul's Church, Covent Garden was once again a wonderful and heart-lifting event; it launched our participation in the Big Give Christmas Challenge which, thanks to the generous matched

PRISONERS' EDUCATION TRUST

funding from individuals and charitable trusts, raised over £30,000.

We were also delighted in our 30th year to be the subject of a BBC Radio 4 appeal in the run-up to Christmas. The appeal, narrated by restaurant critic and broadcaster Grace Dent, highlighted the case study of one of our learners Dalton. The appeal raised £20,979 in generous individual donations from members of the listening public and 46 provided their contact details for ongoing communication.

Altogether, PET set itself the challenge of fundraising £130,000 from individual supporters over our 30th anniversary year to March 2020. It is pleasing to note that the huge generosity of our supporters meant that we have far exceeded that target, having raised £149,583 by the end of 2019.

Staffing and Human Resources (HR)

PET is extremely fortunate in the quality and commitment of its staff, and takes seriously a commitment to proper application of HR policies and practices. In 2019 PET implemented an employee assistance programme to provide support for colleagues facing personal issues, whether or not they related directly to work. We also conducted a thorough review of our HR policies and staff handbook with the support of our HR service provider. 2019 also saw a biannual review of our pay levels, benchmarking individual jobs against data on market pay levels in comparable charities.

PET is also extremely grateful for the important contribution of volunteers to our work as set out in note 15.

Equality, Diversity and Inclusion (EDI)

PET is committed to embedding EDI into every aspect of the way we work. In 2019 the Board Committee on EDI reviewed our overarching policy to enshrine that commitment in relation to our service delivery, our work on policy and practice and our employment practices.

Research into our historic monitoring data, commissioned with the generous support of the Barrow Cadbury Trust, was broadly reassuring in that it did not reveal any significant mismatch between the prisoners PET helps and the demographic breakdown of the prison population. However, it highlighted the poor level of completion of our ethnic monitoring data. Our new application process has hugely improved completion rates; we have already seen an increase in the returns from 69% (for the six months prior to launch of the new form) to 94%. The other major focus of the EDI Committee has been in tracking the measures taken to enhance the diversity of the PET Board through the recruitment of new Trustees in 2019.

The work of the EDI committee by a task and finish group of our staff who worked to develop our overarching policy and a staff away day which focused specifically on improving access for disadvantaged groups. This has contributed to PET beginning work with a partner charity, Maslaha, to consider how to engage Muslim learners more effectively.

In addition, EDI has been a priority for enhancing our Board governance this year and this has been reflected in recruiting a more diverse Board, both in terms of ethnicity and lived experience, and in the introduction of a Trustee Development Programme (see governance section for more information on both of these initiatives).

Systems and Information Technology

Effective systems are an essential requirement for PET's ability to deliver, and a key component of our strategic goal of being an effective digital organisation. PET took major steps forward in this regard in 2019 with our new website and prisoner database. Our new website was launched in the spring. It provides a much improved user experience, and is more robust, underpinned by fully supported software. By the end of 2019 PET had implemented a new prisoner database based on an up-to-date Salesforce platform. This supports our new business process and provides better information on the journey of individual prisoners, rather than only on individual applications, as under the previous database.

Data Protection

In 2019 PET continued to report progress on the outstanding elements of our action plan to meet the requirements of the General Data Protection Regulation (GDPR) which came into effect in 2018. Key weaknesses have been addressed through the implementation of the new Salesforce database, which offers a more secure platform for recording and maintaining prisoner application data. In 2020 PET will undertake an annual data audit, and continue our programme of training for staff and volunteers.

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Looking forward

During 2020, we will continue to focus the bulk of our fundraising effort on grant-making trusts and maintain our good practice in applications and reporting. We will develop and improve our communications with individual donors following our move to an 'opt-in' communication model in 2018, and having gained new supporters as a result of our Big Give and Radio 4 appeals. To underpin these developments, we intend to scope and implement a new Customer Relationship Management (CRM) system. Our current Fundraising CRM, which maintains our supporter records, is proving increasingly unreliable and is unlikely to be supported in the near future. In 2020, therefore, we plan to implement a replacement system – which we may develop using the Salesforce platform for which we already have the licences and in-house expertise.

In 2020 PET will embed our new business model and the systems and processes that underpin it. This will provide the platform for PET to become a digital organisation offering a higher level of support for learners. One remaining area of functionality to be developed will be an automated interface between the Salesforce Database and our accounting system. This is planned to be implemented in early 2020 and will deliver efficiencies in removing the current need for costly rekeying of data in the accounting software.

FINANCIAL REVIEW

The results of the year's operations are set out in the attached financial statements. The total retained reserves at 31 December 2019 amounted to £1,561,184, of which £678,912 are unrestricted.

Income for the year ended 31 December 2019 totaled £1,869,792 compared with £1,669,022 for 2018. The significant increase in funds for the year is as a result of the success of a grant application to Allan & Gill Gray Philanthropy of £160,000 and other grants.

In 2019 PET received £1,203,065 from charitable trusts and corporate institutions (2018 - £940,500); £419,079 from government sources (2018 - £415,775); £171,117 from individuals, including Gift Aid and legacies (2018 - £196,449); £11,618 from fundraising events (2018 - £16,243); £7,443 from investment income and other income (2018 - £5,582); and £8,183 income from donated goods and services (2018 - £9,414).

PET spent £1,815,384, a decrease from £1,886,484, in 2019. Overall there was a net surplus on unrestricted funds of £35,883 increasing unrestricted funds from £600,661 to £636,544 before transfers (and £678,912 after transfers). Restricted funds decreased from £906,115 to £882,272.

The trustees have considered and agreed that it is appropriate to prepare these annual financial statements on a going concern basis. They are confident that sufficient funds will be available to enable operations to continue at a sustainable level for a period of at least 12 months from the date of approval. The established pattern of the charity's fundraising activities is such that voluntary income will be available from a diverse range of trusts and individual donors at stepped intervals throughout the next 12 months, enabling the charity to manage cashflow effectively. The Trustees consider PET well-placed to further continue and develop its activities as a going concern through its fundraising efforts and close liaison with significant funders such as the Ministry of Justice (MoJ). As at this point in previous years, the MoJ grant is currently under consideration for renewal. Although the review process will not be finalised until after the date of approval of these financial statements, colleagues in HMPPS have indicated confidence that the grant will be approved. The Trustees are also confident that sensitivity analysis demonstrates that PET will continue to be able to support a satisfactory number of learners even if the MoJ grant ceases unexpectedly.

Reserves policy

Most of PET's income is dependent upon successful fundraising and appeal activity and is therefore subject to unpredictable fluctuation. PET therefore has a policy of maintaining free reserves of **not less than** four months' expenditure at future budgeted expenditure levels. This excludes direct expenditure to support prisoners from restricted funding.

