



UK Trade
& Investment



UK Trade & Investment
Annual Report
and Accounts 2012-13

UK Trade & Investment Annual Report and Accounts 2012-13

(for the year ended 31 March 2013)

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by Command of Her Majesty.

Annual Report and Accounts presented to the House of Lords
by Command of Her Majesty.

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Contents

1. Overview

Minister's Foreword	4
Chief Executive's Foreword	5
Introduction	6
2. How we have performed	
What We Have Done	9
Looking Forward	23
Financial Review	27
Our People and Business Partners	32
Significant Work of Senior People Helping UKTI Deliver for UK Business	35

3. Governance

Departmental Remuneration Report	37
Statement of Accounting Officer's Responsibilities	44
Annual Governance Statement	45

4. Financials

The Certificate and Report of the Comptroller and Auditor General to the House of Commons	56
Statement of Parliamentary Supply	59
Statement of Comprehensive Net Expenditure	60
Statement of Financial Position	61
Statement of Cash Flows	62
Statement of Changes in Taxpayers Equity	63
Notes to the 2012/13 Resource Accounts	64
Memorandum Notes Consolidating Total Resources Used to Deliver UKTI's Services	75

5. Annexes

Annex A – Performance Framework and Resources	79
Annex B – Technical Note on Measurement of Financial Benefits Generated by UKTI Trade Services	82
Annex C – Key Sources of UKTI Data	84
Annex D – Private Sector Sponsorship	88
Annex E – The Business Ambassadors Network	90
Annex F – Sector Advisory Groups and Chairs	91
Annex G – UKTI's Global Reach	92
Annex H – Contacting UKTI and the Services Delivered	94
Annex I – Chronological Timetable of Key UKTI Activities	96
Annex J – Acronyms	100

Minister's Foreword

Lord Green of Hurstpierpoint



I am delighted to introduce the 2012-13 Annual Report & Accounts and congratulate UK Trade & Investment (UKTI) on another strong year of achievement.

We mean to double the volume of UK exports to £1 trillion and get 100,000 more companies a year exporting by 2020.

To achieve our goals, the UK's inward investment portfolio needs to evolve – we must become the number one location in Europe for investment from emerging markets. We need to attract new classes of inward investor – the entrepreneurs, new Sovereign Wealth Funds and those that see the UK's potential for ease of conducting business and as the gateway to the European markets.

The combined impact on global business opinion of the London 2012 Olympic and Paralympic Games, the GREAT campaign, the Government's trade missions, and the renewed drive to help British bidders win High Value Opportunities is resoundingly the impression of a country on the move.

This strong impression is underpinned by concrete policy measures. The recent Autumn Statement increased funding for UKTI by £140m over two years.

Looking to the year ahead, UKTI will focus on where it can add the most value – in leading and supporting cross-Government campaigns to win new business and ensure the whole Government responds to the concerns of business' by providing suitable and focused help.

Lord Green of Hurstpierpoint
Minister of State for Trade & Investment

Chief Executive's Foreword

Nick Baird



UK Trade & Investment (UKTI), has had a strong year, delivering excellent outcomes for business, through its HQ, home and overseas network, and delivery partners.

We are on track to hit our 2012-13 target of 32,000 businesses assisted in the last financial year. We also supported the delivery of over 1,000 inward investment projects, keeping the UK as the No 1 destination for Foreign Direct Investment (FDI) in Europe.

We also ran a major series of business summits at the British Business Embassy during the Olympics last summer, attended by over 4,000 businesses. This is part of our key programme to deliver a powerful economic legacy from the Games.

Our vision is to make a difference for businesses and the economy, by helping clinch the deal for British companies overseas and high-value foreign investors in the UK.

UKTI will focus this year on a range of major new projects – strengthening business-to-business support overseas in partnership with Chambers of Commerce, introducing a range of new and enhanced services to SMEs many of which we will continue to discount, doubling the number of High Value campaigns we pursue, broadening our Inward Investment footprint overseas, trialling new private sector models of delivery, and encouraging overseas entrepreneurs to locate in the UK.

I am very proud of UKTI's strong Executive Team, which includes a number of senior business people with a wide range of private sector experience. We have also brought in new senior leaders to our teams in China and India, with strong business experience. We are improving our partnerships across Government to ensure integrated support for the UK's international business effort. UKTI is a strong and united team, with a clear set of values. We are committed to our customers – listening to their needs and focusing on real outcomes. We are empowered to deliver – trusting each other to innovate and get results. And we work together as one team – building partnerships to add value.

A handwritten signature in black ink, appearing to read 'Nick Baird'. The signature is stylized and fluid, with a large initial 'N' and 'B'.

Nick Baird CMG CVO
UKTI Chief Executive

Introduction



Who We Are

1.1 UK Trade & Investment (UKTI) is a joint, non-ministerial Government Department of the Departments for Business, Innovation and Skills (BIS) and the Foreign & Commonwealth Office (FCO). UKTI has its own objectives, and also contributes to the objectives of both parent departments. UKTI delivers its remit on their behalf through staff and assets mainly employed by either the FCO or BIS.

1.2 UKTI is the UK's international trade and inward investment promotion organisation. In England, it uses a network of private sector international trade advisers to provide support and assistance to new and existing exporters of goods and services, and to outward investors, while staff in more than 100 Markets overseas are available to support business overseas. It also leads an inward investment network including private sector expertise to help overseas-owned firms – from high tech start-ups to global industry leaders – locate and build their business in and from the UK. UKTI has an England-wide foreign direct investment (FDI) network (excluding Greater London) to ensure seamless delivery of support to foreign direct investors into the UK, working closely with Local Enterprise Partnerships and other local bodies.

1.3 UKTI has national responsibility for the provision of support and assistance to exporters, and for promoting the UK to foreign investors. However, the devolved administrations in Scotland, Northern Ireland and Wales have concurrent powers to promote international trade and inward investment. Through their trade and investment organisations (Scottish Development International, Invest Northern Ireland and the Welsh Government's trade and investment team) they are responsible for devising and implementing additional programmes to deliver trade services and advice to companies in their nations. UKTI and the devolved administrations consult each other regularly on policy developments and activities to avoid duplication of effort, double funding of projects and contradictory actions.

What We Do

1.4 The Government is seeking a transformation in the UK's export performance, bringing the UK in line with major developed countries. The aim is to more than double exports to £1 trillion by 2020, raising the proportion of GDP from the early 30s to just over 40% (as in Germany) and get another 100,000 companies exporting in the same timescale. This will increase the number of British companies exporting to 25%, the European average. To achieve this will require a 'whole of Government' approach and a radical strengthening of the public sector support mechanisms for exporters.

1.5 UKTI is at the heart of the Government’s ambitions for trade and investment. Our strategy, Britain Open for Business (May 2011) (www.ukti.gov.uk/uktistrategy) sets out how the Government will provide practical expertise and support to exporters and investors. The strategy marked a step change in the way UKTI and the rest of Government would focus their efforts by adopting a proactive approach to delivering opportunities and focusing on the export and investment markets that provide the best prospects for growth. Britain Open for Business recognises that success will come through four pathways.

1.6 Encouraging more small and medium-sized enterprises to export

UKTI continues to maintain its well established and bespoke programme of support to help SMEs become export ready. Through its English Regional network of International Trade advisors and events, missions and tradeshow access programme, UKTI continues boosting export capacity and helping firms into new markets. An increasing range of diverse services target innovative and high-growth SMEs-including a major new approach to e-connectivity and programmes to link SMEs to trade finance and venture capital.

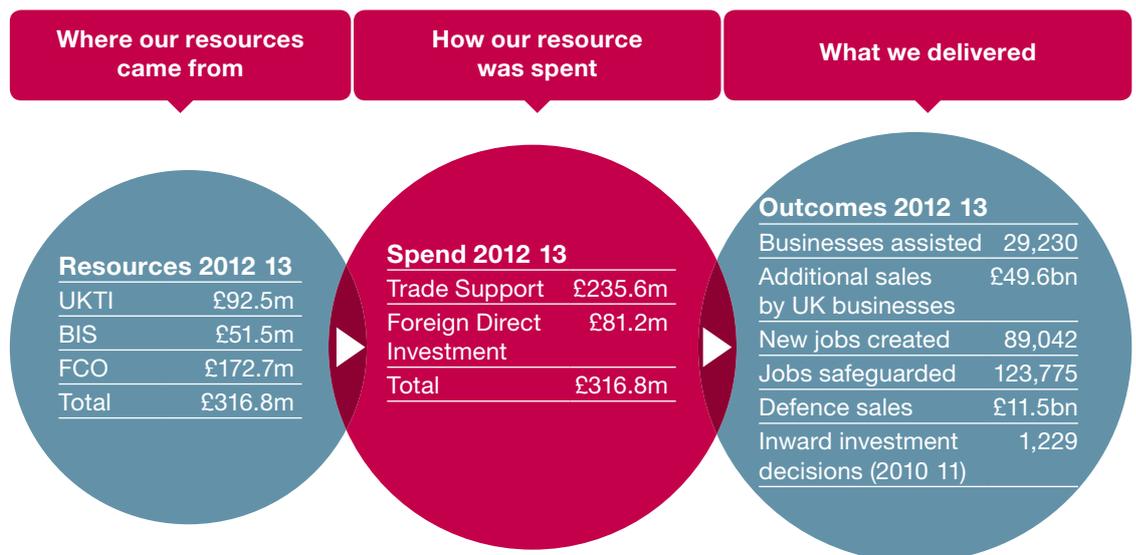
1.7 High-Value Opportunities

Helping to bring high-value opportunities home through a programme of intensive support for larger companies seeking to win overseas contracts ranging from £250m upwards. The market for very large-scale, high-value projects, which also create major supply chain opportunities for SMEs, runs into trillions of pounds and covers a wide range of sectors. Key to success will be moving to a campaign-focused structure, with accountable teams driving each opportunity, and enabling effective visits to key markets by the Prime Minister and other senior Ministers with well-targeted business delegations.

1.8 Inward Investment

Creating a pipeline of high-quality inward investment projects and winning investment for major UK infrastructure and regeneration projects. Targeting institutional investors, such as Sovereign Wealth Funds and overseas pension funds to win investment and deliver a target of 750 FDI projects per annum which benefit the UK economy through productivity spillovers, valuable knowledge and technologies to promote growth and competition in the UK.

Figure 1: Total resources used by UKTI to deliver its activity



1.9 This report records UKTI's activity and performance against its key aims and objectives, for the financial year 1 April 2012 to 31 March 2013. It also looks ahead, highlighting the new strategy and resources agreed in the Spending Review 2010 (SR10).

1.10 Basis of Accounts and Resources Deployed

The accounts on pages 58 to 78 show UKTI's voted resource only. They have been prepared in accordance with directions given by HM Treasury in pursuance of Section 5(2) of the Government Resources and Accounts Act 2000 (2011-12 figures are shown in brackets).

1.11 To arrive at the total resources used, the resources expended by UKTI's parent Departments – BIS and the FCO – must also be added to UKTI's voted resource. This reflects the shared governance arrangements between BIS, FCO, and UKTI for the delivery of their objectives for trade promotion and foreign direct investment. These have been included by way of Memorandum Notes providing an estimate of the total resources used by UKTI to deliver its activity – see pages 75 to 78 for further details.

1.12 Year on year, UKTI's net spend has decreased by £6.2m or 1.9%. This can be disaggregated into an UKTI Programme increase of £10.8m, a BIS Admin increase of £3.6m and a FCO Administration and Programme decrease of £17.7m. The decrease is due to the ongoing drive to increase efficiency and value for money.

1.13 Strategic Relationship Management

Introducing strategic relationship and key account management for the most significant inward investors and the UK's top exporters. Ministers will play an active role in developing and sustaining winning relationships with investors and the UK's top exporters. These customers are able to call on expertise and resources from across Government, and have access to a seamless, 'one-stop' service.

What We Have Done

2.1 Britain *Open for Business* built on a successful track record of delivering real benefits for business but acknowledged that UKTI can – and must – do more.

2.2 Over the course of 2012-13 work, has continued at pace to re-organise UKTI around the strategic pathways, with new stretching targets based on value to the client, but with a continued focus on business benefits. At the same time, 75% of the senior management team have entered the public sector with recent private sector backgrounds. UKTI now has a smaller HQ, contracting out much of its front line delivery to private sector delivery partners working to incentivised contracts.

2.3 UKTI operates in over 160 locations in some 100 markets. These markets cover over 98% of the world's gross Domestic product (GDP). Full details of UKTI's market coverage can be found in Annex G.

2.4 In addition, over the period to 2020, UKTI will shift the proportion of its overseas resource in designated High Growth and newly emerging markets from 40% to 50%. The importance of opportunities in the high growth and emerging markets cannot be underestimated. We continue to seek out opportunities in these markets, working with UK businesses to capitalise on these opportunities. It is for this reason that we have opened in seven new markets, reflecting emerging opportunities and what businesses told us about their requirements. At the same time, we have kept our resourcing under review across all markets to ensure optimum efficiency and reduced resource levels in some low priority markets.

2.5 However Government cannot drive this alone. That is why the National Export Challenge campaign uses multipliers with large SME client bases like banks, lawyers and accountants, to promote and support exports. We also need a wider framework of support for exporters, like our most successful competitors, and that's why UKTI is piloting a scheme to harness British business groups and Chambers of Commerce overseas, to help them develop their networks and capabilities.

2.6 This report records UKTI's activity and performance against its key aims and objectives for the financial year. It also looks ahead, at what further action UKTI is committed to, especially in relation to activity against new funding arising from the Autumn Statement 2012.

Encouraging significantly more small and medium-sized enterprises (SMEs) to export

Performance

2.7 UKTI is on track to meet its 2012-13 volume target of 32,000 businesses assisted. The most recent independently audited Performance Impact and Monitoring Survey (PIMS) figures (covering UKTI support for the period October 2011-Sept 2012) show UKTI supported 29,230 businesses, a 19% increase on figures in the 2011-12 Annual Report. Final PIMS results for 2012-13 will be published in September 2013. In terms of both quality and satisfaction, UKTI has fallen short of its target of 80%. Further analysis shows that 76% of people are either fairly satisfied or very satisfied with the service they have received from UKTI. However, only 7% say that are either fairly dissatisfied or very dissatisfied with the service received.

2.8 Throughout the last year UKTI has continued to deliver a range of services to small and medium sized enterprises to strengthen their export competitiveness. This service has been achieved by a broad and increasingly innovative service delivery model. During 2012, UKTI held 12 regional Exporting for Growth Events, to promote and support exporting using key intermediaries such as banks, accountants, lawyers, chambers, trade associations and MPs. A white label export guide was developed to raise awareness of the support for companies looking to export, including UKTI services, which these intermediaries and multipliers could utilise and brand accordingly.

2.9 Exactly one year on from the launch of the Prime Minister's National Exporting challenge in 2011, UKTI held its first Export Week campaign (12-16 November 2012). The campaign was targeted at helping new and existing exporters grasp the benefits and opportunities of international trade. The campaign covered all nine English regions as well as the devolved administrations in Wales, Scotland and Northern Ireland. UKTI reached over 5,000 companies through a series of 120 events, and have more planned for 2013.

2.10 Alongside a programme of events and missions, UKTI's Tradeshow Access programme (TAP) has continued to provide grants to independent exhibitors at niche events. During 2012-13 we have increased the at-event support to customers delivered through Accredited Trade Organisations (ATOs), some 6,000 business have been supported through the provision of grant funding and the TAP programme.

2.11 UKTI has also enhanced its service delivery with a number of new product offers:

- *Enhanced support for mid-sized businesses:* UKTI is expanding its International Trade Adviser network to focus on increasing UKTI's engagement with Medium Sized Business (MSB). The UK's first ever MSB focused trade mission was led by Lord Green to Turkey in April 2012, with a further MSB mission to Russia in November. Other MSBs met Ambassadors from Asian markets to discuss business opportunities specific to those markets.
- *Venture capital Unit:* launched in June 2012 to link high growth and innovative SMEs with overseas sources of early equity investment. The VCU has entered into an MOU with the British Private Equity and Venture Capital Association (BVCA) to bring the work of the two units closer together, and in January the unit was instrumental in delivering the joint US-UK Financing Innovation conference.
- *Open to Export:* an online peer to peer service providing a one-stop online resource for exporters launched in October 2012. UK companies receive bespoke answers to their business needs from Government and private sector service providers and is rapidly becoming a vibrant community. In January 2013 it received 21,500 unique visits and currently has over 2,500 items of content, from market reports to business guides from over 100 partner organisations and service providers.
- *Technology Partnerships:* a new service to assist high-growth, high-technology UK businesses, particularly SMEs, win the significant opportunities found in the global value chains of national and multinational companies. A strategic technology partnership has been established with Huawei (China) that has provided an in-depth review of the technology needs across its complete product value chain.
- *Science and Innovation Unit:* formed in November 2012 to make the most of shared priorities with innovation stakeholders. Key partnerships have already been developed, including the launch of Innovate UK in March 2013, with the Technology Strategy Board targeting over 4,000 international and UK delegates.
- *Webinars:* the launch of a managed, web-enabled service offering UK companies, currently exporting or considering exporting, regular access to leading knowledge, advice and new business opportunities across a range of international markets and sectors.