The level of free reserves compared to the target level is reported to the Trustees at each Board meeting. At least twice each year, the Trustees review the free reserves requirement and reserves policy to ensure it is adequate to meet our needs. The calculation takes account of: the minimum funds we would need for an orderly wind-up if the charity was required to cease operating at short notice; the working capital we would require to continue our charitable delivery in the event of a significant gap or drop in income, or reduction in levels of unrestricted funding; and our need to hold some funds to invest in new streams of charitable delivery

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before we are able to fundraise for their full costs.

On the basis of this policy, our free reserves requirement at 31st December 2019 was calculated as £409,737. At 31st December 2019 PET had free reserves available for use of £564,555 (2018:£549,738). Free reserves are calculated as unrestricted funds of £678,912 less £79,504 tied up in fixed assets, and £34,850 tied up in non-cancellable lease commitments. The Trustees are satisfied with the level of free reserves compared to target at the year end, especially as they are also aware that some major multi-year restricted grants for our project and policy work are due to come to an end in 2020 and we may need to draw on unrestricted reserves while we seek to replace that funding. As noted above, further investment of unrestricted funds is likely to be required in new delivery methods such as digital courses.

The Board has agreed a budget for 2020 which includes a small deficit in unrestricted funding of approximately £16,000. This is within the margin of our available free reserves at the end of 2019. Nevertheless, the Board has agreed to continue the close monthly monitoring and review of the forecast free reserves position which we put in place for 2019. This involves the Chair and Hon Treasurer informing the Board if at any point free reserves are forecast to drop below 3.5 months' expenditure excluding the direct expenditure to support prisoners from restricted funding.

Fundraising

The Board takes a best practice approach to fundraising. The Head of Fundraising reports to the Board on fundraising performance, strategy, legal and best practice developments at every board meeting. The Board's Fundraising Committee meets with the Head of Fundraising, Chief Executive, and Head of Finance six times per year. At these meetings, the Committee reviews the fundraising business plan to provide further assurance over the appropriateness and effectiveness of our fundraising practices. The Head of Fundraising is responsible for keeping up-to-date with best practice, ensuring the training and support of the team, and complying with fundraising regulations. The Board also undertakes formal and informal fundraising training on an ad hoc basis to ensure that staff and volunteers are sufficiently trained and informed of their legal responsibilities. PET is registered with the Fundraising Regulator and adheres to its Code of Fundraising Practice, undertaking at least an annual review of the Code (sometimes more if new standards are introduced or revised). PET is also registered with the Fundraising Preference Service. PET has a policy of not engaging agencies, fundraising consultants or commercial organisations.

We protect vulnerable donors through our Vulnerable Donors Policy. This involves upholding robust data protection controls over our supporter data; avoiding intrusive forms of fundraising such as telephone and door-to-door approaches; limiting our postal and email correspondence; and noting and adhering to supporter contact preferences. In 2019, 2 minor complaints were received regarding fundraising and responded to (2018: 1).

Staff remuneration policy

PET is hugely grateful for the commitment and enthusiasm of our staff. We believe that it is essential to attract and retain staff with the appropriate skills and capabilities, and reward them fairly for delivering PET's important work. It is therefore important to pay staff properly, while also having prudent regard to the use of charitable resources. In order to do this, PET reviews our salaries and overall rewards packages (including those of our key management personnel) on a bi-annual basis using a professional job evaluation methodology to consider salaries in relation to the charity sector for the job levels concerned. Additionally, between salary reviews, the Trustees may complete discretionary annual reviews, taking account of (while not being constrained by) the movement of pay and prices and other relevant factors. In this they are supported by a formal Remuneration Committee.

Risk management

The Trustees regularly review, assess and ensure the implementation of systems to manage the major risks to which PET is exposed, in particular operational and financial risks. They review any material changes in the risks to which PET is exposed at each Board meeting, with the assistance of the Chief Executive. They also complete an annual risk review as part of the approval of PET's plans for the forthcoming year. This is to ensure that adequate plans and procedures are in place to mitigate the key risks to which PET is exposed. Internal control risks are minimised by the implementation of procedures in respect of authorisation of expenditure and grant commitments.

HMPPS has informed us that it is now proposing to continue our statutory funding via a direct grant rather than

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via a competition. This effectively minimises, for the medium-term, the risk of losing this invaluable source of funding. This had been the most salient risk facing PET in recent years. The likelihood of delivery risks around the implementation of PET's change programme has also greatly reduced given the success of the roll-out at the end of 2019. Once these are largely discounted, the Board and executive team have collectively assessed the principal risks to which the charity is exposed (based on their combined probability and impact) as that:

- In the absence of a viable channel for delivery of digital distance learning (and the absence of a clear HMPPS strategy and plan for implementing such a channel), providers progressively withdraw from offering paper-based distance learning courses;
- Alumni may be vulnerable individuals and there is a risk of a failure of care both to them and staff working with them (this latter risk was highlighted in an extreme, and we hope highly exceptional, way by the terrorist incident at Fishmongers' Hall);
- Support for the existing CRM system, which is not fit for purpose, is likely to cease in 2020. A failure in the system may impede our ability to communicate effectively with supporters with subsequent loss of income; and
- The new political leadership's focus on sentencing, security and increasing prison places may be to the neglect of rehabilitation and prison education.

The risk register identifies the key management actions to mitigate these risks.

The accounts are approved during a period where there is much uncertainty as a result of the emergence and international spread of a coronavirus (COVID-19). PET's response has been to implement contingency planning arrangements for such circumstances to enable staff to provide advice and process applications for courses remotely. PET will therefore be able to serve its learners whilst reducing the exposure of the charity's staff. The prison service regards distance learning as a valuable form of purposeful activity during periods of reduced movement within prisons. A full lockdown of the prison estate remains a risk to delivery of our services, but we anticipate significant continuing, possibly even increased, demand for distance learning courses. A number of grant giving trusts and foundations have also given public statements of their willingness to be flexible to support charity beneficiaries through this difficult period if necessary. The ultimate impact of COVID-19 on the UK, the world, the economy and the education community is yet to be seen. However, through appropriate consideration of risks as part of its normal risk management processes and mitigating actions both already taken and available to be taken, the trustees consider it appropriate for the going concern basis to be adopted for these accounts.

STRUCTURE

PET is a charitable company, incorporated on 29th December 2000. It acquired the assets and undertaking, subject to liabilities, of Prisoners' Education Trust, a charitable trust, with effect from 1st January 2001. That trust, which had been established by a deed dated 19th April 1989, was formally wound up in 2003. PET is registered as a charitable company limited by guarantee and is governed by its memorandum and articles of association. PET has no share capital or debentures. In the event of PET being wound up each member is required to contribute an amount not exceeding £10.

GOVERNANCE AND MANAGEMENT

PET is governed by a Board of Trustees. The Board is responsible for establishing the strategic direction of PET. The Board delegates responsibility to the senior management team, through the Chief Executive, to execute the day-to-day operations of PET in accordance with the policies, procedures and budgets approved by the Board.

Trustees are subject to retirement by rotation; every year one third of Trustees eligible must retire. Trustees subject to retirement are those who have served the longest time in office. All Trustees who retire by rotation may stand for re-election. The election of members to the Board takes place at the Annual General Meeting. Details of those serving on the Board during the year and those serving currently are shown on page 1.