2.12 A new Prime Ministerial support unit was created to co-ordinate UKTI's business customers to join the PM on trade missions, culminating in "the most successful ever trade mission" with the Prime Minister accompanied by 109 companies to India, 71 per cent of whom, when surveyed, said their business prospects had improved with their joining the mission.

Digital

2.13 UKTI's digital channels are playing an increasing role in extending our reach and enabling us to build a dialogue with our customers.

- *Website* – UKTI's corporate website (www.ukti.gov.uk) had over 1.6 million visits in 2012-13. It has more than 80,000 registered users, of whom over 28,000 are signed up for regular alerts. More than 18,000 expressions of interest were made in response to business opportunities being published on the website.
- *Social Media* – UKTI has made excellent use of social media channels. Our Twitter feed, LinkedIn Group, Blog, YouTube, Flickr and Tumblr channels have all led to referrals to UKTI and take up of our activities, from promoting events to generating leads. As at 1 April 2013, UKTI had over 29,000 Twitter followers and 19,000 LinkedIn members, while our YouTube site had received over 705,000 views.

Enhancing Overseas Business Networks – Chambers of Commerce

2.14 We believe we have made good progress on our path towards our 2015 target of doubling the number of businesses we assist. However, if we are to support the Government's aspiration of transforming exporting in the UK, we need a radical step change in the way we engage companies. Sticking with the status quo is not an option. Strides have been made to sharpen the commercial focus of operations in UKTI and the Foreign Office, as well as introducing a new range of export finance services for SMEs. However, the provision of business to business

engagement and support falls short of what is on offer to competitors.

2.15 Over the summer, UKTI has been working closely with Lord Heseltine to undertake a *comprehensive study of UK business support capability* both in the UK and overseas. One of the key differences between the UK and our major competitors, especially Germany, is the range of business to business services on offer in overseas markets from organisations such as the Chambers of Commerce. There also tends to be a much stronger connection between overseas and domestic business networks. The case for a more extensive and coherent overseas business support offer is therefore very strong. British Chambers and other British business groups overseas offer a potential means to extend this offer to UK companies. However, in most cases, this requires a substantial upgrading of these business groups' own abilities to offer the requisite level of service.

2.16 In his Mansion House speech of 12th November, the Prime Minister announced a transformational change to the support offered to business and to British SMEs in particular. A new 'International Chambers of Commerce Unit' has been set up in order to oversee this process. It will begin with an £8 million pilot campaign in twenty high growth and emerging markets that will radically enhance the support to UK SMEs over the next 3-5 years. The pilot focuses on high growth and emerging markets and includes: Brazil, Colombia, Hong Kong, India, Indonesia, Malaysia, Mexico, Nigeria, Poland, Qatar, Romania, Russia, Saudi Arabia, Singapore, South Africa, South Korea, Thailand, Turkey, UAE and Vietnam. China will also be associated by virtue of the business to business services already provided by the China-Britain Business Council.

2.17 By 2017, the support available to UK SMEs from Government and business groups will have significantly increased in quantity, impact, and quality in at least the first twenty markets. The services on offer to UK business will, at a minimum, be on par with those on offer to competing businesses. Over time it is planned to roll out the programme to include all markets. In the meantime, other, non-pilot markets are being encouraged to get underway by following the approach laid out with the core 20. For further information, the British Chambers of Commerce have a list of UK based and international Chambers of commerce.

SME Success

2.18 *Inward Renewable Energy Trade Mission to Trinidad & Tobago*: First ever Inward Renewable Energy Trade Mission to Trinidad & Tobago resulted in the first wind energy contract from the Government of Trinidad & Tobago being awarded to a UK firm. The award for the Wind Resource Assessment Programme was valued at US\$1.2m.

2.19 *Warming up overseas*: At ALL ENERGY in Aberdeen, UKTI was able to forge a partnership between the Met Office and German energy systems company, Last Energy management, helping them to negotiate a joint project for EON Edis. This helped the Met Office to increase its overseas business and find an international partner with a solid track record in their home market and a set of skills that would complement those within the Met Office.

2.20 *US Event in December 2012*: Attended by Lord Green and in conjunction with a range of private sector partners and Open to Export, this event sought to build upon the significant increase in trade to the US from East of England (if current trends continue, the US will become the top trading partner for East of England).

2.21 *The British Business Pavilion (BBP)*: A five day event organised by UKTI South West, in partnership with Dorset Chamber of Commerce, Dorset Local Enterprise partnership and Weymouth and Portland Borough Council. It was the largest business networking event outside London during the 2012 Games. Estimated business generated from BBP is now around £1m.

Trade Development Case Study: Export Marketing Research

Derbyshire-based Soutron is primed to add Australian business to its books following the development of its new ground-breaking library system and bespoke research support from UK Trade & Investment.



Fast facts

<i>Company:</i>	Soutron
<i>Industry:</i>	Services
<i>Target Market:</i>	Global
<i>UKTI Service:</i>	EMRS, OMIS

Soutron has been developing and supplying systems to librarians and information professionals since 1989, and is the longest serving software supplier to special libraries in the UK. Synonymous with fast, user friendly systems which simplify and streamline library processes, Soutron's UK client base ranges from Government departments such as HMRC and the Welsh Assembly to Professional Membership Institutions and Not for Profit Organisations.

The company started as a value-added reseller for international systems from the US and Canada. Four years ago, despite the looming recession, the Directors at Soutron took the brave decision to invest in developing their own system – one that would better meet the demands of their customers.

Soutron Director, Susan Beastall, said, "We've always been very close to our customer base and knew we weren't able to give them exactly what they wanted. At the same time, we recruited a new R&D director and together set about developing our own system. Once complete, we knew it was streets ahead of the competition and we were able to actively see global opportunities."

Susan was already in regular contact with International Trade Adviser Christine Johnson when Soutron decided to target major English-speaking economies. With established networks and formative plans brewing in the United States, the Directors set Australia and New Zealand in their sights.

"We wanted to research the market thoroughly to make sure we were on the right track," says Susan. "We talked to Christine because she has done this so many times and helped so many businesses. She already knows what works." Christine suggested Soutron take a look at UKTI's Export Marketing Research Scheme (EMRS), explaining, "The EMRS helps companies like Susan's use marketing research to develop effective strategies to enter new overseas markets."

Although there is an option to commission market researchers to complete the work on your behalf, Susan decided she wanted to do the research herself and used the grant funding towards a market visit to New Zealand and Australia. She also used the Overseas Market Introduction Service (OMIS) in advance of the visit to ensure she had some quality appointments in Australia.

Susan dedicated her own time to completing the desk research in advance of the visit, investigating potential clients and their specific needs, competitors and their system specifications and potential business partners, their sales models, relevant experience and expertise.

"Combining the results of my research and the contacts from the OMIS gave us a real focus and a full schedule of appointments in advance of our visit," explains Susan. "Without the EMRS support we would not have been able to dedicate resources to doing the research properly".

Susan spent four days in New Zealand attending a major library conference and gathered responses from more than 50 delegates. This, together with the pre-arranged meetings with resellers, IT companies and even competitors, uncovered many new lines of enquiry.

A visit to Melbourne followed, with even more quality appointments to pursue. The trade team at the Embassy had arranged a meeting for Soutron with a major university, and also introduced them to a lawyer who specialised in distribution contracts and the legalities of bringing products into Australia.

Susan said, “The contacts the embassy team made for us were invaluable and that, together with the marketing research before and during the visit, gave us everything we needed to make some really informed decisions when we got back to the UK.”

The main conclusions from the whole process were around market entry strategy, pricing and system sustainability. Soutron were able to decide that the best route to market in Australia is to engage a reseller which is, in fact, the industry ‘norm’ – the reseller sells and supports the product taking a fee or commission but the software developer retains the IP – and since the visit they have been able to identify potential business partners.

A better understanding of pricing levels within the market has led the company to adjust their pricing structure upwards to avoid underselling its systems. Susan is also now more confident Soutron’s systems will meet the specific demands of the market.

She said, “Without EMRS support we wouldn’t have been able to tackle Australia. We are in a much stronger position now to bid for major tenders and secure the best business partnerships possible.”

**Trade Development Case Study:
Overseas Market Introduction Service**

Designs on the lucrative German market have been realised for international design-led manufacturing company, Agentdraw Ltd.



Fast facts

<i>Company:</i>	Agentdraw
<i>Industry:</i>	Design & Manufacturing
<i>Target Market:</i>	Germany, France, China
<i>UKTI Service:</i>	Market Visit

Detailed market assessment has been the key to unlocking the European Union’s largest economy, the Leicester based company has found.

Utilising the advice and funding opportunities offered by UKTI, management at Agentdraw have started to reap success in Germany and support this growth in their home market. They have invested in new machinery, employed more staff and expanded their Whetstone premises.

At Agentdraw, projects are handled from the initial idea right through to manufacture, here in the UK or in China using an innovative, design led manufacturing approach.

In 2009, after more than two decades of successful trading in the UK, the company began to grow the business internationally. Initial research identified Germany as a potential opportunity.

Agentdraw director Kevin Sheppard said, “We decided to focus on the European market first. Germany stood out for us. The manufacturing base is quite high, there is a good appreciation of quality high-end design and, at the time, the Euro was definitely in our favour.”

Kevin approached UKTI to secure funding to attend the EuroMold exhibition in Frankfurt. In the two years following, Agentdraw took advantage of extensive UKTI support through a dedicated local adviser and a range of programmes and funding opportunities. “Up to that point we had tended to be reactive exporters, albeit successful ones, acting on referrals from customers or responding to the needs of clients who were themselves international businesses. With our entry into the German market we wanted to take a measured and proactive approach.

Working with UKTI allowed us to prepare for the problems we might encounter in advance, avoid costly mistakes and get it right first time.” UKTI’s International Trade Adviser, Tim Jelley, said, “UKTI’s overseas network of experts can help businesses to understand and penetrate new markets, cut through red tape, make introductions and provide access to a range of services to guide and support a business as it expands.”

Following Tim’s advice, Agentdraw accessed the services of the British Embassy in Germany to conduct specific market research before the exhibition. The results were illuminating. “Looking from the outside, you can easily get the impression that Germany is full of industry right across the country,” said Kevin. “The research highlighted that there are four key areas to concentrate on, which was extremely useful in formalising the agent structure that we would need to optimise our chances of success.

We developed a useful understanding of the true cost base in Germany and, more importantly, learned that we would need to adjust our pricing structure upwards to ensure we would have a viable offer in the market. Without the research we could have easily gone in too cheap and the potential German clients could have discounted our offer based on price alone, perhaps not believing we could be so competitive.”

Attendance at the exhibition was a tremendous success with orders, strong leads and potential agents identified. The company has developed its international business further with UKTI funding to support market visits, exhibitions and language training for key staff members in German, French and Chinese. “Working with Tim has been a really positive experience,” said Kevin. “UKTI has provided vital support, advice, funding and training at a crucial time in the company’s international development. UKTI has helped us not go off on a tangent, kept us focused, and allowed us to move faster than we would have done on our own. We’re enjoying spreading our wings; it’s good for business and good for our reputation and profile both in the UK and overseas.” Kevin is now setting his sights on China, using the firm’s Far East connections and building on the opportunities that its manufacturing presence offers.

High-Value Opportunities

Performance

2.22 In 2012/13, The High Value Opportunities (HVO) Programme assisted UK businesses to win £3.7bn. More generally, our increased focus on the value we add to business has seen the PIMS value of additional sales attributed to UKTI rise to £49.6bn.

2.23 The High Value Opportunities (HVO) programme aims to grow the UK economy by connecting UK business to the world's top commercial opportunities; driving targeted whole of Government campaigns at these opportunities, from the UK and through the overseas network.

2.24 The programme identifies, prioritises and delivers support in pursuit of major projects and contracts that offer huge opportunities for British business. It does this by adopting a systematic approach to understanding, early in the life-cycle of the major projects, how UK companies can engage and how we can bring maximum UK influence at the right time. We also look to support supply chain engagement at an early stage.

2.25 Geographic and Sector expertise. During the last year UKTI has brought together our geographic and sector expertise to deliver value from its HVO Programme and other top 100 Trade Campaigns.

2.26 A suite of additional activities and support has been put in place over the past three months to ensure we remain on track to deliver against our targets. Key to success will be moving to a campaign-focused structure, with accountable teams driving each opportunity, and enabling effective visits to key markets by the Prime Minister and other senior Ministers with well-targeted business delegations. We have also enhanced Ministerial involvement around the top 20 projects, and developed bespoke marketing collateral to showcase UK capability around specific ones.

2.27 Other significant work undertaken, aimed at increasing the value we can add to business, includes:

- *Connecting with Industrial Strategy* – UKTI has worked closely with BIS to map our sector focus onto the Government's Industrial Strategy to ensure that our trade work better compliments, and is better underpinned, by the Strategy's priorities.
- *Growing Healthcare UK* – In collaboration with the NHS and the Department of Health, UKTI established Healthcare UK a strategic initiative, to give healthcare system providers across the world unprecedented access to the UK's healthcare expertise, spanning both the NHS and the commercial sector.
- *Improving the value of Ministerial Trade Visits Overseas* – UKTI has led an improvement in the impact and senior-level business engagement in overseas trade visits. February 2013's Prime Minister led, 109-strong business delegation to India. This secured a range of deals and jobs and further demonstrated our ability to deliver high-impact, innovative and professionally organised visits.

High-Value Opportunities Successes

2.28 *Saudi Arabia – water/waste and desalination projects:* TWI (Vinci UK) has won two contracts worth a combined £120m (in a joint venture with the Al Muhaidib Contracting Company) for the design and build of the Briman Strategic Water Reservoir and the Al Khumra Lifting Station. The local HVO Virtual Team has provided TWI with practical assistance across the project lifecycle. In particular they have provided (and continue to provide) practical assistance by identifying and connecting qualified UK supply chain Companies promptly, helping TWI to meet the tight project deadline. Hyder Consulting has won a £12m contract with the Jeddah Municipality for engineering management consultancy services. The UKTI team in Jeddah assisted Hyder with their registration formalities starting from the Saudi Embassy in London, and later at SAGIA offices in Jeddah, and helped them go through the complicated Saudi licensing procedures in a record time of 4 weeks (it normally takes up to 12 months). Hyder was then awarded the £12m project, and the Consul-General and Omar Saeed in Jeddah received "thank you" e-mails from Hyder as a result. Without this help from Omar in Jeddah, Hyder would not have been awarded the contract.

2.29 Saudi Arabia Rail: Inensys won a major contract with a Spanish consortium, to supply software based signalling, communication and control systems (£420m). For this project UKTI has engaged with the client in the UK and in Saudi Arabia, at various levels, with a project overview maintained by the HVO project team, in this instance led by the British Consulate in Jeddah. The success was a triumph of cross-Whitehall collaboration working on an HVO project.

2.30 Brazil Sports: UK companies, in conjunction with Brazilian partners, have won contracts for the design of two venues on the Aecom (UK-designed) Rio 2016 Olympic Park. Arup and 3D Reid were successful with Brazilian company Blac Architects for the design of the Velodrome. AND Architects won with Brazilian company Lopes Santos Architects for a Handball Arena. Arup have also been contracted by the Olympic park PPP contractor, Rio Mais, for a multipurpose arena on the park. The company is now well placed with the PPP to pick up further work on the park. It is already working on the Olympic Village.