The Board meets six times a year, in addition to its annual Away Day. The Chair also conducts appraisals with all Trustees at least every two years.

The Board has continued to monitor progress against its 2018 action plan, picking up on a number of issues of

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best practice drawn from the Charity Governance Code (applying the template for larger charities). In particular, PET has introduced a new Trustee handbook, available electronically, which includes a Trustee Code of Conduct explicitly defining expectations for Trustee periods of office. At the end of 2019 no serving Trustee had exceeded the recommended maximum in the Code of 9 years. In 2019 the Chair also appointed Hilary Cross as Deputy Chair with a role description which picks up in particular responsibility for performance appraisal of the Board Chair.

The Board considers it important to maintain a balance of skills in its membership and has established a Nominations Committee to undertake Trustee recruitment and induction. The Committee led a rigorous and open process of Trustee recruitment in 2019, aiming to attract candidates with skills and experience important to the needs of the organisation and with particular regard to diversity and the value of the voice of those with lived experience of prisoner learning.

The Committee published a full and comprehensive prospectus, reviewed a total of 29 applications and interviewed 17 candidates altogether in two rounds. After the first round of recruitment, although very pleased with the quality of applications in many respects, the Committee found itself unable to identify candidates from a BAME (Black, Asian and Minority Ethnic) background and only one candidate with lived experience to contribute straight away as a Trustee. The Board therefore agreed to establish a Trustee development programme to enable a small number of candidates with lived experience and with real potential the opportunity to attend Board meetings with support from the Chair to develop their understanding and experience to be better equipped to be a Trustee in future. The Board also carried out a further round of recruitment, focused on the aim of appointing a Trustee from a BAME background, and the successful appointee was formally welcomed to the board in January 2020.

As a result, from early in 2020 and looking at the Board and the Trustee development programme taken together (13 individuals in total) PET will now have 2 members from a BAME background and 3 with lived experience. More than half of our members are under the age of 50 and indeed a third are under the age of 40 – which compares with a national average age of a Trustee of 61 years of age.

All new Trustees were supported by a structured induction programme and an introduction to the Chief Executive and the organisation.

In addition to the Nominations Committee, the Board has three standing Committees: Fundraising; Remuneration; and Equality, Diversity and Inclusion. In 2018 the Board also appointed a Change Programme Board to provide additional governance and scrutiny to PET's plans to review its business model and systems in accordance with its strategy. Following the successful delivery of the change programme this Board was dissolved in January 2020.

PET is hugely grateful for the immense contribution made by its Trustees who stood down in 2019, who have given such long and invaluable service to the charity over many years. PET colleagues also noted with great sadness the death in 2019 of Vanni Treves who was an outstanding PET Trustee and stood down due to illness in 2018.

Relationship to the PLA

PET provides the secretariat and secures funding to convene the PLA, of which it is also a member.

Following the 2017 review of its structure and effectiveness, the PLA agreed various changes to its constitution which came into effect in 2018. These changes extended the categories of membership, put in place a modest membership fee and elected a steering committee of which the Chief Executive of PET is an ex-officio member. The PLA, however, remains an informal grouping of organisations with no separate legal identity.

RESPONSIBILITIES STATEMENT OF THE TRUSTEES

The Trustees (who are the directors of PET for the purposes of company law) are responsible for preparing the Annual Report and financial statements in accordance with applicable law and United Kingdom General Accepted Accounting Practice.

Company law requires the Trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company and the incoming resources and application of resources, including the income and expenditure, of the charitable company for the year. In preparing these financial statements, the Trustees are required to:

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- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 accounting records that disclose with reasonable accuracy at any time the financial position of PET, and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of PET, for ensuring that the assets are properly applied in accordance with charity law, and for taking reasonable steps for the detection and prevention of fraud and other irregularities.

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

In so far as the Trustees are aware, there is no relevant audit information of which the charitable company's auditors are unaware, and we have taken all the steps that we ought to have taken as directors in order to make ourselves aware of any relevant audit information and to establish that PET's auditors are aware of that information.

Preparation of the report

This report has been prepared taking advantage of the small companies' exemption of section 415A of the Companies Act 2006.

Auditors

The auditors, Haysmacintyre LLP, have been newly appointed under Section 485 of the Companies Act 2006.

This report was approved and authorised for issue by the Trustees on 25 March 2020, signed on its behalf by:

Signature:



Elisabeth Davies
Chair of Trustees

25 March 2020

PRISONERS' EDUCATION TRUST

Independent auditor's report to the members of Prisoners' Education Trust

Opinion

We have audited the financial statements of Prisoners' Education Trust for the year ended 31 December 2019 which comprise the Statement of Financial Position, the Balance Sheet, the Cash Flow Statement 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 Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of 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 December 2019 and of the charitable company's net movement in funds, including the 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 the financial statements section of our report. We are independent of the 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.

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on pages 17 and 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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Emphasis of matter

We draw attention to note 1 in the financial statements, which notes the trustees' assessment of the charity's ability to continue as a going concern. As stated in note 1, these events or conditions, along with the other matters as set forth in the Trustees' Report on pages 3 to 18, indicate that the charity will be able to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Trustees' Annual Report. 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.

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 (which includes the directors' report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report included within 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 charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report (which incorporates the directors' report).

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

- adequate accounting records have not been kept by the charitable company; or
- the charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

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 charitable company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Jeremy Beard (Senior Statutory Auditor)
For and on behalf of Haysmacintyre LLP, Statutory Auditors
Date: 2 April 2020

10 Queen Street Place
London
EC4R 1AG

PRISONERS' EDUCATION TRUST

STATEMENT OF FINANCIAL ACTIVITIES
(Incorporating Income and Expenditure Account)
For the year ended 31 December 2019

	<i>Note</i>	Unrestricted Funds	Restricted Funds	Total Funds	Total Funds
		£	£	2019 £	2018 £
INCOME AND ENDOWMENTS FROM:					
Donations and Legacies	2	459,926	501,513	961,439	729,444
Charitable Activities:					
Access to Learning: Government Grant	3	-	419,079	419,079	415,775
Access to Learning: Garfield Weston Foundation	3	-	-	-	-
Policy and Research	3	-	127,840	127,840	125,665
Welsh Prisons Project	3	-	293,087	293,087	291,255
Other Trading activities	4	11,618	-	11,618	16,243
Investments		7,443		7,443	5,582
Prison & Prisoners' Contribution			49,286	49,286	85,058
TOTAL INCOME AND ENDOWMENTS		478,987	1,390,805	1,869,792	1,669,022
EXPENDITURE ON:					
Raising funds		270,357	-	270,357	245,202
Charitable Activities:					
Access to Learning		71,356	1,023,602	1,094,958	1,124,237
Policy and Research		101,391	125,309	226,700	275,001
Welsh Prisons Project		-	221,469	221,469	233,494
ICT Project		-	1,900	1,900	8,550
Charitable Activities		172,747	1,372,280	1,545,027	1,641,282
TOTAL EXPENDITURE	5	443,104	1,372,280	1,815,384	1,886,484
Net Income/(Expenditure)		35,883	18,525	54,408	(217,462)
Transfers between Funds		42,368	(42,368)	-	-
NET MOVEMENT IN FUNDS		78,251	(23,843)	54,408	(217,462)
RECONCILIATION OF FUNDS:					
Total Funds Brought Forward		600,661	906,115	1,506,776	1,724,238
TOTAL FUNDS CARRIED FORWARD		678,912	882,272	1,561,184	1,506,776

The statement of financial activities includes all gains and losses recognised in the year. All income and expenditure relates to continuing activities.

The annexed notes form part of these financial statements.

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BALANCE SHEET

As at 31 December 2019

	Notes	2019 £	2018 £
FIXED ASSETS			
Intangible fixed assets	8a	63,202	-
Tangible fixed assets	8b	16,302	16,545
Investments	9	21,064	-
		100,568	16,545
CURRENT ASSETS			
Debtors	10	349,142	215,439
Cash at bank and in hand		1,279,219	1,536,064
		1,628,361	1,751,503
LIABILITIES			
Creditors: amounts falling due within one year	11	(167,745)	(261,272)
NET CURRENT ASSETS / (LIABILITIES)			
		1,460,616	1,490,231
TOTAL NET ASSETS			
		1,561,184	1,506,776
TOTAL FUNDS OF THE CHARITY:			
Restricted funds	12	882,272	906,115
Unrestricted funds	12	678,912	600,661
		1,561,184	1,506,776

The annexed notes form part of these financial statements.

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small charitable companies. They were approved and authorised for issue by the Trustees on 25 March 2020 and signed on their behalf by

 ELISABETH DAVIES, Chair

 CATHERINE DAWKINS, Hon. Treasurer

STATEMENT OF CASH FLOWS
For the year ended 31 December 2019

	2019	2018
	£	£
Cash flows from operating activities:		
Net cash provided by / (used in) operating activities (see below)	(191,786)	(83,384)
Cash flows from investing activities:		
Interest income	7,443	5,582
Purchase of property, plant and equipment	(72,502)	(1,523)
Net cash provided by / (used in) investing activities	(65,059)	4,059
Change in cash and cash equivalents in the reporting period	(256,845)	(79,324)
Cash and cash equivalents at the beginning of the reporting period	1,536,064	1,615,389
Cash and cash equivalents at the end of the reporting period	<u>1,279,219</u>	<u>1,536,064</u>

RECONCILIATION OF NET INCOME/ (EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2019	2018
	£	£
Net income / (expenditure) for the reporting period (as per the SOFA)	54,408	(217,462)
Adjustments for:		
Depreciation charges	9,545	3,808
Interest income	(7,443)	(5,582)
Decrease / (increase) in investments	(21,064)	0
Decrease / (increase) in debtors	(133,704)	33,626
Increase / (decrease) in creditors	(93,528)	102,226
Net cash provided by / (used in) operating activities (see above)	<u>(191,786)</u>	<u>(83,384)</u>

ANALYSIS OF CASH AND CASH EQUIVALENT

	2019	2018
	£	£
Cash in hand	345,198	407,854
Notice deposits (less than 3 months)	934,021	1,128,210
	<u>1,279,219</u>	<u>1,536,064</u>

The statement of cash flows includes the movement in cash balances of unrestricted funds and restricted funds; the Charity does not hold any endowment funds.

The annexed notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

1. ACCOUNTING POLICIES

The principal accounting policies adopted, judgements and estimates made in the preparation of the financial statements are as follows:

Basis of preparation of financial statements

PET meets the definition of a public benefit entity under FRS 102. The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), and the Companies Act 2006. As there are no material uncertainties about the charity's ability to continue operating, the accounts have been prepared on a going concern basis.

The effects of events relating to the year ended 31 December 2019 which occurred before the date of approval of the financial statements by the Trustees have been included in the financial statements to the extent required to show a true and fair view of the state of affairs at 31 December 2019 and the results for the year ended on that date. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note.

Going concern

The trustees have assessed the charity's requirements for the foreseeable future, including PET's contingency if the MoJ grant is not renewed, and are confident that sufficient funds will be available to enable operations to continue at a sustainable level for a period of at least 12 months from the date of approval of these financial statements. The company therefore continues to adopt the going concern basis in preparing its financial statements. As such, the financial statements have been prepared on a going concern basis as the Trustees believe that no material uncertainties exist.

The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern as a result of not being able to raise further funds.

Income

Income is included in the Statement of Financial Activities when PET is legally entitled to the income, it is probable that the income will be received, and the amount can be measured reliably. Grants are accounted for in the period specified for their use by donors or, where there is no time restriction, when conditions have been met and entitlement has been gained. Legacy income is recognised when it is probable that a legacy will be received (when probate has been granted, the executors have confirmed that there are sufficient assets to make a distribution, and there are no other conditions preventing a distribution), and the amount receivable can be reliably measured. Income tax recoverable in relation to investment income or Gift Aid donations is recognised at the time the relevant income is receivable. Facilities and services donated for PET's use, where the benefit is quantifiable, are recognised in the financial statements as both income and expenditure, at the value the charity would have paid in the open market for an equivalent economic benefit in the period in which they are received. Donated goods for distribution are recognised as income (or stock if not yet distributed) and expenditure at fair value, or if fair value is not practicably obtained, at the cost to the donor. Ticketed fundraising event income is recognised when the event has taken place and entitlement has thus been gained. All other income is accounted for on the accruals basis.

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. All expenditure is accounted for on an accruals basis and has been included under expense categories that aggregate all costs for allocation to activities. Expenditure on raising funds comprises the costs associated with generating income. Support and governance costs, which cannot be directly attributed to particular activities, have been apportioned proportionately based on the activity levels of different charitable activities,

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

and their relative demands on central resources. Grants awarded are recorded as liabilities and expenditure recognised in the Statement of Financial Activities when the award has been approved, as a constructive obligation has been formed. Irrecoverable VAT is charged against the category of expenditure for which it was incurred. Rentals applicable to operating leases are charged to the Statement of Financial Activities over the period in which the cost is incurred.

Fund accounting

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of the general objects of PET and which have not 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 PET for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is detailed in Note 12.

Fixed assets, depreciation and amortisation

All individual assets costing more than £500 are capitalised. Individual assets costing below £500 are capitalised where they form part of a packaged asset with a total value over £500.

Tangible assets are depreciated over their expected useful lives on the following bases:

Furniture/fittings	-	10 years
Office & IT equipment	-	5 years

Intangible assets are amortised over their expected useful lives on the following bases:

Website	-	5 years
Database	-	5 years

Development of the database was functionally complete part-way through December 2019. Amortisation will commence in 2020.

Cash

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Pensions

PET contributes employer contributions towards a Pensions Auto-enrolment compliant group personal pension scheme. Contributions are charged to the Statement of Financial Activities as they become payable.