Defence & Security Organisation (DSO) Working across the Pathways

Performance

2.31 In 2012 the UK maintained its position as the second largest exporter of new defence products and services, with new export orders of around £8.8bn, up around 60% compared to 2011, including major sales of Hawk aircraft to Saudi Arabia, and Typhoon and Hawk aircraft to Oman. The UK gained 17% of the global market for defence exports. Measured over a ten year period 2003-2012, which smoothes out fluctuations caused by major contract awards, the UK maintained a 20% average share of the global market, in line with UKTI DSO's long term target. The UK also achieved growth in exports of security products and services, up 4% from 2011, the fifth successive year of sustained growth in this sector. The UK remains the sixth largest global security exporter, and achieved 4.2% of the global export market in 2012. The UK won £2.7bn of new security business.

2.32 During 2012-13, UKTI DSO continued to work closely with the Ministry of Defence (MOD) the Home Office, IFCO, BIS and other Government Departments, to help the UK defence and security sectors succeed internationally. UKTI DSO achieved this by

providing overseas customers of UK defence and security companies with access to the MOD, armed forces and wider Government specialist support. Defence and security companies continued to represent an important part of the economy, contributing around £11.5bn of exports in 2012 and sustaining tens of thousands of highly skilled jobs in the United Kingdom.

2.33 Notable successes which the DSO helped UK industry to win during this period include:

- In April 2012, UK based LIFESAVER and H2O Malaysia signed a MOU valued at £60m to supply a water filtration system. The LIFESAVER jerrycan will bring clean water to over 42,000 people in the most remote villages in Malaysia.
- Griffon Hovercraft signed a contract on 1st July 2012 worth approximately £6.5m with the Pakistani Navy for the supply of two 8100TD Hovercraft.
- In November 2012, Thales UK won a £4m contract to supply the STARStreak air defence missile system to the Royal Thai Army.
- The Sultanate of Oman agreed in December 2012 to purchase 12 Typhoon aircraft, associated support and 8 Hawk 128 aircraft with an estimated value of £2.5bn.
- In January 2013 the Republic of Korea announced that AugustaWestland had won a £350m contract to supply the AW159 helicopter.
- In February 2013, Griffon Hovercraft was awarded a contract by the Korean Coastguard for the supply of a 30 metre BHT hovercraft valued at £8m.

2.34 UKTI DSO's increasing footprint in the Disaster Relief sector saw it participate for the first time in a UK pavilion at Aidex, Europe's premier trade exhibition for the humanitarian and Disaster Relief market. Ten UK companies were represented on the Pavilion and the DSO was well received by industry, wider participants and media alike. The success of this event provides a solid foundation for DSO to plan further engagement and support to industry in this major sector.

2.35 UKTI DSO also hosted a number of Regional SME events around the UK focusing on defence/security sales advice and collaboration opportunities. Approximately 75% of SMEs attending these events were new to DSO.

Defence & Security Organisation

Case Studies:



AugustaWestland success in South Korea

In January 2013 the Republic of Korea announced that AugustaWestland had won the contract to supply the AW159 helicopter to the Republic of Korea (ROK) to satisfy their Maritime Operational Helicopter (MOH) requirement. The contract is worth around £350m. This contract, which includes aircrew and maintenance training, initial spares and support services, will help sustain several hundred jobs at the AugustaWestland Yeovil factory in the UK, as well as many jobs within the extensive UK supply chain. Both UKTI DSO and the Embassy in Seoul supported this campaign, as well as significant support from a number of ministers from across Whitehall. The Prime Minister said, "Today's announcement demonstrates Britain's ability to successfully compete in the global race. I'm delighted the Korean Government has chosen to continue its relationship with AugustaWestland in selecting this state of the art maritime helicopter which will help safeguard high quality jobs and skills in Yeovil and across the country. The Royal Navy already enjoys a very close relationship with Korea, and I have no doubt that this decision will only strengthen further our essential bilateral relationship."



Typhoon success in Oman

The Sultanate of Oman agreed in December 2012 to purchase 12 Typhoon aircraft, associated support and 8 Hawk 128 aircraft with an estimated value of £2.5bn. UKTI DSO worked closely with BAE Systems and across Whitehall to ensure the success of this campaign. Deliveries are expected to commence in 2017. Oman becomes the seventh country in the world, and the second in the Middle East, to operate the Typhoon, joining the air forces of the United Kingdom, Germany, Italy, Spain, Austria and Saudi Arabia. The business secretary Vince Cable commented: "This is obviously a very good day for BAE Systems, its suppliers, and the broader Eurofighter supply chain. The Typhoon programme supports an estimated 8,600 jobs across BAE Systems, Rolls Royce and Selex-Galileo and their supply chains, with an estimated further 1,500 jobs dependent on export opportunities. We, and our partners in the Eurofighter consortium, are pursuing a number of opportunities at present and I hope that the decision by Oman to join the Typhoon family is followed by more states in the region."

Inward Investment & Strategic Relationship Management

Performance

2.36 In 2012 UKTI's Inward Investment report 2012-13 showed that, in the face of intense competition, and despite the challenging economic environment, the UK remains the most attractive destination in Europe for inward investment. Foreign direct investment (FDI) in the UK created or safeguarded 90,937 jobs from 1,229 projects over this period. UKTI has met its goal of delivering 750 inward investment projects, of which 90% are of 'high quality'.

2.37 The birth of the Strategic Investment and Accounts Group brought together the excellent sector and client account management experience of the Global Account Teams and the Strategic Relationship Management Unit. The merger was designed to ensure that UKTI continues to deliver an enhanced high quality service focused on those inward investors that are strategically important to the UK economy in terms of investment and jobs.

2.38 In the past year, we have targeted major institutional investors such as Sovereign Wealth Funds and overseas pensions funds to secure investment for large-scale infrastructure and regeneration projects. Over £1.9bn has been invested from overseas into UK infrastructure creating over 20,000 jobs. Overseas funds have invested £800m in Thames Water alone and further investment in regeneration of social infrastructure has taken place. We have also seen foreign commitments to landmark infrastructure developments such as:

- £400m investment into the regeneration of Battersea Power Station, a project that is crucial to the transformation of the Nine Elms area. Additional investment in this project to create a development value of £8bn will help pave the way to a total commitment of over £18bn in new investment into the Nine Elms area.
- £700m purchase of Horizon Nuclear Power Plant by Hitachi. This deal will lead to £20bn of further inward investment into the UK and will power 14 million homes.

2.39 In addition, an integrated Account Management Model for all accounts will be implemented across UKTI in the coming months to ensure that effective relationship is at the heart of everything we do. In 2012, we began an ambitious programme to design and implement a new Account Management framework, which will provide an effective support structure for British business and UK investors. Our new approach to Account Management has been designed to ensure our customers receive consistently high quality engagement with Government.

2.40 This approach builds on the Strategic Relations initiative which has supported Ministers and officials across government to develop a coherent whole-of-government relationship with 50 of the largest investors in the UK. Between them these companies employ over 400,000 people in high value jobs in the UK. This approach increases trade and investment, improves identification and resolution of issues to a company's growth, and provides enhanced feedback of company perspectives into Government policy making. We will continue to capitalise on the success of the British Business embassy, with the target of delivering £6bn of additional investment by 2016. A good start was made with SP Setia's announcement that it will be leading a Malaysian consortium in a £400m investment to regenerate Battersea Power Station.

2.41 Strategic Relations Management (SRM) is one of the mechanisms for promoting the benefits of the UK's business environment. One SRM Company has taken the SR principle to 19 other countries and asked for a similar service that combines their excellent relationship with "overseas Posts" (where staff based in our Embassies and Consulates overseas, work with potential investors to help them understand the opportunities open to them in the UK) with a coherent central government offer.

2.42 The Olympics, Paralympic Games and the Queens' Diamond Jubilee was an enormous opportunity for UKTI to promote all that is good about the UK in terms of its eco-system, the ease of doing business, and the many market opportunities. The Strategic Investment and Accounts Group played an instrumental role in supporting the successful Global Investment Conference and the British Business Embassy, working with Posts to attract a significant number of international businesses to attend. Companies such as SP Setia, JLR and Huawei have all subsequently made announcements committing significant investments that will contribute towards UKTI's target of £11bn of benefit to the UK.

2.43 East London's dynamic technology cluster, Tech City, continues to grow steadily. UKTI's Tech City Investment Organisation (TCIO) has played a significant role in its growth. TCIO has attracted 56 new companies to the cluster (against its target of 50 for 2012-13). TCIO has also hosted over 60 company

visits and 38 inward missions of business groups from all around the world. Successful investment projects include Google, Intel, Cisco and Amazon as well as a number of impressive venture backed businesses. Joanna Shields, former Head of both Google and Facebook Europe, was recently recruited as the new Chief Executive of TCIO. This was a massive coup and demonstrates the success of Tech City.

2.44 Through our Global Entrepreneur programme (GEP) we have assisted 60 high-value companies, relocating talented entrepreneurs to the UK to establish their global headquarters, and helping them to grow from the UK (against its target of 60 for 2012-13). The GEP also provided assistance to companies already relocated under the programme, by helping them to secure investment capital to expand their businesses in the UK and internationally from their UK hub.

Inward Investment & Strategic Relationship Management

Case Studies:

Global Entrepreneur Programme (GEP)

Company: Carbon Clean Solutions Limited (CCS) is a leading carbon capture technology company. Its patented technology can remove up to 90% of carbon dioxide from the flue gases of large CO₂ emitters.

Country of Origin: India

Industry: Sustainability

Problem: In 2010, the company set up a development lab in Mumbai where it tested the technology. By 2011, it was ready to expand, and embarked on plans to set up carbon capture plants in multiple locations around India.

How GEP helped: At the start of 2012, a GEP Dealmaker met with the CEO of CCS in Mumbai who discussed with him how to develop a market for CCS in the UK.

CCS then met with a UK based dealmaker with cleantech expertise, who helped the company to develop a successful bid for a Department of Energy and Climate Change's (DECC) Innovation tender, by facilitating introductions and arranging meetings with the DECC and potential partners. They also provided guidance after the

bid had been submitted. In November 2012, the company was awarded a grant of £3.4m to work together with Imperial College London, Leeds University and engineering firm PSE Ltd, to test and optimise the performance of its ultra-low energy carbon capture solvents.

Result: CCS is now working with Imperial College London and the University of Leeds, to further develop and test its technology, in preparation for commercialisation.

"Without the GEP, we wouldn't have known what opportunities there are for a company like ours in the UK", says Aniruddha. "The GEP has been amazing and his support with the DECC tender was invaluable. Working in collaboration with top academic institutions allows us to use their world-class facilities rather than starting from scratch. The GEP also helped us with the practical side of setting up in the UK, introduced us to other technology companies in our field and potential customers, and has even helped us secure press coverage about the DECC award. Whenever I have a question, need some resource or other, or to speak to the right person, I call the GEP and they can get back to me with an answer within the hour. You can't ask for more than that!"

Website: www.carboncleansolutions.co.in

Global Entrepreneur Programme (GEP)

Company: Jobandtalent is a social recruitment platform that allows job hunters to harness the networking power of their connections and social media.

Country of Origin: Spain

Industry: Internet Services

Problem: What needs to be considered when setting up in the UK as a base for worldwide expansion? How can a start-up, new to the UK, meet the right suppliers and investors?

How GEP helped: Jobandtalent's choice was either to stay in Spain, or set up a new global headquarters in Germany, the United Kingdom or the United States. The company valued the prospect of direct access to the UK's highly active job market, as well as the international reach the UK offers. In May 2012, Jobandtalent found a warm welcome to the UK from UKTI's GEP. The GEP matched Jobandtalent with a dealmaker who had experience in digital recruitment and in building early-stage ventures, business development and attracting investment capital. The GEP has acted as a mentor on matters such as business strategy and structure, sales generation, competition and professional services. Having established its headquarters in London, with ten employees, the GEP has continued to support the company as it raised funding from within the UK

Result: Jobandtalent has headquarters in Moorgate, London and raised €3.5m in funding. It also has 60,000 active UK users, 25,000 job openings in the market and now employs nearly 30 people. "The UK is known to have both a competitive job market and international connections," says Juan Urdiales, Co-Founder of Jobandtalent. "Once there, the welcome we received from the GEP really impressed us and reassured us that coming to the UK was the right move. The dealmaker we worked with was able to provide us with valuable insights from his own experience to help us build the business and find funding for our venture, having run his own digital recruitment business in the past."

Website: www.jobandtalent.com

Institutional Investors

Battersea Power Station: As a part of UKTI's broad initiative to secure investment into infrastructure and urban regeneration, the Strategic Relations Team developed a strong working relationship with the owners of the Battersea Power Station site, Treasury Holdings

UKTI London, working with its posts overseas, supported a number of negotiations between interested parties from sources of potential investment such as the Gulf and China. This support included helping to create relationships between investors and the site owners. In addition to facilitating introductions with Treasury Holdings, the main focus on the Government side was to ensure interested parties were comfortable with the evolving position of the Northern Line Extension (financing for which has subsequently been secured).

When Treasury Holdings went into administration, UKTI shifted its focus to ensure a new owner was found for the site, and that any slippage on the delivery timetable was kept to a minimum. Providing reassurance of the Government's position, and providing clarity on the process was essential in attracting the broadest range of interest for the site.

Global Corporates

DePuy Synthes Centre of Excellence for New Product Development: SRM has worked closely with the Johnson & Johnson subsidiary, DePuy Synthes, to create a centre of excellence for new product development in the UK. The investment will create 46 jobs, safeguarding 582.

Following the company's acquisition of Synthes, the largest in its history, the company is undergoing significant change, concentrating activity in countries with strategic tax or low cost benefits. The Leeds site had to compete with other DePuy Synthes operations in Switzerland, Ireland and China.

The account team, comprising David Willets (SRM Contact Manager), BIS Local, BIS Office for Life Sciences, UKTI London & New York – and supported by DH – worked with the company to identify viable options for further investment and funding opportunities in the UK. The team encouraged DePuy to put in a Regional Growth Fund (RGF) bid and provided support during the application process. The bid was successful and the company has received a conditional offer of £6.98m which is going through due diligence.

The Centre of Excellence for New Product Development in Leeds will provide a facility for industry-leading research, design, development, and testing of innovative solutions for the orthopaedics health care market. The investment will build upon the rich heritage in Leeds and long established collaboration with universities and teaching hospitals. DePuy Synthes employs over 600 people and supports a further 1,900 indirect jobs in Leeds.

After a tense bidding process, the site was successfully acquired by a Malaysian consortium, S.P. Setia, Sime Darby and Malaysia's largest pension fund, the Employees Provident Fund, for £400m. The landmark deal represented the consortium's first foray into Europe. The first phase of this high-profile project begins construction in 2013.

Global Accounts

Pirelli: is an automotive supplier producing high performance tyres for the top-end Vehicle Manufacturing Sector.

Pirelli wanted to reinvest in their UK operations. However, Pirelli's plants in Burton and Carlisle are both outside assisted areas so are not eligible for Regional Growth Fund money under Capital Expenditure. There was a very real chance of the investment being made in one of Pirelli's other global plants.

There was, however, an opportunity for Pirelli to get access to funding if their proposal was based on Research & Development. UKTI in Milan, UKTI Specialist and UKTI London, worked closely with Pirelli to alert them to this opportunity and help them scope out the project.

Pirelli subsequently chose its Carlisle plant as the research and development centre for a new range of eco tyres. The manufacturer's HQ said the experience and expertise at Pirelli Carlisle, operational since the 1960s, was a key factor in its decision to stage the development of the next generation of high technology Pirelli green tyres there. As a result £13.4m has been invested in the eco tyres project, of which the RGF contributed £2m. Pirelli have invested a further £9m in new process machinery for volume production. It is estimated that the total investment will create 37 new jobs and safeguard a further 120.

Olympics Legacy

2.45 The Olympics presented an unprecedented opportunity to showcase the strengths of the UK on and off the field of play and to win a sustainable economic legacy as a tangible return on the significant public expenditure on the Games. UKTI's target is to realise £11bn economic benefit to the UK economy over four years from July 2012 (with Visit Britain targeted to deliver a further £2.3bn).

2.46 The British Business Embassy (at Lancaster House) was a great success. Between 26 July and 7 September the Prime Minister, Deputy Prime Minister, Chancellor, Business Secretary, Foreign Secretary and over 35 other ministers welcomed over 4,000 business leaders, global figures, international buyers, investors and policy makers, to the Global Investment Conference and a series of Global Business Summits at the British Business Embassy as part of an 18 day programme running alongside the Olympic and Paralympic Games.

2.47 Alongside the events at Lancaster House, a programme of events took place around the UK, with over 40 of these taking live streaming from Lancaster House. Over the course of the programme the profile of UK business was raised through joint announcements of £1bn deals. Three locations across London provided business facilities for international business visitors to the UK. At the Global Investment Conference over £14bn worth of investments were promoted.