Financial instruments

The charity only has basic financial instruments; they are initially recognised at transaction value and subsequently measured at their settlement value. Cash and deposits are measured at the cash value held at the reporting date. All debtors and creditors are initially measured at the settlement amount after any discounts (under normal credit terms) have been applied; if settlement is due in more than one year, the value is included at discounted net present value.

Taxation

PET has charitable status and is thus exempt from taxation on its income under various exemptions available in the Taxes Acts.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

2 INCOME FROM DONATION AND LEGACIES

Donated services include venue use, catering for meetings and events, and research services.

See also note 14 for the contribution of volunteers

Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £
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Institutions who granted or donated £2,000 or more:

ABF The Soldiers' Charity	-	20,124	20,124	-	10,070	10,070
A B Charitable Trust	10,000	-	10,000	-	-	-
Allan & Gill Gray Philanthropy	-	142,155	142,155	-	-	-
Aurum Charitable Trust	-	-	-	100,000	-	100,000
Amelia Chadwick Charitable Trust	-	2,000	2,000	-	2,000	2,000
Anton Jurgens Charitable Trust	-	-	-	-	5,300	5,300
Beatrice Laing Trust	-	5,000	5,000	-	5,000	5,000
Bowland Charitable Trust	-	-	-	-	3,000	3,000
Buckinghamshire Association for the Care of Offenders	-	5,000	5,000	-	-	-
Charles Hayward Foundation	-	15,000	15,000	-	15,000	15,000
The Charles Irving Charitable Trust	-	2,000	2,000	-	-	-
City & Metropolitan Welfare Charity	-	2,000	2,000	-	-	-
Community Foundation for Surrey	-	-	-	-	4,675	4,675
Coral Samuel Charitable Trust	-	2,500	2,500	-	-	-
Edward Cadbury Charitable Trust	-	-	-	-	4,000	4,000
Essex Community Foundation	-	4,250	4,250	-	-	-
Ernest Hecht Charitable Foundation	-	2,975	2,975	-	-	-
Evan Cornish Foundation	-	8,500	8,500	-	-	-
Guernsey Community Foundation	-	10,200	10,200	-	-	-
Haddenham Healthcare Ltd	3,000	-	3,000	5,000	-	5,000
Hodge Foundation	-	2,500	2,500	-	-	-
Hull and East Riding Charitable Trust	-	2,000	2,000	-	2,000	2,000
Inner London Magistrates' Courts' Poor Box & Feeder Charity	-	10,000	10,000	-	-	-
Jill Franklin Trust	-	9,600	9,600	-	8,800	8,800
John Armitage Charitable Trust	35,000	-	35,000	35,000	-	35,000
Lawrence Atwell's Charity	-	15,000	15,000	-	15,000	15,000
Leonard Chadwick Charitable Trust	2,000	-	2,000	2,000	-	2,000
Lord Bamby's Foundation	-	2,000	2,000	-	-	-
Millichope Foundation	-	2,000	2,000	-	2,000	2,000
Open Gate Trust	-	2,500	2,500	-	2,250	2,250
PH Holt Foundation	-	4,032	4,032	-	9,000	9,000
Pilkington General Charity	-	2,000	2,000	-	-	-
Phoenix Equity Partners	-	-	-	2,000	-	2,000
Safer Kent	-	-	-	-	2,550	2,550
Santander UK Foundation Limited	-	-	-	-	4,675	4,675
Scott (Eredine) Charitable Trust	-	3,000	3,000	-	-	-
Shanly Foundation	-	2,000	2,000	-	-	-
Simon Gibson Charitable Trust	-	3,000	3,000	-	-	-
Sir John Cass's Foundation	-	15,725	15,725	-	-	-
Sir J. Paul Getty Jr Charitable Trust	-	-	-	-	20,000	20,000
Texel Foundation	-	-	-	5,000	-	5,000
The 29th May 1961 Charitable Trust	10,000	-	10,000	10,000	-	10,000

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

The Adrian Swire Charitable Trust	30,000	-	30,000	-	-	-
The Aldo Trust	-	4,000	4,000	-	3,500	3,500
The Bromley Trust	15,000	-	15,000	-	-	-
The Brook Trust	-	18,030	18,030	-	18,030	18,030
The Carr-Gregory Trust	7,500	-	7,500	5,000	-	5,000
The Charles Irving Charitable Trust	-	2,000	2,000	-	-	-
The Constance Travis Charitable Trust	50,000	-	50,000	-	5,000	5,000
The Drapers' Company	25,000	-	25,000	-	-	-
The Dulverton Trust	40,000	-	40,000	-	-	-
The Elizabeth L Rathbone Charitable Trust	-	3,000	3,000	-	-	-
The George A. Moore Foundation	-	2,550	2,550	-	-	-
The Hadley Trust	30,000	-	30,000	30,000	-	30,000
The Henry C Hoare Charitable Trust	-	-	-	5,000	-	5,000
The John Coates Charitable Trust	-	3,000	3,000	-	2,000	2,000
The Joseph Strong Frazer Trust	-	2,000	2,000	-	2,000	2,000
The Manly Trust	-	-	-	-	4,250	4,250
The Michael Marsh Charitable Trust	-	-	-	-	3,400	3,400
The Peacock Charitable Trust	8,000	-	8,000	6,000	-	6,000
The Reed Educational Trust	-	-	-	-	6,375	6,375
The Roger & Douglas Turner Charitable Trust	-	3,000	3,000	-	2,000	2,000
The Samworth Foundation	-	35,000	35,000	-	35,000	35,000
The Savoy Educational Trust	-	7,650	7,650	-	6,800	6,800
The Singer Foundation	-	-	-	-	10,200	10,200
The Sir James Reckitt Charity	-	2,000	2,000	-	-	-
The Souter Charitable Trust	-	-	-	-	2,000	2,000
The Summerfield Charitable Trust	-	2,125	2,125	-	-	-
The Syder Foundation	2,000	-	2,000	-	-	-
The Taylor Family Foundation	-	20,000	20,000	-	-	-
The Topinambour Trust	-	-	-	-	5,000	5,000
The Vandervell Foundation	5,000	-	5,000	5,000	-	5,000
The Walter Guinness Charitable Trust	-	2,125	2,125	-	-	-
Welton Foundation	-	-	-	-	2,000	2,000
WF Southall Trust	-	-	-	-	2,000	2,000
William Harding's Charity	-	6,375	6,375	-	-	-
Other donations from institutions	44,022	63,884	107,906	70,725	17,980	88,705

Individuals who donated £2,000 or more:

Hugh Lenon	3,000	-	3,000	10,000	-	10,000
His Honour John Samuels QC & Mrs Maxine Samuels	-	2,000	2,000	-	2,000	2,000
John Watson	3,500	-	3,500	-	-	-
Roger and Rosemary Chadder	-	2,000	2,000	-	2,000	2,000
Gift Aid receivable	16,494	3,324	19,818	13,895	2,952	16,847
Other donations from individuals	98,876	20,389	119,265	78,676	16,388	95,064

Donated services of £2,000 or more

Linklaters LLP	-	-	-	2,142	-	2,142
Clifford Chance LLP	4,555	-	4,555	4,135	-	4,135
University of Westminster	-	-	-	3,137	-	3,137
Other donated services	1,509	-	1,509	-	-	-

Legacies donated of £2,000 or more:

From the estate of Late Lady Andrew OBE	-	-	-	50,000	-	50,000
From the estate of Late Mr Anthony Gibbs	-	-	-	8,829	-	8,829
From the estate of the Late Mrs Pamela Napier Gulliver	2,000	-	2,000	-	-	-
Other legacy income	13,470	-	13,470	11,709	-	11,709

459,926	501,513	961,439	463,248	266,195	729,443
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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

3 INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted funds	Restricted funds	Total funds	Total funds (Restricted) 2018
	2019 £	2019 £	2019 £	2018 £
Access to Learning Grants:				
Ministry of Justice	-	402,458	402,458	398,044
Welsh Assembly Government	-	16,621	16,621	17,731
	-	419,079	419,079	415,775
Policy and Research grants:				
Barrow Cadbury Trust	-	14,100	14,100	14,100
Esmée Fairbairn Foundation	-	60,729	60,729	60,000
Erasmus+ Programme	-	8,226	8,226	12,785
Further Education Trust for Leadership	-	15,000	15,000	15,000
Manchester Metropolitan University	-	-	-	2,500
Allan & Gill Gray Philanthropy	-	17,845	17,845	-
St Sarkis Charity Trust	-	7,500	7,500	7,500
Other Donors	-	4,440	4,440	13,780
	-	127,840	127,840	125,665
Welsh Prisons Project				
Moondance Foundation	-	293,087	293,087	291,255
	-	840,006	840,006	832,695

All funds received in 2018 were restricted. Included within Income from Charitable Activities are total government grants of £419,079 (2018 - £415,775). The total value of the grant received has been recognised in year.

For a description of the nature and purpose of material government grants see Note 12.

There are no unfulfilled conditions or contingencies attaching to the grants which have been recognised as income, and no other material sources of government assistance were received (2018 - the same).

The Welsh Prisons Project grant of £293,087 (2018 £291,255) for 2019 was received and recognised in this year.

4. INCOME FROM OTHER TRADING ACTIVITIES

	Unrestricted funds	Restricted funds	Total funds	Total funds (Unrestricted) 2018
	2019 £	2019 £	2019 £	2018 £
Fundraising events	11,618	-	11,618	16,243
	11,618	-	11,618	16,243

In 2018 all income from other trading activities was unrestricted.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

5. EXPENDITURE

Support staff costs have been allocated based on an estimate of the percentage of time staff spent supporting the activity; office costs have been apportioned based on an estimate of relative usage of these central resources. Premises costs have been allocated across projects based on estimated floor space used. Support costs are analysed overleaf:

Grant funding of activities	Staff costs	Activities undertaken directly	Support costs	Total	Total	
2019	2019	2019	2019	2019	2018	
£	£	£	£	£	£	
Access to Learning Grants:						
Access to Learning	682,236	295,936	6,356	110,430	1,094,958	1,124,237
Policy and Research	-	131,239	38,734	56,727	226,700	275,001
Welsh Prisons Project	33,690	137,446	23,757	26,576	221,469	233,494
ICT Project	-	-	1,900	-	1,900	8,550
Total expenditure on charitable activities	715,926	564,621	70,747	193,733	1,545,027	1,641,282
Raising funds	-	191,702	18,532	60,123	270,357	245,202
Support and governance	-	113,239	140,617	(253,856)	-	-
	715,926	869,562	229,896	-	1,815,384	1,886,484

Prior Year

Grant funding of activities	Staff costs	Activities undertaken directly	Support costs	Total	
2018	2018	2018	2018	2018	
£	£	£	£	£	
Access to Learning Grants:					
Access to Learning	744,041	256,972	12,027	111,197	1,124,237
Policy and Research	-	176,307	30,764	67,930	275,001
Welsh Prisons Project	27,101	140,667	31,005	34,721	233,494
ICT Project	-	-	8,550	-	8,550
Total expenditure on charitable activities	771,142	573,946	82,346	213,848	1,641,282
Raising funds	-	163,526	23,492	58,184	245,202
Support and governance	-	114,851	157,181	(272,032)	-
	771,142	852,323	263,019	-	1,886,484

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

	Total 2019 £	Total 2018 £
Support staff costs	93,303	93,465
Rent, service charge and rates	71,583	68,983
Other premises costs	2,738	1,160
Insurance	3,631	2,611
Computer and IT costs	19,034	18,316
Bank charges	1,270	1,113
Postage, photocopier and telephone	8,690	10,978
Printing and stationery	4,302	7,155
Depreciation	9,107	3,370
Other support costs	11,327	9,940
Governance staff costs	19,936	21,386
Other governance costs	8,935	33,555
	<u>28,871</u>	<u>54,941</u>
	<u>253,856</u>	<u>272,032</u>

Expenditure includes:

	2019 £	2018 £
Auditors remuneration:		
Audit fee excluding VAT	8,700	7,250
Irrecoverable VAT on audit fee	1,740	1,450
Operating lease rentals - Land and buildings	55,526	53,427
- Plant and equipment	2,007	2,292
Depreciation and amortisation on owned assets	<u>9,545</u>	<u>3,808</u>

Grant funding includes grants payable for Open University, other accredited and unaccredited distance learning courses, and small grants for arts, hobby and other educational materials. All grants are made to acquire courses and materials for individuals, and have been analysed below:

	2019 £	2018 £
Open University courses	395,435	221,335
General education courses, arts & hobby materials	320,491	549,807
	<u>715,926</u>	<u>771,142</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

6. STAFF NUMBERS AND COSTS

	2019	2018
	£	£
Wages and salaries	746,510	700,154
Social security costs	74,303	70,316
Defined contribution pension costs	36,945	34,813
Other staff costs	11,802	12,769
Agency staff and consultants	-	34,271
	869,560	852,323

The average monthly number of employees, calculated as full time equivalents (FTE), during the period was:

	2019	2018
	FTE	FTE
Raising funds	4.8	4.2
Access to Learning	7.0	6.4
Policy and Research	2.8	3.7
Welsh Prisons Project	3.1	3.3
Governance	0.3	0.4
Support	1.7	1.6
	19.7	19.6

The average monthly number of employees, calculated as average head count (AHC), during the period was:

	2019	2018
	AHC	AHC
Raising funds	4.8	4.2
Access to Learning	7.0	6.6
Policy and Research	2.9	4.1
Welsh Prisons Project	3.3	3.4
Governance	0.3	0.3
Support	1.7	1.7
	20.0	20.3

One employee, the Chief Executive, received a gross salary in the range of £80,000 - £90,000; employers' pension contributions of 5% of total earnings were also payable (2018 - same). The key management personnel of PET received earnings and benefits (including employer pension contributions of 5% of total earnings) totalling £334,533 (2018 - £321,721). The number of key management personnel was 5 (2018- 5) being the Chief Executive, and 4 Heads of Departments; the FTE number of key management personnel staff members was 5 (2018 - 4.8).