2.48 UKTI is following up with delegates and using every wider opportunity to leverage the UK's Olympic success, in partnership with other Government Departments and private sector delivery partners. UKTI is promoting UK expertise internationally, identifying the opportunities for UK companies to export their goods and services to other major events or through High Value Opportunities, and attracting high quality investment using the USP of our hosting status to underpin the UK investment proposition. There has been a sharp rise to well over 6,000 companies who signed up to the British Business Club – an online business-networking resource for UK and overseas firms to use before, during and after London 2012.



British Business Embassy at Lancaster House during the London 2012 summer Olympics

Looking Forward

UKTI's Aspirations

2.49 As UKTI continues to play a key role to achieve the Government's long-term ambitions for exports and investments, our targets for the next two years are as follows:

Target		2013-14	2014-15
Businesses Assisted		40,000	50,000
HVOs		£10.0bn	£10.0bn
UKTI DSO	Average market share for defence exports	20%	20%
	Increase average share of global security market	4.5%	5%
Inward Investment	Involved successes	750	750
	Jobs	50,000	50,000
Building Strategic Relationships	150 companies will have effective virtual teams and cross-Whitehall strategies	100	150
Institutional Investors	£4.5bn will have been invested in UK priority projects by end of 2014-15	£2.5bn	£4.5bn

Queen approves successor to Trade Minister Lord Green

2.50 On the retirement in December 2013 of Lord Green, Ian Livingston who is currently the Chief Executive of BT, will become the new Trade and Investment Minister, working jointly at BIS and the Foreign and Commonwealth Office (FCO). The appointment of Ian Livingston, has been approved by the Queen and confirmed by the Prime Minister, David Cameron.

Additional Funding in Autumn Statement

2.51 The last Autumn Statement set out a substantial package of additional measures that come into effect in 2013/14, combining immediate action to get more SMEs exporting with the medium term targeting the highest value trade and inward investment opportunities. Supported by an additional £70m per year, it is an ambitious programme of activity that will enable UKTI to:

- build up the capacity and capability of British Chambers and other potential delivery partners overseas to deliver a one-stop shop of services to UK companies;
- incentivise SMEs to further increase take up of UKTI services, particularly in Emerging and HIGH Growth markets, through increased numbers of International Trade Advisors and an Export Vouchers scheme,
- double the number of companies given financial support towards the cost of exhibiting at their first few overseas trade shows,
- double the number of private sector led project teams campaigning for UK success against the highest value trade contracts;

- enhance inward investment support through outsourced delivery contracts in growth markets, such as the Gulf and Russia, and position the UK as the leading location of choice for European HQs, elite global entrepreneurs and exceptional talent;
- build on the success of Tech City and develop further inward investment campaigns linked to the key sectors in the Industrial Strategy.

2.52 UKTI aspirations and key activity, including how we will utilise this additional funding, is set-out below.

Encouraging significantly more small and medium-sized enterprises (SMEs) to export

2.53 UKTI will build on these achievements in 2013/14 through an enhanced, overarching strategy to targets SMEs, providing more practical support to exporters and those with the potential to trade overseas. In particular we will:

- launch a 'UKTI Trade Challenge Partner' programme for Trade Associations and ATOs, recognising those that are strong and proactive advocates for exporting and UKTI services;
- more effective joint planning, supported by a Two Year Plan for Missions, Events and Tradeshows that will be updated and shared quarterly;
- improved contracting and delivery arrangements for events and missions which will see up to 35,000 companies participate in a worldwide programme of events in 2013/14, and

- more certainty for organisations delivering support through the Tradeshow Access Programme (TAP).

2.54 The additional funding announced in the Autumn Statement 2012 will see an extra £31m per annum to help get UK firms exporting. This funding will support delivery of an ambitious package of support designed to help Government realise its trade and investment ambition, and will enable UKTI to assist more SMEs by:

- building up the capacity and capability of British Chambers and other potential delivery partners overseas to deliver a one-stop shop of services to UK companies,
- increasing the number of International Trade Advisors in the English regions and offering additional funds to high growth potential SMEs, enabling more companies to successfully export,
- doubling the number of companies given financial support towards the cost of exhibiting at their first few overseas trade shows.

2.55 UKTI will implement digital plans to create a digital strategy that is fit for the future, and leverage the full marketing potential of social media. The effectiveness of all our products, services, and communications will be improved by clearer segmentation of the UK market. Segmentation will also ensure that existing products can be evaluated against customer needs, and new products developed to fill gaps.

High-Value Opportunities

2.56 The 2012 Autumn Statement confirmed an additional £10m of support for the HVO programme over the next two years, accompanied by a significant increase in the contract won target which will increase from £3.5bn to £10bn per annum from 2013-14. This funding has enabled us to strengthen our HVO support by doubling the number of projects we will target from 50 to 100, and doubling the number of private sector specialists supporting the HVO project teams. The top twenty campaigns will each have a Ministerial champion.

Defence & Security Organisation

2.57 The DSO target is to maintain the UK's position as the second largest defence exporter with an average share of 20% of the defence export market (measured over a ten year period) and to increase the UK's average share of the global security export market from 4% to 5% by 2015.

2.58 Top programmes/projects for 2013/14 are:

- Supporting major defence campaigns, including in UAE, India, Malaysia and Australia.
- Developing Government to Government security opportunities – Kuwait, Saudi, Libya, UAE and Malaysia.

Inward Investments & Strategic Relationship Management

2.59 Looking to the future, the increased funding in the Autumn Statement 2012 will help deliver an ambitious package of support designed to reinforce the UK as the location of choice for Europe-bound investors, and to help deliver its aspiration to become the number one or two European destination for FDI from emerging markets. This will include:

- establishing new investment operations in high potential markets where UKTI is not currently represented, such as Russia and the Gulf,
- enhancing investment support in emerging markets including India and China,
- attract the world's brightest and best entrepreneurs through the Graduate Entrepreneurs Campaign and the Global Entrepreneur Programme,
- roll out first-class sector leadership programmes, building on the success of the Life Sciences Investment Organisation in sectors aligned with the Government's Industrial Strategy in 2013. These will help drive investment in financial services, energy, automotive and the information economy.

2.60 *Strategic Relations (Strategic Accounts)*

– The Industrial Strategy sets out a long-term plan for how the Government and industry will work together to drive growth. We will complement sector councils to deliver the objectives of the Industrial Strategy through the major players in each sector. In addition, we will facilitate and embed an effective relationship management structure across Whitehall. We will know that this structure is working because we will:

- overcome more barriers for these UK based companies accessing overseas markets,
- increase the number of investment projects from Strategic Relations companies,
- improve the companies experience of engaging with the government,

2.61 Strategic Relations (Institutional Investment and Infrastructure) – Over the past year we have been able to bring in specialists with private sector knowledge of project finance. This knowledge of the industry has been invaluable in building up our pipeline, and allowed us to provide expert advice to the investors we manage. We hope over the next year, to build stronger ties to our private sector specialists, to ensure we strengthen our position as a central and trusted partner to investors. We are eager to expand our expertise in the regeneration sector through working with LEPs, DAs, Partners and private sector specialists to provide a pipeline of opportunities that match the increasing interest from investors.

2.62 Global Accounts – As we go forward into 2013-14, we will be looking to strengthen our support around those sectors aligned to the BIS industrial strategies, replicating the success of the Tech City and Life Sciences Investment Organisations. We will be building on our existing strong relationships with our high-value investors and core stakeholders, to ensure UKTI achieves its objective to retain the UK as the leading destination for inward investment in Europe.

2.63 Integrated Account Management – The Government made it absolutely clear that UKTI is at the heart of the growth agenda, and we recognise that strong relationships bring investment. As we continue to rollout the new integrated Account Management framework, we will ensure that every company we engage with has an Account Management team with clearly defined roles and responsibilities. A more structured approach to Account Management will ensure more effective communication across UKTI, including the networks, as well as across Government and with Ministers.

The GREAT Campaign

2.64 To build on the legacy of the unprecedented marketing opportunity of 2012, £30m has been allocated to continue to promote the UK as a destination for tourism, education, investment through the international “GREAT” campaign. The investment will be focused on promoting the UK in markets with the greatest opportunity for a return on investment, a return on job creation, and economic growth.

2.65 GREAT is the Government’s biggest ever international marketing campaign and showcases the very best of what Britain has to offer.

2.66 In 2013-14 the GREAT campaign will be implemented in more markets than ever before. A total of £30m has been allocated for 2013-14 across UKTI, FCO, Visit Britain, the British Council and Visit England. The investment is planned to be repeated in 2014-15.

2.67 In addition, in 2013-14, GREAT will also be tested in a pilot in the UK, which if successful will be extended nationwide. The salience of the brand will be tested to ensure it resonates well with the “exporting” message, and we will trial the brand as a lead generation campaign to build the next pipeline of potential exporters.

Public Interest

Going Concern

2.68 In common with other Government Departments, the future financing of UKTI’s liabilities is to be met by future grants of supply, and the application of future income, both of which are approved by Parliament on an annual basis. There is no reason to believe that future approvals will not be forthcoming and therefore it is considered appropriate to adopt a going concern basis for the preparation of these financial statements.

Payment of Suppliers

2.69 UKTI’s policy is to comply with the Better Payment Practice Code, which includes the Late Payments of Commercial Debts (Interest) Act 1998.

2.70 In accordance with Government policy, UKTI endeavours to pay all invoices within five days. The five days allows for three days to process the invoice and a further two days for the payment to be received by the supplier. During 2012-13, 89.43% of invoices were paid within five days. The proportion of trade creditors compared to amounts invoiced expressed in days is two (three days).

Transparency Reporting

2.71 In accordance with Government policy, UKTI publishes all payment transactions. UKTI publishes its Programme Expenditure on its website (www.ukti.gov.uk/fr_fr/uktihome/item/120920.html?null) and its Administration Expenditure on BIS’ website (www.bis.gov.uk/transparency).

Whistleblowing Policy

2.72 The Civil Service Code (CSC) requires Government Departments to set out arrangements for staff to be able to raise any concern where they believe they, (or others) are being asked to do something that contravenes the CS code or is inappropriate in some way. Please see the Civil Service website for further details of the code (www.civilservice.gov.uk/about/values/cscode/index.aspx).

2.73 UKTI has a clear whistleblowing policy which is regularly reviewed and updated as and when required, to bring it in line with best practice. The policy supports the need to operate in an environment of openness to enable our people to speak freely and raise legitimate and serious concerns without fear of reprisal or victimisation, provided that they do so lawfully, without malice and in the public interest. The policy is reviewed regularly by the Audit Committee, which amplifies the policies of the FCO, BIS and the MOD. In addition, when UKTI receives anonymous letters of concern or information from the public, we apply the same principles of the whistleblowing policy in reviewing the subject raised. The policy has been placed on UKTI's Intranet. This guidance is in addition to that of our parent Departments (BIS and the FCO) and reflects the fact that UKTI is not an employer in its own right (staff are drawn from both departments).

Auditors

2.74 These financial statements have been audited, under the Government Resources and Accounts Act 2000, by the Comptroller & Auditor General (C&AG), who is appointed under statute and reports to Parliament. The audit opinion is on pages 56 to 57. The notional cost to UKTI of the external audit of its resource account by the NAO for the C&AG was £54k (£52k), which was split between the administration costs of BIS and the FCO. See Memorandum Notes for further details.

Disclosure of Audit Information

2.75 As far as the Accounting Officer is aware, there is no relevant audit information of which the entity's auditors are unaware. The Accounting Officer has taken all the steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the entity's auditors are aware of that information.

Complaints to the Departments and Parliamentary Ombudsman

2.76 During the year, UKTI received no complaints that went to the Parliamentary Ombudsman. UKTI is committed to providing a high-quality, accessible and responsive service to businesses and the community, and takes all of its few complaints very seriously. We give all our staff advice on how to deal with complaints, in line with Cabinet Office guidance and the Freedom of Information Act. Complaints are handled by our parent Departments, BIS and the FCO. For further details please contact the:

- BIS Enquiry Unit on +44 (0)20 7215 5000 or email enquiries@BIS.gsi.gov.uk
- FCO at King Charles Street, London SW1A 2AH

Sustainability

2.77 UKTI does not have its own sustainability strategy, but rather follows those of its parent Departments, BIS and the FCO. UKTI is committed to meeting and contributing to these targets. Further details can be found in their respective reports.

Financial Review

Introduction

2.78 This financial review records information on the use of resources voted by Parliament directly to UKTI via the Supply Estimates process. It does not include other resources provided by BIS and the FCO, which are required to provide a full picture of the resources consumed. These are set out in the Memorandum Notes on pages 75 to 78. The resources voted to BIS (HC 35) and the FCO (HC 32) are shown in their respective Annual Report and Accounts.

2.79 UKTI continues to market the unique selling points of the UK as a springboard to global growth and in the tough economic climate of 2012-13, we are delivering more, for less resource.

Resources (Estimates)

2.80 Estimates are the means by which the Government seeks and obtains authority from Parliament for its spending each year. This covers expenditure on specified services for which the Accounting Officer is accountable to Parliament. The Accounts report Outturn figures against Estimate, as well as other key control figures. (Fig 2).

2.81 In 2012-13, UKTI's Net Resource outturn, which is equal to UKTI's Net Operating Cost, was £92.5m (£81.7m) – a 5.1% (2.6%) underspend against a net Resource budget of £97.5m (£83.9m) (Fig 2).

2.82 UKTI has a total net under-spend of £5.0m, which is made up of gross programme under-spend of £7.9m and a £2.9m reduction in income against budget. Of the gross programme under-spend, a trade development under-spend of £5.5m was due to slippages and cancellations of contracts and events, and a lower than expected take up of key sector strategies, including technology, science and innovation, and venture capital. Strategic trade and investment had a £1.4m under-spend from slippage on spend for HVO's and the cancellation of events. COO and marketing contributed an under-spend of £1.0m arising from an HM Treasury requirement to create a strategic reserve, and spending restrictions on marketing activities. The £2.9m reduction in income was due to a £4.0m reduction in the contribution from BIS to GREAT, offset by £1.1m of income generated from sponsorship of the British Business Embassy project. (Fig 7).

Fig 2: Summary of Outturn Against Key Control Totals

	Actual £m	Voted total £m	Variance £m	Variance %
Net Resource Outturn	92.5	97.5	5.0	5.1%
Capital	1.6	2.6	1.0	38.5%
Net Cash Requirement	89.3	99.0	9.7	9.8%
Income	(16.1)	(19.0)	(2.9)	15.3%

Fig 3: Reconciliation of Resource Expenditure between Estimates, Accounts and Budgets

	2012-13 £000	2011-12 £000
Net Resource Outturn (Estimates)	92,548	81,743
Total Resource budget Outturn (Budget)	92,548	81,743
<i>Of which:</i>		
Departmental Expenditure Limits (DEL)	92,548	81,743
Annually Managed Expenditure (AME)	–	–
Net Operating Cost (Accounts)	92,548	81,743

Resource Spend Against Budget

2.83 Resources consumed by major programmes in enhancing the competitiveness of companies in the UK through overseas trade support and inward investments during 2012-13 are compared against the original budget allocation as follows (with previous year's expenditure in brackets):

Trade Support

- £22.6m (£19.6m) was spent on funding private-sector delivered, customer-facing activity (International Trade Teams) delivering international trade support in the English regions. The budget for the year was £24.8m. The increased spend reflects additional funds made available through the 2011 Autumn Statement, and budget transfers from BIS, to provide more trade support to small/medium-sized enterprises.
- £9.3m (£8.8m) was spent on sector-specific activities in markets and sectors with strong potential for British business. The budget for the year was £11.9m. The reduced spend against budget reflects lower than expected uptake on additional trade support for small/medium sized enterprises (SMEs), which is also reflected in reduced income.
- £8.7m (£6.7m) was spent to support new and inexperienced exporters through overseas exhibitions, seminars, and mission support schemes. The budget for the year was £8.8m. The increased spend relates to the rise in numbers of UK companies assisted in exhibiting overseas.
- £1.5m (£1.9m) was spent on the Passport to Export programme, aimed at providing practical advice and support to small and medium-sized enterprises, which are new to or inexperienced in exporting. The budget for the year was £1.8m, the underspend against budget resulting from fewer companies claiming business development credits.
- £5.4m (£6.5m) was spent on trade marketing events and publicity. The budget for the year was £5.5m. The year-on-year reduction was due to marketing restrictions in place across the whole of Government.
- £1.8m (£2.0m) was spent on major defence and security events. The budget for the year was £2.1m. The reduced spend is mainly due to the cancellation of events in-year.
- £4.4m (£2.9m) was spent on the High Value Opportunities (HVO) Programme, which helps UK companies access the highest value overseas opportunities. The budget for the year was £4.2m. This is another budget which has benefitted from increased resources, made available through the 2011 Autumn Statement and BIS transfers, to support additional trade assistance for UK SMEs.
- £7.7m (£4.6m) was spent on private-sector business specialists who help deliver our key programmes. The budget for the year was £7.7m. The increased budget reflects additional work delivered by business specialists supporting UKTI's key programmes.

Inward Investment

- £18.1m (£13.9m) contracted delivery of Foreign Direct Investment services. This programme replaced the Grant-in-Aid 'single pot' for RDA delivery of Investment support. The budget for this year was £17.0m. The additional spend was due to a mid-year redistribution of priorities between regional delivery of Investment, and spend on other investment programmes.
- £17.1m (£14.1m) was spent on inward investment programmes. This included marketing the UK abroad and the production of publicity materials. The budget for the year was £20.0m. The reduction in spend against budget was due to marketing restrictions in place across the whole of Government.

Income

2.84 £16.1m (£9.1m) against a budget of £19.0m. The increase compared with last year is mainly due to a continuing strategic push to increase income generating activities, new or unique initiatives such as the GREAT campaign, and the 2012 London Olympics, and funds received by BIS to increase aid to exporting companies. The income received from OMIS is £7.7m, £4.0m from BIS to support additional trade activities, £3.1m raised through GREAT and London 2012, and £1.3m was generated by defence, marketing and other cost recovery activities.

2.85 The following tables (Figs 4-6) record UKTI's programme expenditure for the period 2008-09 to 2012-13, together with 2013-14 plans, in accordance with HM Treasury reporting requirements (Figs 6 to 8).

Capital Spend Against Budget (2012-13)

2.86 UKTI's capital budget for the year was £2.6m. In the 2011 Supplementary Estimate, £0.1m was transferred from the 2011-12 to the 2012-13 budget to cover the re-phased costs of replacing key IT systems in UKTI.

2.87 Outturn was £1.6m (£2.6m), compared to a final budget of £2.6m, spent on developing replacement business critical systems, both customer-facing and internal knowledge-sharing. The unutilised budget is a result of delays to a number of key programmes, in particular to CRM and OMIS information system replacements (Fig 5).

Taxpayers Equity (Capital)

2.88 The Statement of Financial Position as at 31 March 2013, shows negative taxpayers' equity of £8.8m (£5.5m). This is the net sum of total assets less total liabilities. The negative figure reflects the inclusion of liabilities falling due in future years, which are to be financed by drawings from the UK Consolidated Fund (the Fund). Such drawings will be from grants of Supply approved annually by Parliament to meet UKTI's net cash requirement (NCR). Under the Government Resources and Accounts Act 2000, no funds may be drawn from the Exchequer ahead of need.

Fig 4: Summary Table of UKTI Programme Expenditure on Trade and Investment (2008-09 to 2013-14)

	2008-09 Outturn £m	2009-10 Outturn £m	2010-11 Outturn £m	2011-12 Outturn £m	2012-13 Outturn £m	2013-14 Plans £m
Expenditure	95.4	100.5	92.0	90.8	108.6	167.2
Income	(4.6)	(6.0)	(6.9)	(9.1)	(16.1)	(17.5)
Net	90.8	94.5	85.1	81.7	92.5	149.7

General notes:

1. The increase in income in 2012-13 reflects the additional funding provided by BIS announced in the Autumn Statement.

Fig 5: Table of UKTI's Capital Expenditure (2008-09 to 2013-14)

	2008-09 Outturn £m	2009-10 Outturn £m	2010-11 Outturn £m	2011-12 Outturn £m	2012-13 Outturn £m	2013-14 Plans £m
Total Capital Expenditure	0.1	3.9	1.0	2.6	1.6	3.0

Fig 6: Table of UKTI Major Programme Expenditure (2008-09 to 2013-14)

	2008-09 Outturn £m	2009-10 Outturn £m	2010-11 Outturn £m	2011-12 Outturn £m	2012-13 Outturn £m	2013-14 Plans £m
Trade Development, which includes:	58.9	62.1	58.9	52.3	60.3	93.4
International Trade Advisers	17.3	18.3	18.3	19.6	22.6	21.3
Sector-Specific Support	8.8	11.2	11.0	8.8	9.3	8.9
Tradeshow Access	7.7	8.4	8.4	6.7	8.7	12.6
Passport to Export	3.9	2.8	2.1	1.9	1.5	1.1
Marketing & Publicity	5.4	7.2	5.8	6.5	5.4	4.6
Defence & Security export services	1.9	2.3	2.1	2.0	1.8	3.0
High Value Opportunities	2.6	2.4	2.7	2.9	4.4	11.4
Business Specialists	3.6	4.2	4.5	4.6	7.7	8.6
UKTI Administration	-	-	-	-	-	2.0
Income	(4.6)	(6.0)	(6.9)	(9.1)	(13.0)	(17.5)
Inward Investment, which includes:	31.9	32.3	26.2	29.4	32.2	56.3
Grants to RDAs	16.8	16.4	14.0	-	-	-
Delivery of Foreign Direct Investment	-	-	0.1	13.9	18.1	14.1
Promotional Expenditure	15.1	15.9	12.1	15.5	17.1	42.2
Income	-	-	-	-	(3.1)	-

General notes:

1. This is not a comprehensive list of all UKTI-funded programmes.
2. UKTI has been awarded a small admin budget for 2013-14 and 2014-15 through the 2012 Autumn Statement to run a cross-Whitehall Ministerial visits co-ordination unit.
3. Where figures differ slightly between published reports, the latest published figures have been used.

Fig 7: Breakdown of UKTI Major Programme Expenditure against Budget

Programme Expenditure	Budget 2012-13 £m	Actual 2012-13 £m	Variance 2012-13 £m
International Trade Advisers	24.8	22.6	2.2
Sector-Specific Activities	11.9	9.3	2.6
Tradeshaw Access Programme	8.8	8.7	0.1
Passport to Export	1.8	1.5	0.3
Trade Marketing & Publicity	5.5	5.4	0.1
Defence & Security Events	2.1	1.8	0.3
High-Value Opportunities	4.2	4.4	(0.2)
Business Specialists	7.6	7.7	(0.1)
Investment Delivery Contract	17.0	18.1	(1.1)
Promotional Investment Expenditure	20.0	17.1	2.9
Other Programmes	12.8	12.0	0.8
Gross Programme Expenditure	116.5	108.6	7.9
Income	(19.0)	(16.1)	(2.9)
Net Programme Expenditure	97.5	92.5	5.0

Fig 8: Summary of Total Resources Consumed and Outputs / Outcomes

2.89 The table below summarises the total resources used during 2012-13, with comparators and key outputs/outcomes. Details of the total resources deployed by UKTI can be found in the Memorandum Notes on pages 75 to 78.

Objective	2012-13			2011-12		
	Resource £m	Outputs/Outcomes	Resource £m	Outputs/Outcomes		
To enhance the competitiveness of companies in the UK through overseas trade and investments	UKTI	£58.2	29,230 business assists	UKTI	£52.3	25,450 business assists
	BIS	£37.5	£49.6bn additional sales for UK business ¹	BIS	£36.6	£31.8bn additional sales for UK business ¹
	FCO	£139.9	£16.1m income	FCO	£151.4	£9.1m income
		£235.6	£11.5bn defence sales		£240.3	Over £5.4bn defence sales
To attract a continuing high level of quality foreign direct investment	UKTI	£34.3	1,229 inward investment decisions ²	UKTI	£29.4	849 inward investment decisions
	BIS	£14.0	50,962 new jobs created ²	BIS	£11.3	16,400 new jobs created
	FCO	£32.8	39,975 jobs safeguarded ²	FCO	£39.0	33,400 jobs safeguarded
		£81.2			£79.7	
Total	£316.8		£320.0			

1. As per our ongoing strategy, UKTI measures the export sales recorded by businesses that attribute UKTI's support to their success.

2. Inward Investment figures are not available until late Summer 2013, and as such final 2011-12 figures have been reported on.

Our People and Business Partners

2.90 UKTI is not an employer in its own right. For the majority of its human resource requirements it draws on Civil Service staff employed by one or other of its two parent Departments. In the UK, most of its staff are drawn from BIS, while overseas most of its staff are from the FCO. UKTI also draws on its parent Departments for some business support functions, on a shared services basis.

Our People and Business Partners

2.91 UKTI – the organisation by numbers...



2.92 Working alongside our people in the English regions are private-sector delivery partners, supporting the delivery of trade and inward investment services. The private-sector specialists bring with them expertise and invaluable knowledge from around the industry, to help UKTI better deliver its aims. They include:

- Approximately 320 private-sector people working alongside our 54 staff within the nine English regions, who make up the trade delivery teams. A key feature of our new contracting arrangement, which was completed in the second half of 2011-12, is the incentivisation arrangements. This requires the partner to achieve specific quality and quantity targets for the remaining part of the funding to become available.

- Approximately 130 private-sector people are working as part of our inward investment service. They are responsible for co-ordinating and managing delivery of FDI support for the UK with prospective foreign direct investors, working with strategic and local partners across England, the three Devolved Administrations and the Greater London Authority, and, providing direct relationship management and investor development, in association with international, national and local stakeholders, to nominated existing investors in the UK.

2.93 The number of private sector people working on behalf of UKTI may fluctuate. Our private-sector delivery partners are contracted to deliver a certain level of service, and therefore the number of people deployed is at the discretion of our partners.

2.94 Working on Investment...

- Approximately 100 people in UKTI headquarters, as the strategic central hub, responsible for co-ordinating and managing delivery of foreign direct investment support.
- Approximately 240 people work as part of our inward investment services overseas – located in 34 markets. They are charged with identifying and building long term relationships with foreign owned companies in key high impact sectors, with the capability and the capacity to invest outside their domestic market.

Specifically, they are tasked to market the UK as a high quality investment opportunity in key value add sectors. They then target overseas owned companies to leverage potential investment opportunities that will have a positive effect on the UK economy, were they to invest in the UK.

In some markets, such as in China and the Gulf, UKTI’s overseas investment teams also have an important role in identifying sources of state and private sector funds that can invest long term in UK infrastructure projects.

- Approximately 130 staff in our private sector delivery partner – the Investment Services Team, managed by PA Consulting – are responsible for FDI support across England, both direct and working with local partners. PA also deploys and manages a number of highly skilled investment specialists who work with foreign investors wanting to establish or expand their UK operations.

Interchange Programme

2.95 UKTI operates an interchange programme which supports the organisation by bringing in expertise from the private sector and seconding staff out. These specialists work with, and alongside our UK and overseas network, to raise the profile and enhance the growing capabilities of the UK's expertise in a given sector (e.g. construction, oil & gas, water) in the worldwide market.

2.96 Capitalising on such key industry expertise goes some way to adding real value to UKTI's work. UKTI seconded 12 individuals from the private sector, while five UKTI people were seconded out.

Our Values

Committed to our customers – we listen to our customers' needs and focus on real outcomes.

Empowered to deliver – we trust each other to innovate and get results.

Working together – we work as one team and build partnerships to add value.

Our People Strategy

2.97 Our People Strategy is designed to strengthen performance, both as individuals and as an organisation, so we can deliver our strategy, Britain Open for Business. It has four priority areas:

- *Understanding business* – really getting to know our customers to enhance our credibility and ability to build effective relationships
- *Focus on Delivery* – improving our individual and team skills and performance to ensure we deliver consistently to the highest standards
- *Changing our culture* – creating an enterprising culture where we put customers first and strive for continuous improvement
- *Best people, best team* – getting the most from our people by recruiting the best, developing our talents, and making UKTI a great place to work

2.98 We work closely with the FCO and BIS to ensure that the people, policies, practices and guidance of both Departments work smoothly within UKTI.

Excellent Leadership and Management

2.99 UKTI's best practice in leadership is based on developing excellence in team

leadership and performance management, to deliver outstanding results. Guidelines on "management excellence" aim to drive up management performance and effectiveness. These provide managers across the network with an easy reference point on a range of issues and procedures directly affecting their people, including recruitment, induction and performance management. "Management excellence" also features in two workshops – "Leading UKTI teams to deliver business excellence" and "Delivering business excellence for UKTI" – which are designed for staff to support UKTI's programme of professional development.

2.100 These twin approaches – leadership and management – build on UKTI's Investors in People (IIP) global accreditation. Our Bronze level accreditation is scheduled to be reviewed again during 2013. UKTI also runs regular staff surveys across the global network to enable employees to have their say and gauge staff engagement. A short survey is scheduled for mid-2013.

Learning and Development

2.101 The Learning & Development team ensures that people working for UKTI are able to meet the needs of their clients through up-skilling and professional development. When new people join UKTI, we provide a tailored corporate induction programme to ensure they have the information and knowledge they need to do their job and to help UKTI achieve its objectives.

2.102 Corporate priorities for 2012-13 were to continue to deliver the knowledge and skills required to improve our professionalism in delivering the strategy, chiefly:

- knowledge-based courses,
- induction-level training provided by the in-house team for all staff in the UK and overseas who are new to UKTI, supported by an e-learning welcome programme,
- induction programme and skills based training on confidence with clients for the UKTI Defence & Security Organisation,
- induction programme for new heads of trade and investment overseas,
- UKTI contribution to briefing programmes for heads of British embassies, high commissions and consulates overseas,
- induction programme to support the FCO Commercial Diplomacy and Prosperity agenda, and

- skills-based training for the overseas network on leadership and delivery, based on the four strands of the People Strategy.

2.103 From April 2012 to March 2013, UKTI's corporate induction team:

- managed and delivered 24 in-house training courses for around 243 delegates,
- received feedback showing that more than 94% of staff were either "fully satisfied" or "mostly satisfied" with the training they received,
- in addition to the corporate induction programme, managed and delivered training for:
 - FCO Commercial & Economic Diplomacy team
 - FCO Prosperity team
 - UKTI DSO
- delivered 10 bespoke one-to-one training sessions for heads and deputy heads of UK embassies, high commissions and consulates overseas.

Skills Programmes

2.104 Leading UKTI Teams to Deliver Business Excellence. This programme was launched in May 2012 and was designed and developed for Directors and Heads of Trade & Investment teams in the overseas network. It supports the four strands of the People Strategy: Focus on Delivery, Changing our Culture, Best People, Best Team, and Understanding Business. This programme further develops the business focussed skills of leaders across our organisation, by taking them through business orientated modules, designed to address different skill levels, enabling a step change in the quality of customer service and performance management across the organisation. There were 12 workshops delivered to 176 delegates in 2012/13.

2.105 Delivering Business Excellence for UKTI. This programme was launched in June 2012 and was developed to follow on from the successful Client Relationships and Key Account Management Skills training which had come to a natural end. This course goes more deeply into the area of managing client relationships and key accounts, and supports teams to change behaviours to operate more strategically through working with business partners. As with the leadership course, the content is closely tied to the four strands of the People Strategy. In 2012/13 there were 9

workshops delivered to 146 delegates.

2.106 The Journey to Business Intimacy develops key account management skills for investment staff. It provides practical tools to identify potential investors and skills practice in developing propositions for key clients. This was run by an external delivery partner under a contract that came to an end in 2012. One workshop took place in Hong Kong.

Diversity

2.107 UKTI's status means that it can call on the expertise of the Diversity and Equality Units of both BIS and the FCO. While the two Departments develop and promote diversity and equal opportunities policies affecting UKTI, the organisation supplements these where necessary with its own policies.

2.108 UKTI has its own Diversity Statement which recognises the importance of creating an organisational culture, in which people can reach their full potential and deliver the highest quality of service to customers and stakeholders.

2.109 UKTI is committed to treating all staff and eligible job applicants fairly and without discrimination. It actively pursues arrangements for flexible working patterns and is committed to creating a culture where individual differences are valued and respected. It does not tolerate any form of discrimination, harassment or victimisation. It is committed to providing a working environment where no one is disadvantaged.

2.110 UKTI seeks to ensure that its policies, practices and procedures – in terms of staff and customers – are compliant with current legislation, as it develops and follows best practice.