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

7. CONTROL OF TRUST, TRUSTEE DONATIONS, REMUNERATION AND EXPENSES

During the year, no trustee received any remuneration (2018 - £NIL). Two trustees received reimbursement of travel expenses to attend trustee meetings of £ 345 (2018 - £1,625). The Charity received £ 5,537 of donations to support existing activities from its trustees, key management personnel, their close family members and entities over which they have effective control or in which they have a significant interest during the period (2018 - £15,804). Total expenses incurred by the Trustees in the furtherance of their duties, but not reclaimed from the Charity were immaterial in 2019 and 2018. There is no ultimate controlling party.

8a. INTANGIBLE FIXED ASSETS

	Website £	Database £	Total 2019 £	Total 2018 £
COST				
Opening balance 1 January 2019	-	-	-	-
Additions	36,048	32,368	68,416	-
At 31 December 2019	36,048	32,368	68,416	-
Amortisation				
Opening balance 1 January 2019	-	-	-	-
Charge for the period	5,213	-	5,213	-
At 31 December 2019	5,213	-	5,213	-
NET BOOK VALUE				
At 31 December 2018	-	-	-	-
At 31 December 2019	30,835	32,368	63,203	-

8b. TANGIBLE FIXED ASSETS

	Furniture & Fittings £	Office & IT Equipment £	Total 2019 £	Total 2018 £
COST				
Opening balance 1 January 2019	22,169	8,625	30,794	29,271
Additions	554	3,535	4,089	1,523
At 31 December 2019	22,723	12,160	34,883	30,794
DEPRECIATION				
Opening balance 1 January 2019	8,763	5,486	14,249	10,441
Charge for the period	2,424	1,908	4,332	3,808
At 31 December 2019	11,187	7,394	18,581	14,249
NET BOOK VALUE				
At 31 December 2018	13,405	3,140	16,545	18,830
At 31 December 2019	11,536	4,766	16,302	16,545

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

9. Investments

	2019	2018
	£	£
Aviva Investment Bond:		
Market value brought forward	-	-
Additions	20,871	-
Distributions reinvested	193	-
Unrealised gain/(loss)	-	-
Market value carried forward	<u>21,064</u>	<u>-</u>
Historical cost	<u>21,064</u>	<u>-</u>

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2018
	£	£
Trade Debtors	874	3,750
Net prison contributions due	12,376	15,898
Grants receivable	267,096	108,309
Donations receivable	58,605	74,191
Prepayments	5,296	8,396
Lease deposit	4,895	4,895
	<u>349,142</u>	<u>215,439</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £	2018 £
Trade creditors	12,672	107,667
Taxation and social security costs	20,631	20,163
Grants committed but not yet paid (see below)	111,963	112,611
Accruals	8,700	15,049
Other creditors	13,779	5,782
	167,745	261,272

Grants committed but not yet paid analysis

At start of year	112,611	97,414
Grants committed in the year	761,565	719,767
Grant commitments fulfilled	(762,213)	(704,570)
	111,963	112,611

Grant commitments are recorded as liabilities on the balance sheet and as expenditure in the Statement of Financial Activities when the award has been approved, as a constructive obligation has been formed. The vast majority of grant awards are fulfilled within 12 months of the commitment.

12a. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds £	Restricted Funds £	Total Funds 2019 £	Total Funds 2018 £
Intangible Fixed Assets	63,203	-	63,203	-
Tangible fixed assets	13,880	2,422	16,302	16,545
Investments	21,064	-	21,064	-
Current Assets	625,955	1,002,406	1,628,361	1,751,503
Current Liabilities	(45,190)	(122,556)	(167,746)	(261,272)
	678,912	882,272	1,561,184	1,506,776

Prior Year

	Unrestricted Funds £	Restricted Funds £	Total Funds 2018 £
Intangible Fixed Assets	-	-	-
Tangible fixed assets	14,645	1,900	16,545
Investment	-	-	-
Current Assets	690,525	1,060,978	1,751,503
Current Liabilities	(104,509)	(156,763)	(261,272)
	600,661	906,115	1,506,776

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

12b. FUNDS OF THE CHARITY

	Brought Forward 01/01/2019	Income	Expenditure	Transfers	Carried Forward 31/12/2019
	£	£	£	£	£
RESTRICTED FUNDS					
Policy and Research	80,215	127,838	(125,309)	(5,000)	77,744
Governance	-	-	-	-	-
Access to Learning					
General	16,799	190,259	(58,592)	-	148,466
Womens prisoners	49,420	91,652	(75,042)	-	66,030
Younger prisoners	19,642	50,725	(42,751)	-	27,616
Older prisoners	2,625	2,975	(3,782)	-	1,818
Army veterans	17,326	25,124	(23,770)	-	18,680
Department for Business, Innovation and Skills	16,349	402,458	(416,379)	-	2,428
Welsh Assembly	-	16,621	(16,621)	-	-
Geographically restricted	78,878	131,131	(149,006)	-	61,003
Course subject restricted	285,165	7,650	(183,777)	-	109,038
Course Development	1,900	-	(1,900)	-	-
Small Grants	6,174	2,000	(4,972)	-	3,202
Prison & Prisoners' contribution	3,269	49,286	(48,900)	-	3,655
Awards	4,902	-	(10)	-	4,892
Welsh Prisons Project	323,451	293,086	(221,469)	(37,368)	357,700
	906,115	1,390,805	(1,372,280)	(42,368)	882,272

Prior year comparative figures:

	Brought Forward 01/01/2018	Income	Expenditure	Transfers	Carried Forward 31/12/2018
	£	£	£	£	£
RESTRICTED FUNDS					
Policy and Research	70,149	125,665	(143,600)	28,001	80,215
Governance	-	20,000	(20,000)	-	-
Access to Learning					
General	7,964	21,000	(12,580)	415	16,799
Womens prisoners	61,556	62,409	(59,957)	(14,588)	49,420
Younger prisoners	93,200	19,675	(65,232)	(28,001)	19,642
Older prisoners	937	866	(13,766)	14,588	2,625
Army veterans	32,249	10,070	(24,993)	-	17,326
Department for Business, Innovation and Skills	-	398,044	(381,695)	-	16,349
Welsh Assembly	-	17,731	(17,731)	-	-
Geographically restricted	88,024	107,625	(116,771)	-	78,878
Course subject restricted	507,004	16,350	(238,189)	-	285,165
Course Development	10,725	-	(8,826)	-	1,900
Small Grants	3,893	1,200	1,496	(415)	6,174
Prison & Prisoners' contribution	-	54,644	(51,375)	-	3,269
Awards	4,706	5,000	(4,804)	-	4,902
Welsh Prisons Project	265,690	291,255	(233,494)	-	323,451
	1,146,097	1,151,534	(1,391,517)	-	906,115

NOTES TO THE FINANCIAL STATEMENTS

RESTRICTED FUNDS

Policy & Research
(Learning Matters)

For research, policy, advocacy and alumni development work, including support of the PLA. Major funders in 2019 include: Esmée Fairbairn Foundation, Barrow Cadbury Trust (supporting EDI project), Further Education Trust for Leadership, Erasmus+ Programme, Allan & Gill Gray Philanthropy and some other organisations.