2.111 With staff in London, Glasgow, the English regions and 110 countries around the world, UKTI is, by its nature, a very diverse organisation. To ensure that it can benefit fully from the talents of its people, UKTI works closely with its parent Departments, to ensure that diversity is embedded in all aspects of its work, both internally and externally.

2.112 In the UK, UKTI participates in the work being undertaken by BIS under the Single Equality Act. UKTI is represented on the Equality & Diversity Board and contributes to the equality plans of both parent Departments. It also participates in the diversity training and development opportunities available through BIS and the FCO.

Significant Work of Senior People Helping UKTI Deliver for UK Business

Prime Minister's Trade Envoys

2.113 The Prime Minister's Trade Envoys programme is designed to help promote trade in emerging and growth markets, beyond those already identified in the UKTI strategy. The Trade Envoys' prime focus is to showcase to SMEs in the UK, foreign opportunities available in 'their' markets. Their role will include participation in up to four UK-based activities and two overseas trips, which will enhance their credibility in the UK and deepen their knowledge of the country whose opportunities they are profiling.

2.114 Following the launch of the Prime Minister's Trade Envoys programme in November 2012, a programme of activities for the next 12 months has been agreed with all 8 of the Trade Envoys. Each programme has been tailored to address the key issues, to help drive forward trade with the designated market. The appointments have also received a warm welcome from the Governments of those countries to which they have been appointed.

2.115 The current programme includes the following individuals:

- Baroness Bonham Carter of Yarnbury, Trade Envoy to Mexico
- Baroness Morris of Bolton, Trade Envoy to Jordan, Kuwait, Palestinian Territories
- Lord Puttnam of Queensgate, Trade Envoy to Vietnam, Laos and Cambodia
- Lord Risby of Haverhill, Trade Envoy to Algeria
- Baroness Scotland of Asthal, Trade Envoy to South Africa
- Lord Sharman of Redlynch, Trade Envoy to Morocco
- Charles Hendry MP, Trade Envoy to Azerbaijan, Kazakhstan and Turkmenistan
- Richard Graham MP, Trade Envoy to Indonesia

Business Ambassadors

2.116 The Business Ambassadors Network of key business and academic leaders acts as powerful advocates of the UK abroad, promoting the country's excellence, economy, business environment and reputation, as the international trade and inward investment partner of choice.

2.117 The Business Ambassadors Network now includes a wide range of expertise and experience, as well as a new generation of entrepreneurs and business leaders, covering a range of sectors, including Financial Services, Advanced Engineering, Energy, Life Sciences, Education, Infrastructure, Creative Industries ICT, Agri-Business, Food and Drink Manufacturing and Retail.

2.118 In 2012-13, the Business Ambassadors Network undertook a total of 117 events in 42 countries, including key markets such as India, China, Brazil, UAE, Qatar, Saudi Arabia, USA and Vietnam. These engagements have ranged in scale from major events, such as leading British overseas trade missions, exhibitions and seminars, and delivering key messages at international conferences and seminars, to attending lower-profile functions such as business breakfasts, lunches and dinners organised by our UKTI teams in diplomatic missions overseas. At each of these events Business Ambassadors have delivered positive trade and economic messages promoting UK business and expertise.

2.119 Details of membership and roles for the Business Ambassadors Network are set out in Annex E.

Catalyst UK

2.120 Catalyst UK was officially launched in 2011 by Lord Green. The network harnesses the insights and experience of business leaders, influencers and academics, to promote UK excellence internationally. Catalyst UK's mission is to enrich the UK's knowledge based economy through the sharing of business experiences that will help champion the UK as the international business partner of choice, and inspire UK-based SMEs to enter global markets.

2.121 Catalyst UK members are individuals from most business sectors who share a connection with the UK. There are currently 281 members and since its launch, members have been involved in over 199 separate interactions in support of UKTI objectives.

2.122 Key deliverables for the Catalyst UK network include:

- attracting high-value FDI to the UK,
- helping UK-based SMEs internationalise through sharing market insights; and
- identifying business offers which facilitate exports.

2.123 UKTI will follow up on activities undertaken by members to highlight business outcomes achieved through members participation.

Sector Advisory Groups

2.124 Sector Advisory Groups, consisting of over 200 senior business figures, will continue to provide detailed business input, validation and challenge to UKTI's activities in respect of their individual industries. Covering a range of major industries, Sector Advisory Groups will ensure that UKTI has a balanced overview of business priorities. Sector Advisory Groups and their chairs give a great deal of their time and energy on a pro-bono basis, advising on UKTI's priorities within their sectors; scoping new opportunities; hosting inward VIP visitors; and contributing towards government-to-government dialogue. Membership of these groups is drawn from some of our major companies, as well as from SMEs with a strong international focus.

2.125 Details of membership and roles for the Sector Advisory Groups is set out in Annex F.



Nick Baird CMG CVO
Accounting Officer
20 June 2013

Departmental Remuneration Report

Introduction

3.1 As UKTI is not an employer in its own right, we do not have a Remuneration Committee. The remuneration of BIS and FCO staff working for UKTI is met from the administration resource controlled by these sponsoring Departments, and both have Remuneration Committees. Staff costs are reported under Memorandum Note 3 on page 76.

Disclosure of Salary Multiples

3.2 As part of the 2012-13 Remuneration Report, the Financial Reporting Manual (FRoM) requires UKTI to disclose the top to median staff pay multiples, including the following:

- the mid-point of the banded remuneration of the highest-paid director
- the ratio between this and the median remuneration of the reporting entity's staff.

Remuneration Policy

3.3 The remuneration of Senior Civil Servants is set by the Prime Minister, following independent advice from the Senior Salaries Review Body (SSRB). It is not appropriate for UKTI to provide the above disclosure as it is not an employer in its own right. BIS and the FCO are providing full disclosure of their respective Departmental Remuneration Reports.

3.4 The Review Body also periodically advises the Prime Minister on the pay and pensions of Members of Parliament and their allowances; on Peers' allowances and on the pay, pensions and allowances of Ministers and others whose pay is determined by the Ministerial and Other Salaries Act 1975.

3.5 In reaching its recommendations, the Review Body was required to have regard to the following considerations:

- the need to recruit, retain and motivate suitably able and qualified people to exercise their different responsibilities,
- regional/local variations in labour markets and their effects on the recruitment and retention of staff,
- Government policies for improving public services, including the requirement on Departments to meet the output targets for the delivery of departmental services,
- the funds available to Departments as set out in the Government's departmental expenditure limits, and
- the Government's inflation target.

3.6 The Review Body takes account of the evidence it receives about wider economic considerations and the affordability of its recommendations. Further information about the work of the Review Body can be found at www.ome.uk.com.

Senior Official Appointments

3.7 The Chief Executive of UKTI is appointed by the Prime Minister on the recommendation of the Head of the Home Civil Service and with the agreement of the Ministerial Heads of the two parent Departments.

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

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

3.10 Further information about the work of the Civil Service Commission can be found at www.civilservicecommission.org.uk

- Richard Paniguan CBE was appointed on a three-year contract commencing 11 August 2008. His appointment was extended by two further years. The notice period for the employee is three months. For the employer, the notice period is six months or a period, if less, equal to the unexpired part of the fixed-term contract.
- Crispin Simon was appointed on a three-year contract commencing 27 February 2012. The notice period for the employee is three months. For the employer, the notice period is six months or a period, if less, equal to the unexpired part of the fixed-term contract.
- Michael Boyd was appointed on a three-year contract commencing 1 July 2012. The notice period for the employee is three months. For the employer, the notice period is six months or a period, if less, equal to the unexpired part of the fixed-term contract.
- Gavin Little was appointed on a three-year contract commencing 1 November 2012. The notice period for the employee is three months. For the employer, the notice period is six months or a period, if less, equal to the unexpired part of the fixed-term contract.

- Jon Harding was appointed on a three-year contract commencing 1 September 2012. The notice period for the employee is three months. For the employer, the notice period is six months or a period, if less, equal to the unexpired part of the fixed-term contract.
- Sandra Rogers was appointed on a three-year contract commencing 18 June 2012. The notice period for the employee is three months. For the employer, the notice period is six months or a period, if less, equal to the unexpired part of the fixed-term contract.

Remuneration Report – Ministers

3.11 The following sections provide details of the remuneration and pension interests of the Ministers and most senior management (i.e. Board Members) of the Department.

Salary

3.12 ‘Salary’ includes gross salary, overtime, reserved rights to London weighting or London allowances, recruitment and retention allowances, private office allowances, and any other allowance, to the extent that it is subject to UK taxation.

3.13 This report is based on accrued payments made by the Department, and thus recorded in these accounts. In respect of Ministers in the House of Commons, Departments bear only the cost of the additional Ministerial remuneration. The salary for their services as an MP (£65,738 from 1 April 2010) and various allowances to which they are entitled, are borne centrally. However, the arrangement for Ministers in the House of Lords is different in that they do not receive a salary, but rather an additional remuneration, which cannot be quantified separately from their Ministerial salaries. This total remuneration, as well as the allowances to which they are entitled, is paid by the Department, and is therefore shown in full in the figures in the tables below.

Benefits in Kind

3.14 The monetary value of benefits in kind covers any benefits provided by the Department and treated by HM Revenue and Customs as a taxable emolument. The Minister did not receive any benefits in kind during the year.

Bonuses

3.15 Bonuses are based on performance levels attained, and are made as part of the appraisal process. Bonuses relate to the performance in the year in which they become payable to the individual. The bonuses reported in 2012-13 relate to performance in 2011-12, and the comparative bonuses reported for 2011-12 relate to the performance in 2010-11.

Ministerial Pensions

3.16 Pension benefits for Ministers are provided by the Parliamentary Contributory Pension Fund (PCPF). The scheme is made under statute (the regulations are set out in Statutory Instrument SI 1993 No 3253, as amended).

3.17 Those Ministers who are Members of Parliament may also accrue an MP’s pension under the PCPF (details of which are not included in this report). The arrangements for Ministers provide benefits on an ‘average salary’ basis, taking account of all service as a Minister. The accrual rate has been 1/40th since 15 July 2002 (or 5 July 2001 for those that chose to backdate the change), but Ministers, in common with all other members of the PCPF, can opt for a 1/50th accrual rate and a lower rate of member contribution. An additional 1/60th accrual rate option (backdated to 1 April 2008) was introduced from 1 January 2010.

3.18 Benefits for Ministers are payable at the same time as MPs’ benefits become payable under the PCPF or, for those who are not MPs, on retirement from Ministerial office from age 65. Pensions are re-valued annually in line with Pensions Increase legislation. From 1 April 2013, members pay contributions between 7.9% and 16.7%, depending on their level of seniority and chosen accrual rate. The contribution rates are planned to increase in April 2014, subject to consultation.

3.19 The accrued pension quoted is the pension the Minister is entitled to receive when they reach 65, or immediately on ceasing to be an active member of the scheme if they are already 65.

3.20 In line with reforms to other public service pension schemes, it is intended to reform the Ministerial Pension Scheme in 2015.

The Cash Equivalent Transfer Value (CETV)

3.21 This is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement, to secure pension benefits in another pension scheme or arrangement, when the member leaves a scheme and chooses to transfer the pension benefits they have accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total Ministerial service, not just their current appointment as a Minister. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Value) (Amendment) Regulations 2008, and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax, which may be due when pension benefits are taken.

The Real Increase in the Value of the CETV

3.22 This is the element of the increase in accrued pension funded by the Exchequer. It excludes increases due to inflation, and contributions paid by the Minister. It is worked out using common market valuation factors for the start and end of the period.

Remuneration Report – Senior Officials

3.23 Senior Officials' (the Executive Team) salaries, allowances and taxable benefits in kind in 2012-13 were as follows (for those officials who only worked for part of the year, full time equivalent figures can be found in brackets):

Civil Service Pensions

3.24 Pension benefits are provided through the Civil Service pension arrangements. From 30 July 2007, civil servants may be in one of four defined benefit schemes; either a final salary scheme (Classic, Premium or Classic Plus), or a whole career scheme (Nuvos). These statutory arrangements are unfunded, with the cost of benefits met by monies voted by Parliament each year. Pensions payable under Classic, Premium, Classic Plus and Nuvos are increased annually in line with Pensions Increase legislation. Members joining from October 2002 may opt for either the appropriate defined benefit arrangement, or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account).

Ministers' salaries, allowance and taxable benefits in kind in 2012-13 were as follows:

	2012-13		2011-12	
	Salary £000	Benefits in kind (to nearest £100)	Salary £000	Benefits in kind (to nearest £100)
Ministers				
Lord Green* of Hurstpierpoint	–	–	–	–

This table has been subject to audit.

*Received no salary or benefit.

Ministers' pension and benefits entitlements in 2012-13 were as follows:

	Accrued pension at age 65 as at 31/03/13 £000	Real increase in pension at age 65 £000	CETV at 31/03/13 £000	CETV at 31/03/12 £000	Real increase in CETV £000
	Ministers				
Lord Green* of Hurstpierpoint	–	–	–	–	–

This table has been subject to audit.

*Received no pension benefits.

Senior Officials' salaries, allowances and taxable benefits in kind in 2012-13 were as follows:

Officials	2012-13			2011-12		
	Salary £000	Bonus Payments £000	Benefits in Kind (to nearest £100)	Salary £000	Bonus Payments £000	Benefits in Kind (to nearest £100)
Nick Baird ¹	135-140	-	-	80-85 (135-140)	-	-
Susan Haird CB ² (to 10/10/2012)	60-65 (115-120)	-	-	120-125	10-15	-
Richard Paniguián CBE ²	170-175	10-15	-	180-185	10-15	-
Edward Oakden CMG ¹	110-115	-	-	100-105	-	-
Andrew Levi ¹ (to 10/06/2012)	15-20 (80-85)	-	-	65-70 (80-85)	5-10	N/A
Michael Boyd ^{2,3} (from 01/07/2012)	100-105 (135-140)	-	-	N/A	N/A	N/A
Crispin Simon ²	135-140	-	-	10-15 (130-135)	-	-
Curtis Juman ² (to 31/08/2012)	30-35 (80-85)	5-10	-	80-85	5-10	-
Jeff Wilson ^{1,4} (to 15/06/2012)	15-20 (55-60)	0-5	-	0-5 (55-60)	-	-
Jon Harding ² (from 01/09/2012)	70-75 (140-145)	-	-	N/A	N/A	N/A
Gavin Little ² (1/11/2012 – 31/03/2013)	55-60 (135-140)	-	-	-	-	-
Sandra Rogers ² (from 18/06/2012)	105-110 (135-140)	-	-	N/A	N/A	N/A
Charu Gorasia ² (From 14/12/2012)	20-25 (70-75)	-	-	N/A	N/A	N/A
Iain Banfield ^{2,5} (03/09//2012 – 13/12/2012)	15-20 (55-60)	0-5	-	N/A	N/A	N/A

This table has been subject to audit.

1. Salaries and bonuses are paid by the FCO.

2. Salary paid by BIS

3. Michael Boyd was supplied through our contract with PA Consulting until becoming a permanent member of staff from 1 July 2012

4. Appointed Acting Director from 1 March 2012

5. Appointed Acting Director from 3 September 2012 to 13 December 2012

6. Salaries shown in brackets are the full year equivalents.

Senior Officials' pension and benefits entitlements in 2012-13 were as follows:

Officials	Accrued pension at pension age as at 31/03/13 and related lump sum £000	Real increase in pension and related lump sum at pension age £000	CETV at 31/03/13 £000	CETV at 31/03/12 £000	Real increase in CETV £000	Employer contribution to partnership pension account ⁵ Nearest £000
Nick Baird ¹ (from 01/09/2011)	45-50 plus lump sum of 145-150	0-2.5 plus lump sum of 2.5-5.0	857	791	19	-
Susan Haird CB ² (to 10/10/2012)	55-60 plus lump sum of 170-175	0-2.5 plus lump sum of 2.5-5.0	1,302	1,214	37	-
Richard Paniguian CBE ²	20-25 no lump sum	2.5-5.0 no lump sum	359	271	55	-
Edward Oakden CMG ¹	40-45 plus lump sum of 120-125	0-2.5 plus lump sum of 0-2.5	758	713	4	-
Andrew Levi ¹ (from 06/06/2011 to 10/06/2012)	30-35 no lump sum	0-2.5 no lump sum	467	447	18	-
Michael Boyd ³ (from 01/07/2012)	N/A	N/A	N/A	N/A	N/A	N/A
Crispin Simon ² (from 27/02/2012)	0-5 no lump sum	0-2.5 no lump sum	24	4	17	-
Curtis Juman ² (to 31/08/2012)	20-25 plus lump sum of 60-65	0-2.5 plus lump sum of 0-2.5	304	297	3	-
Jeff Wilson ^{1, 4} (to 15/06/2012)	15-20 plus lump sum of 45-50	0-2.5 plus lump sum of 0-2.5	230	209	3	-
Jon Harding ² (from 01/09/2012)	0-5 no lump sum	0-2.5 no lump sum	19	-	14	-
Charu Gorasia ² (from 14/12/2012)	10-15 no lump sum	0-2.5 no lump sum	137	131	4	-
Sandra Rogers ² (from 18/06/2012)	0-5 no lump sum	0-2.5 no lump sum	35	-	29	-
Gavin Little ² (01/11/2012-31/03/2012)	0-5 no lump sum	0-2.5 no lump sum	12	-	9	-
Ian Banfield ² (03/09/2012-13/12/2012)	5-10 plus lump sum of 20-25	0-2.5 plus lump sum of 0-2.5	85	78	6	-

This table has been subject to audit.

1. Salaries and bonuses are paid by the FCO. Those paid in relation to periods prior to joining UKTI are disclosed within the FCO's accounts.

2. Salary paid by BIS

3. Michael Boyd has opted out, and has no pension benefits.

4. Appointed Acting Director from 1 March 2012

5. There were no employer contributions to partnership pension account

3.25 Employee contributions are set at the rate of 1.5% of pensionable earnings for Classic and 3.9% of pensionable earnings for Classic Plus and 3.5% for Premium, Classic Plus and Nuvos. Increases to employee contributions will apply from 1 April 2013. Benefits in Classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years' initial pension is payable on retirement. For Premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike Classic, there is no automatic lump sum. Classic Plus is essentially a hybrid, with benefits for service before 1 October 2002 calculated broadly as per Classic and benefits for service from October 2002 worked out as in Premium. In Nuvos a member builds up a pension based on their pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March), the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. In all cases, members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

3.26 The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of three providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally provided risk benefit cover (death in service and ill-health retirement).

3.27 The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over the pension age. Pension age is 60 for members of Classic, Premium and Classic Plus, and 65 for members of Nuvos.

3.28 Further details about the Civil Service pension arrangements can be found at the website www.civilservice.gov.uk/pensions

Cash Equivalent Transfer Values

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

3.30 The figures include the value of any pension benefit in another scheme or arrangement, which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in Accordance with The Occupational Pension Schemes (Transfer Values)(Amendment) regulations 2008, and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax, which may be due when pension benefits are taken.

Real Increase in CETV

3.31 This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, or contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement), and uses common market valuation factors for the start and end of the period.

Compensation for Loss of Office

3.32 No compensation for loss of office was paid to any senior manager in 2012-13.

Fees Paid by UKTI to Non-Executive Board Members

3.33 Below are the annual fees plus expenses paid to the Non-Executive Board Members of UKTI. The total payments for the year to each person were in the following ranges:

Name	2012-13 £000	2011-12 £000	Note
Tim Robinson	–	–	Receives no fees; the sum of between £0k-£5k (£0k-£5k) is paid direct to a charity, on the same basis as BIS's salary-sacrifice scheme.
Sir Eric Peacock CMG DL	0-5	0-5	From 1 October 2009
Alan Jenkins	5-10	0-5	From 1 October 2009. Expenses of £0k-5k are included.
Chris Fitzpatrick	5-10	5-10	From 1 October 2009. Expenses of £0k-5k (£0k-5k) are included within this figure.
Mark Gostick	0-5	0-5	From 1 October 2009
Alex Dorrian CBE	0-5	–	From 1 October 2012
Dale Murray	0-5	–	From 1 October 2012. Expenses of £0k-5k are included.
Jan Ward	0-5	–	From 1 October 2012

This table has been subject to audit.



Nick Baird CMG CVO
Accounting Officer
20 June 2013

Statement of Accounting Officer's Responsibilities

3.34 Under the Government and Resources and Accounts Act 2000, HM Treasury has directed UKTI to prepare for each financial year resource accounts detailing the resources acquired, used, held or disposed of by Department during the year and the use of resource by the department during the year. The accounts are prepared on an accruals basis, and must give a true and fair view of the state of affairs of UKTI, and of its net resource outturn, resources applied to objectives, changes in taxpayers' equity, and cash flows for the financial year.

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

- observe the Accounts Direction issued by HM Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the Government Financial Reporting Framework have been followed, and disclose and explain any material departures in the Accounts; and
- prepare the Accounts on a going concern basis.

3.36 HM Treasury has appointed the Chief Executive as Accounting Officer of UKTI. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding UKTI's assets, are set out in *Managing Public Money* published by HM Treasury.

Annual Governance Statement

Purpose of the Governance Statement

3.37 The aim of the Governance Statement is to explain how we have complied, in all material respects, with the principles of the Corporate Governance Code for Central Government Departments.

3.38 It is designed to supplement the accounts, and sets the governance structure, internal controls and risk management processes that have been operating within UKTI, during the financial year. It also reviews the effectiveness of these arrangements, including details of the governance frameworks that support the efficient use of resource, in order to deliver UKTI's aims and objectives.

Governance Structure

3.39 The Ministers responsible for UKTI, and the Board structure, are set out below, and there follows an exposition of how we achieved effective governance.

Ministers

3.40 During 2012-13, joint ministerial responsibilities were as follows:

Secretary of State for Foreign and Commonwealth Affairs
The Rt Hon. William Hague MP

Secretary of State for Business, Innovation and Skills
The Rt Hon. Vince Cable MP

Portfolio Responsibility

Minister of State for Trade and Investment
Lord Green of Hurstpierpoint

Accounting Officer

Nick Baird CMG CVO

UKTI's Corporate Governance Structure



The CEO is UKTI's Accounting Officer, leads the UKTI Executive Team, chairs the UKTI Executive Board and is a full member of both the BIS and FCO Boards.

UKTI Executive Board Members

3.41 This section sets out the membership, role and structure of UKTI's Board as at 31 March 2013.

The role of the UKTI Board is to provide strategic and operational leadership in UKTI. The Board is led by the Chief Executive and Accounting Officer and, at 31 March 2013, comprises eight Executive Directors, seven Non-Executive Board Members and five Representative Board members.

Chair



Nick Baird CMG CVO
Chief Executive and
Accounting Officer

Chief Operating Officer and Deputy Chair



Jon Harding
(from 1 September 2012)

Susan Haird CB
(to 10 August 2012)

Executive Members



Crispin Simon
Managing Director,
Trade Development



Richard Paniguián CBE
Head, UKTI Defence
& Security Organisation



Edward Oakden CMG
Managing Director,
Strategic Trade



Sandra Rogers
Managing Director, Marketing
(from 18 June 2012)

Jeff Wilson

Acting Managing Director, Marketing
(from 1 March 2012
to 17 June 2012)



Michael Boyd
Managing Director, Strategic
Investment and Accounts



Gavin Little
Managing Director, Investment
Development (from 1 November
2012 to 31 March 2013)

Andrew Levi

Managing Director Investment Development
(to 10 June 2012)



Charu Gorasia
Director of Finance and
Information Technology
(from 14 December 2012)

Iain Banfield

Acting Director of Finance
(from 3 September to
13 December 2012)

Curtis Juman

Director of Finance and
Information Technology
(to 31 August 2012)

Executive Team

3.42 The Executive Team (ET) consists of the Chief Executive (CE), Chief Operating Officer, the Managing Directors and the Directors of HR and Economics (EET). The ET usually meets weekly throughout the year to monitor performance and efficiency.

Non-Executive Board Members



Sir Eric Peacock CMG DL

Eric is a serial entrepreneur with wide experience of growing businesses by internationalising their trade and attracting inward investment. He currently chairs

the Peacock Foundation, Uniqueness (charities operating in the children's field), Baydonhill Plc, Halo International (Hong Kong) Ltd, Stage Technologies Ltd, Buckley Jewellery Ltd, Stevenage Packaging Ltd and The Consulting Consortium Ltd. He is President of the Institute of Sales and Marketing Management and is a past member of the DTI and BERR Enterprise Boards.



Alan Jenkins

Alan sits on the boards of various companies and organisations in the private, public and voluntary sectors and is a member of the Council of the Institute of

Directors. A former solicitor, Alan was until April 2011 a Partner and until May 2010 Chairman of the Board at Eversheds LLP. In addition, he is a fellow of the Royal Society of Arts, Manufactures and Commerce and Chair of the UKTI Audit Committee.



Chris Fitzpatrick

Chris is a materials scientist who developed a series of novel high-performance adhesives exported globally through his own SME. His speciality is

technology commercialisation, marketing and developing organisations both strategically and operationally within the SME and social enterprise context. He is currently Chief Executive of Elements Of Sherwood Ltd and a Director of Renewable Energy East Midlands Ltd. He is also a member of the Rural Community Action Nottinghamshire and North Nottinghamshire College governing boards and a Member of The Export Guarantees Advisory Council of UK Export Finance



Mark Gostick

Mark is an entrepreneur with extensive experience in the commercialisation, marketing and development of early stage technologies, managing

exits in venture backed environments and developing working relationships across a variety of cultures. Until April 2009, he was CEO of Liquavista, a Philips spin-out acquired by Samsung, and prior to that of Kindertec Ltd. He was first employed at Cambridge Display Technology, which was ultimately NASDAQ listed. He is currently working with the Camcon Federation of companies to introduce their unique actuators into a variety of industries including oil, gas and automotive, and he is also a non-executive director of TSSI Systems. He recently helped establish Adiposet Ltd, which is introducing an adipose tissue banking service to the UK and aims to produce better outcomes for breast reconstruction patients following cancer treatment.



Jan Ward

Jan is the Founder and CEO of specialist heat and corrosion resistant alloys company, Corrotherm International Ltd, which she grew from a one woman organisation to a company with offices in 5 countries. She is a member of the Saudi British Joint Business Council, sits on the advisory and liaison committee to HM Government and the Saudi Arabian government, a founder investor of the Saudi British Development Investment Company, a Non Executive Director of Southampton and Fareham Chamber of Commerce and Hampshire Chambers of Commerce, a Director of Women in Business International and a member of Policy Connect, a group formed to lobby and consult to government on environmental and sustainable business legislation and policy. Jan was awarded the Nat West Everywoman of the Year award in 2009 and International Businesswoman of the year in 2011.



Dale Murray

Dale has been an angel investor since 2006, and has a portfolio of investments across technology, mobile, leisure, cleantech and publishing sectors. She won British Angel Investor of the Year in 2011. She is also a successful entrepreneur, having co-founded the pioneering mobile top-up business Omega Logic, which she built to £19m of revenue within five years. She was the youngest ever person on the Price Waterhouse NZ school leaver programme, has been a founder member of the management team that commercially launched Vodafone NZ, held the position of Chief Operating Officer, then CEO, of Eposs Ltd and Managing Director and Co-Founder of Omega Logic Ltd. Dale is currently a Non-Executive Director of Sussex Place ventures, a Board Observer at Specle Ltd and Board Advisor at Incito Ventures.



Alex Dorrian CBE

Alex is Chairman of Thales Plc and is also responsible for Thales Group's Operations in the UK, the USA, Australia, Canada, the Netherlands, Northern Europe and Northern Asia. Alex's previous roles include Senior Vice President of Thales's global naval business and Deputy Group Managing Director Defence Systems for British Aerospace. He is a Fellow of The Royal Academy of Engineering, The Institution of Engineering Technology, The Institute of Marine Engineering, Science and Technology and The Royal Aeronautical Society. Alex was made Commander of the Order of the British Empire in 2002 and was appointed as an Officier de la Légion d'Honneur of France in 2010. He was given an Honorary Doctor of Science Degree by Strathclyde University in 2009. He is a Freeman of the City of London.



**Tim Robinson
(to 31 October 2012)**

Tim is Chief Executive of Talaris, a global technology solutions company backed by Carlyle. He is also a member of the Association and on the Audit Committee of Oxfam; a Non-Executive Director of AEA Technology; a Fellow of the Royal Society of Arts; and a Freeman of the Worshipful Company of Information Technologists. Tim has lived and worked in the USA, Hong Kong and Paris.

Representation at UKTI Board Meetings

3.43 UKTI and UK Export Finance have a reciprocal arrangement and sit on one another's Boards, following the agreement to maintain closer working relations.

- David Havelock (from 16 November 2012) Acting Chief Executive, UK Export Finance,
- Patrick Crawford (to 15 November 2012) Chief Executive, UK Export Finance.

BIS, the FCO and Overseas Posts

3.44 BIS, the FCO and Overseas Posts are represented at UKTI Board meetings by the following:

- Rachel Sandby-Thomas, Director General Business and Skills, for BIS (from 23 July 2012)
- Philip Rutnam, Director General Business and Skills, for BIS (until 11 April 2012)
- Andrew Mitchell, Director General Prosperity, FCO (from 15 October 2012)
- Edward Barker, Director General, FCO (to 14 October 2012)
- Danny Lopez, Consul-General New York, representing the UKTI overseas network
- Caroline Wilson (from 15 October 2012) Consul-General Hong Kong, representing the UKTI overseas network

Board Operation

3.45 The composition of the Board provides UKTI with the right mix of skills required to lead delivery of the organisation's strategy and is well balanced to support objective decision-making. All Non-Executive Board Members are independent in character and judgement and there are currently no relationships which could affect a member's judgment when participating in Board decisions.

3.46 The Board operates within written terms of reference available at www.ukti.gov.uk/uktihome/aboutukti/keypeople/executiveboard.html. The Board terms of reference will be reviewed as part of a wider UKTI governance review in 2013-14.

3.47 It meets regularly and is supported by a dedicated secretariat. The role of the UKTI Board is to provide strategic and operational leadership. The Board contributes to the delivery of the organisation's objectives by:

- providing leadership and strategic direction,
- advising on the allocation of resources against priorities for the delivery of objectives,
- managing departmental resources, and monitoring the achievement of performance objectives,
- setting the organisation's standards and values,
- assessing and managing the principal risks facing UKTI,
- helping to strengthen planning, performance and change management in UKTI and encouraging innovation,
- ensuring the operation of a transparent system of prudent and effective controls (including internal controls), and
- advising on and contributing towards stakeholder management.

3.48 In addition to focusing on planning, policy and performance, the Board also focused on implementing UKTI's new strategy. This covered the realignment, organisation and performance.

Sub-Committees of the Board

3.49 In the last year, there have been two sub-committees of the Board. They are the:

- Operating Committee (OpComm), and
- Audit Committee (AC).

Operating Committee

3.50 This is chaired by the Chief Operating Officer.

3.51 The Operating Committee was established at the start of 2012-13 (replaced the Resources and Evaluation Panel) and reports to the Executive Board of UKTI. The committee operates within terms of reference which define its role as detailed below. It is responsible for supporting the Chief Executive in the delivery of UKTI's strategy, business plan, and targets, through the allocation of human and financial resources. The role is to:

- provide oversight and support in preparing for each Autumn Statement, Budget and Spending Reviews
- oversee the approach and timing of each Business Planning Round
- advise on managing interdependencies between pathways, review corporate and strategic risks and issues, suggesting appropriate action,

- allocate the targets for delivery across the organisation,
- recommend the annual allocation of resources both human and financial for Groups and the overseas network; and also agree any subsequent in-year changes, and
- actively monitor organisational performance through the use of PIMS and other management information, to support Managing Directors in delivering their targets.

Audit Committee

3.52 The Audit Committee's (AC) role is to advise the Chief Executive as Accounting Officer, and the Board, on the adequacy of UKTI's risk management, governance, and internal control. The committee operates under terms of reference which follow best practice, as defined in the HM Treasury Audit Committee Handbook, which was reviewed in November 2012. Among other things, this is performed through the review of the work of Internal Audit and also the National Audit Office (NAO).

3.53 It is comprised entirely of independent members, two of whom are Non-Executive Board Members, which provides independent scrutiny of the reliability and integrity of these assurances.

3.54 During 2012-13, the composition of the UKTI Audit Committee was as follows:

Alan Jenkins (Chair)
Non-Executive Board Member

Mark Gostick
Non-Executive Board Member

Robert Hull
Independent Member and Managing Director,
OFGEM

Nigel Addison Smith
Independent Member and Finance Director
for UK Export Finance

3.55 The following are also present at meetings:

- Chief Executive (UKTI) or COO.
- Chief Operating Officer (UKTI).
- Directors of Finance (UKTI, BIS and FCO).
- Representative from Internal Audit (BIS and FCO).
- Representatives from the NAO.