Access to Learning:

General	For distance learning courses and advice. Major funders in 2019 include: The Aldo Trust (£25 per prisoner for arts materials), The Beatrice Laing Trust, The Big give appeal, The Joseph Strong Frazer Trust, and Allan & Gill Gray Philanthropy.
Women prisoners	For distance learning courses and advice to women in prison; major funders in 2019 include: The Brook Trust, Charles Hayward Foundation, Evan Cornish Foundation and The Roddick Foundation.
Younger prisoners	For distance learning courses and advice to younger prisoners under 30. Major funders in 2019 include: Lawrence Atwell's Charity, Sir John Cass's Foundation, The Taylor Family Foundation (South of England),
Older prisoners	For distance learning courses and advice to prisoners aged 50 and above. The major funder in 2019 was Ernest Hecht Charitable Foundation and The Roddick Foundation
Army Veterans	For distance learning courses to ex-service personnel; major funders in 2019 include: ABF The Soldiers' Charity, and The Royal British Legion, Lord Barnby's Foundation, Scott (Eredine) Charitable Trust and Hobson Charity.
Ministry of Justice	Funding granted for distance learning courses, including Open University Access courses and a range of accredited and unaccredited further education courses, as well as an Advice and Information service for serving prisoners and their families.
Welsh Assembly Government	Funds granted by the Welsh Assembly Government, through NOMS in Wales for prisoners who are ordinarily resident in Wales to study Open University and other accredited and unaccredited further education courses
Geographically restricted	Funds granted for distance learning courses and advice with specific geographical restrictions. Major funders in 2019 include: Amelia Chadwick Charitable Trust, Buckinghamshire Association for the Care of Offenders, City & Metropolitan Welfare Charity, Community Foundation for Surrey, Coral Samuel Charitable Trust, The Elizabeth L Rathbone Charitable Trust, Edward Cadbury Charitable Trust, The George A. Moore Foundation, Guernsey Community Foundation, Hull and East Riding Charitable Trust, Inner London Magistrates' Courts' Poor Box & Feeder Charity, Jill Franklin Trust, The John Coates Charitable Trust, Millichope Foundation, PH Holt Foundation, Shanly Foundation, The Sir James Reckitt Charity, Sir John Fisher Foundation, The Samworth Foundation, The Singer Foundation, The Summerfield Charitable Trust and The Walter Guinness Charitable Trust

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

Course subject restricted & Course development	Funds granted for distance learning courses with specific subject restrictions and course development. Major funders for course subject restriction in 2019 include: Garfield Weston and The Savoy Educational Trust
John Allt Award	A fund established in memory of John Allt, administered by PET and to be applied in awarding prizes to prisoners undertaking further or higher education. A major fund contributor was the Topinambour Trust.
Welsh Prisons Project	Funds restricted to strengthen and extend our support for Welsh prisoners, building learning communities to support our students to achieve their educational and vocational goals, whilst in custody and upon release. Moondance Foundation is the main contributor for this project.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

13. CAPITAL COMMITMENTS

	2019 £	2018 £
Amounts contracted for but not provided in the financial statements	-	30,000

At 31st December 2019 the Charity had committed nil (2018 - £30,000) funds for any capital developments.

14. OTHER FINANCIAL COMMITMENTS

At 31 December 2019 the Charity had an operating lease for its London office premises with a remaining term of less than 5 years. There is a rolling 6-month break clause, and therefore the commitment by the charity at any given point is 6 months' rent and service charge. As at 31 December 2019, this amounted to £34,458 (2018 - £33,358). The Charity also had a non-cancellable operating lease commitment of £ 392 (2018 - £1,020) for equipment falling due within one year.

In October 2015 the charity signed an operating licence for an office space in Cardiff with an initial 18 month term and a rolling one month break clause. The commitment of the charity at any one time is rent and service charges of £625. There are no other non-cancellable operating licence commitments falling due within one year or in more than one year (2018 - the same).

15. CONTRIBUTION OF VOLUNTEERS

We are very grateful for the vital contributions to our work made by volunteers in 2019 in many different capacities. A number of our alumni that we had helped while in prison and are now in the community gave their time to speak at events or to journalists to promote our work. Some of our high profile supporters also gave their time to speak at events on our behalf. We were given valuable help with administrative and office tasks by 9 volunteers gaining temporary work experience or helping with one off tasks (2018 - 11). 21 individuals helped us out on a voluntary basis with fundraising events organised either directly through PET or via our South London supporters' group (2018 - 22). A number of professional and academic experts contributed their advice and expertise to our project and research work on a pro bono basis; and our President and all our Patrons and Trustees gave their time most generously and free of charge to act as ambassadors for PET and to provide robust and effective governance.

16. LIMITATION OF LIABILITY

Prisoners' Education Trust is a charitable company limited by guarantee. Liability is limited to £10 per member. As at 31 December 2019, there were 28 members (2018: 26).

PRISONERS' EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

17. PRIOR YEAR STATEMENT OF FINANCIAL ACTIVITIES

Incorporating Income and Expenditure Account & Statement of Total Realised Gains and Losses for the year ended 31 December 2018

	<i>Note</i>	Unrestricted Funds	Restricted Funds	Total Funds
		£	£	2018 £
INCOME AND ENDOWMENTS FROM:				
Donations and Legacies	2	465,249	264,195	729,444
Charitable Activities:				
Access to Learning: Government Grant	3	-	415,775	415,775
Access to Learning: Garfield Weston Foundation	3	-	-	-
Policy and Research	3	-	125,665	125,665
Welsh Prisons Project	3	-	291,255	291,255
Other Trading activities	4	16,243	-	16,243
Investments		5,582		5,582
Prison & Prisoners' Contribution		30,414	54,644	85,058
TOTAL INCOME AND ENDOWMENTS		517,488	1,151,534	1,669,022
EXPENDITURE ON:				
Raising funds		245,202	-	245,202
Charitable Activities:				
Access to Learning		118,365	1,005,872	1,124,237
Policy and Research		131,401	143,600	275,001
Welsh Prisons Project		-	233,494	233,494
ICT Project		-	8,550	8,550
Charitable Activities		249,766	1,391,516	1,641,282
TOTAL EXPENDITURE	5	494,968	1,391,516	1,886,484
Net Income/(Expenditure)		22,520	(239,982)	(217,462)
NET MOVEMENT IN FUNDS		22,520	(239,982)	(217,462)
RECONCILIATION OF FUNDS:				
Total Funds Brought Forward		578,141	1,146,097	1,724,238
TOTAL FUNDS CARRIED FORWARD		600,661	906,115	1,506,776

The statement of financial activities includes all gains and losses recognised in the year. All income and expenditure relates to continuing activities