3.56 During the year, the Audit Committee considered 17 internal audit reports – 12 overseas and 5 UK based. These reports covered a wide range of risk management and governance issues including annual reviews of core financial systems and risk management processes. While in some cases, areas for improvement were identified, no major control failures or unmanaged risks were reported.

Attendance at Board, Audit Committee and Resources and Evaluation Panel meetings

3.57 Four Board, and four Audit Committee meetings were held during the year, with an 86% and 100% attendance by members respectively. The total cost of hosting these meetings, excluding Non-Executive Board Members' fees, was £3,436 (£3,589). This includes room hire, refreshments, and equipment rental and travel expenses.

Attendance	Position	Board	AC	Operating Committee
Number of meeting in Year		4*	4	
Executives				
Nick Baird	Chief Executive Officer	4		
Jon Harding (from 01/09/12)	Chief Operating Officer	2	2	5
Susan Haird (to 10/10/12)	Deputy Chief Operating Officer	2		3
Richard Paniguan	MD – Defence & Security Organisation	3		
Crispin Simon	MD – Trade Development	3		8
Edward Oakden	MD – Strategic Trade	4		8
Michael Boyd (from 01/07/12)	MD – Strategic Investment & Accounts	4		7
Gavin Little (from 01/11/12 to 31/03/2013)	MD – Investment Development	1		4
Andrew Levi (to 10/06/12)	MD – Investment Development	1		1
Sandra Rogers (from 18/06/12)	MD – Marketing	2		3
Jeff Wilson (to 15/06/12)	Acting MD – Marketing	1		
Charu Gorasia (from 14/12/12)	FD & IT	1	1	2
Iain Banfield (from 03/09/12 to 13/12/12)	Acting FD	1	1	3
Curtis Juman (to 31/08/12)	FD & IT	1	1	2
Non Executives				
Sir Eric Peacock		2		
Alan Jenkins		3	4	
Mark Gostick		4	4	
Robert Hull		n/a	4	
Nigel Addison Smith		n/a	4	
Chris Fitzpatrick		3		
Jan Ward (from 01/10/12)		2		
Dale Murray (from 01/10/12)		2		
Alex Dorrian (from 01/10/12)		1		
Tim Robinson (to 31/10/12)		3		
Representative Board Members				
David Havelock (from 16/11/12)	UK Export Finance	1		
Patrick Crawford (to 15/11/12)	UK Export Finance	3		
Rachael Sandy-Thomas (from 23/07/12)	Dept Business Innovation & Skills	2		
Philip Rutman (to 11/04/12)	Dept Business Innovation & Skills	–		
Andrew Mitchell (from 15/10/12)	Foreign & Commonwealth Office			
Edward Barker (from 23/04/12 to 14/10/12)	Foreign & Commonwealth Office	3		
Danny Lopez	Overseas Post (New York)	3		
Caroline Wilson (from 15/10/12)	Overseas Post (New York)	2		

* excludes Board Strategy Day

Risk Management

3.58 UKTI is committed to high standards of governance, ensuring that a robust system of risk management is implemented throughout the organisation.

3.59 UKTI reviews the risk registers of its parent Departments and produces its own strategic risk register. This is compiled from individual business group risk registers (bottom up), and by eliciting from its key senior managers, what they perceive as their top strategic risks to UKTI (top down). This provides an assurance that we are identifying the key risks.

3.60 The corporate strategic risk register provides a focus on the key risks to the organisation, and includes “risk owners” at senior management level. It is formally presented and discussed at each Executive Board and Audit Committee meeting. A traffic light system is used to assess the status of each risk. The most significant risks to the organisation are now also captured on the high level corporate dashboard.

3.61 Group-level operational risk registers are also captured on group dashboards, and are reviewed regularly to ensure the risks of not delivering business objectives are adequately addressed. Where necessary, these risks are aggregated upwards to the strategic risk register. In addition to this, key activities, such as projects or procurements, maintain their own risk registers, and use these to feed in at group level.

3.62 The internal auditors report regularly on risk management processes, to ensure that UKTI keeps abreast of current developments in the field of corporate governance. Internal auditors have carried out a programme of work which helps provide assurance that control processes are working effectively within UKTI. During 2012-13, no significant control weaknesses were identified, and the overall opinion, expressed by the Heads of Internal Audit at BIS and the FCO, on the system of internal control, was “satisfactory”, the highest opinion available.

3.63 The chart, on page 53, sets out the process by which UKTI assesses and manages risk, incorporating the UKTI Operating Committee.

UKTI’s Significant Risks and Key Mitigating Factors

3.64 The Global Market Place: External economic and political conditions, which are outside the control of UKTI, may reduce its ability to deliver its top commercial priorities and meet its volume and value targets. UKTI has limited means to counteract this risk. However, mitigation has been achieved by the close monitoring of political and economic conditions, in conjunction with the FCO and BIS, close co-operation with UK Export Finance and deploying our resources smartly to exploit opportunities. UKTI is also spreading the geographical risk by establishing a presence in new markets and encouraging UK businesses to diversify into new markets.

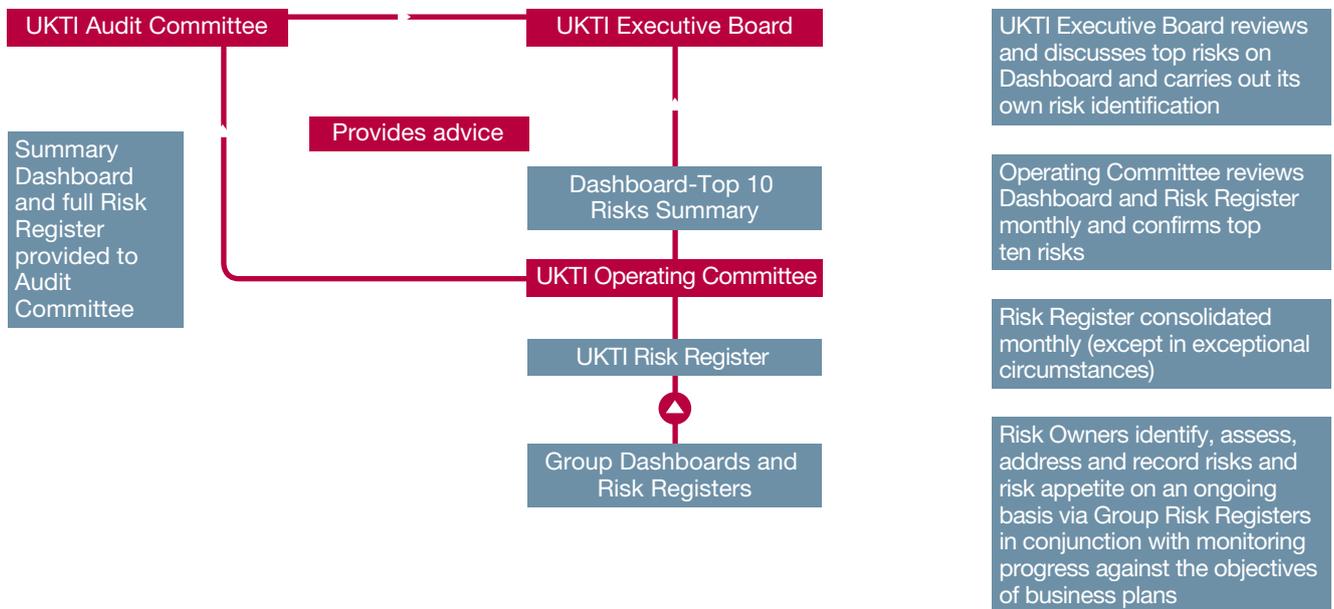
3.65 Stakeholder Engagement: As UKTI seeks to provide effective and efficient services to its customers, there is a risk that UKTI is asked to commit to more initiatives, beyond our capability to deliver. This could mean that UKTI is overstretched, and is unable to deliver on its commitments, resulting in incomplete, ineffective, or inefficient services resulting in loss of reputation and goodwill, imperilling UKTI’s achievement of its objectives. To mitigate this, UKTI ensures good oversight of its corporate priorities through its Executive Team, and has robust processes to ensure the proper assessment of business cases for new activities. Through good relationships with its stakeholders, UKTI is able to decline those proposals which fit less well with its strategic objectives, without impacting its overall reputation.

3.66 Outsourcing: UKTI has a number of large contracts with the private sector, covering investment, trade development, and specialist support. These are complex and substantial contracts. There is a risk that UKTI’s management, control and processes, relating to these contracts, and its monitoring of the performance of the contractors, is inadequate to their scale and complexity. To reduce these risks, UKTI has moved to the BIS shared service for procurement to ensure that there is consistency between contracts. In addition, the use of BIS procurement, is not just about ensuring consistency between contracts, but also that UKTI is properly advised on their commercial and legal terms.

3.67 People: UKTI recognises that there is a risk of being unable to attract and retain the right people with the right skills, leading to an underperformance of its people, and to UKTI not achieving its objectives and being seen as insufficiently effective. With the difficulties of administration budget cuts and the cross Government pay restraint it has been hard to bring in the right people. To reduce this risk UKTI has developed its “Our Vision and Values” statement together with a People Strategy incorporating four “People Priorities”, to enable staff to develop their skills and professionalism. UKTI will seek to take this further by ensuring that there are learning and development plans and opportunities in place to develop our existing people to their full potential. UKTI will also use recruitment fairs and marketing activities in order to attract a larger number of high quality applicants and will focus its adverts so that it receives applications from individuals who have the required skills and knowledge from across government.

3.68 Marketing: UKTI is a marketing led organisation and needs to maintain a high profile for our products and services in order to deliver effective support to British businesses. The CBI have also commented that UK businesses are not fully aware of the services that UKTI provides. Therefore, UKTI needs to do more than just maintain a high profile for its products and services. It needs to target them effectively; campaign in a well directed way to achieve maximum impact and communicate effectively. This creates a potential conflict with Government austerity restrictions regarding marketing. The risk is that UKTI is unable to make the case for its marketing activities which, under the formal definition, includes events and missions. To mitigate this, UKTI has submitted a rationale for its activities and is developing an evidence based marketing strategy to obtain Cabinet Office approval to enable it to work within the Government requirements.

Application of the UKTI Risk Management Policy



Review of Effectiveness

3.69 Each year, the effectiveness of the systems of governance, risk management and internal control are reviewed, informed by work undertaken by the Executive Management team, Internal Audit, and the management letter received from the External Auditors. The Annual Governance Statement represents the results of these reviews.

3.70 By the beginning of 2012-13, UKTI had realigned its structure to fit with its five-year strategy. UKTI ran a voluntary exit scheme during the year, to restructure its work-force, with the agreement of both HM Treasury and Cabinet Office. The organisation has been reshaped to ensure that UKTI effectively delivers its' business and is being monitored at senior level.

3.71 Key new roles have been identified and filled for a Chief Operating Officer (previously Deputy Chief Executive), and a Chief of Staff. In addition, a new Finance Director was recruited during the year.

3.72 The effectiveness of the Board was last reviewed in 2011-12, when it was assessed as effective. The next effectiveness review is to take place shortly along with a refresh of the Boards terms of Reference.

3.73 The effectiveness of the Audit Committee was assessed during 2012-13, with the use of a questionnaire sent to Committee Members and attendees. The overall conclusion was that the Committee was effective. Suggestions were made for small improvements and these have been implemented.

3.74 The Resources and Evaluation Panel was replaced with a new Operating Committee that meets monthly to discuss operational performance. A new dashboard, reporting key performance indicators, budgets and risks on a single page was developed. This is being produced at group and strategic level.

3.75 At each meeting, the Executive Team receive a Financial Management report which is closely scrutinised, to ensure the information being received is adequate and reliable. On a quarterly basis, the Board take a holistic view of the performance of the organisation including financial and risk management.

Other Developments During the Year

3.76 In March 2013, UKTI was presented with a report on the 'Annual Progress of Financial Management and Budgetary Control in UKTI'. The report highlighted the progress made on performance in 2012-13, and the financial position going forward. UKTI met all internal and external targets for delivering financial data. This included the publication of the 2011-12 Annual Report and Accounts and transparency reporting.

3.77 UKTI is continuing to drive down costs on key activities, through limiting the use of consultants, and renegotiating key contracts. We have introduced a new approach to the approval of spending activities, with the aim of streamlining the approvals process and integrating it within business planning.

3.78 On the 1st November 2012, UKTI moved shared service provider for its HR and Finance transaction activity, along with BIS and other Partner Organisations.

3.79 The future pressure for UKTI is on the Administration Cost budget. The year saw UKTI run a voluntary exit scheme, for which details are provided on the 'Memorandum Notes' at the back of this report. This saw the departure of 74 staff at a cost of £3.77m. Redundancy and other departure costs were calculated and paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972.

3.80 The Autumn Statement in December saw the announcement of an additional £70m funding for UKTI in each of the following two years (2013-14 and 2014-15). The main thrust behind this was to enable UKTI to implement a long-term structural shift in the way it operates by making more use of private sector suppliers of services.

3.81 Following a reorganisation and restructure in March 2013, the Investment and Strategic Relationship Management Groups were merged, and are managed by Michael Boyd.

3.82 Further details are set out on page 23 in the 'Looking Forward'.

Data Handling

3.83 During 2012-13, UKTI had no reportable data losses.

Communications to Staff

3.84 UKTI has a range of channels for communicating with staff, including a regular email bulletin, extranet, magazine and team briefings. These are regularly reviewed to see that they meet staff and management needs and are aligned with industry best practice.

Ministerial Directions

3.85 During 2012-13, no ministerial directions were given to UKTI.

Conclusion

3.86 I have considered the evidence provided which formed the basis of the Annual Governance Statement along with the independent advice received from the Audit Committee and can conclude that UKTI has adequate governance and risk management systems, which include an appetite to ensure these remain compliant with best practice. I also believe that UKTI has complied with all material aspects of the Corporate Governance Code.



Nick Baird CMG CVO
Accounting Officer
20 June 2013

The Certificate and Report of the Comptroller and Auditor General to the House of Commons

I certify that I have audited the financial statements of the UK Trade and Investment for the year ended 31 March 2013 under the Government Resources and Accounts Act 2000. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. I have also audited the Statement of Parliamentary Supply and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Accounting Officer and auditor

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Department's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Accounting Officer; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

I am required to obtain evidence sufficient to give reasonable assurance that the Statement of Parliamentary Supply properly presents the outturn against voted Parliamentary control totals and that those totals have not been exceeded. The voted Parliamentary control totals are Departmental Expenditure Limits (Resource and Capital), Annually Managed Expenditure (Resource and Capital), Non-Budget (Resource) and Net Cash Requirement. I am also required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on regularity

In my opinion, in all material respects:

- the Statement of Parliamentary Supply properly presents the outturn against voted Parliamentary control totals for the year ended 31 March 2013 and shows that those totals have not been exceeded; and
- the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the Department's affairs as at 31 March 2013 and of its net operating cost for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000; and
- the information given in sections entitled What we have Achieved, Financial Review, Our People and Business Partners and Governance Structure for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Amyas C E Morse
Comptroller and Auditor General
24 June 2013

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

ACCOUNTS 2012–13
PRIMARY STATEMENTS



Statement of Parliamentary Supply

Summary of Resource Outturn 2012-13

		Estimate			Outturn			2012-13 £000	2011-12 £000
	Note	Voted	Non-Voted	Total	Voted	Non-Voted	Total	Voted outturn compared with Estimate saving/excess	Total
Departmental Expenditure Limit									
- Resource	2.1	97,500	-	97,500	92,548	-	92,548	4,952	81,743
- Capital	2.2	2,598	-	2,598	1,557	-	1,557	1,041	2,649
Annually Managed Expenditure									
- Resource	2.1	21	-	21	-	-	-	21	-
- Capital	2.2	-	-	-	-	-	-	-	-
Total Budget		100,119	-	100,119	94,105	-	94,105	6,014	84,392
Non-Budget									
- Resource		-	-	-	-	-	-	-	-
Total		-	-	-	-	-	-	-	-
Total Resource	2.1	97,521	-	97,521	92,548	-	92,548	4,973	81,743
Total Capital	2.2	2,598	-	2,598	1,557	-	1,557	1,041	2,649
Total		100,119	-	100,119	94,105	-	94,105	6,014	84,392

Net Cash Requirement 2012-13

		Estimate		Outturn		2012-13 £000	2011-12 £000
	Note					Outturn compared with Estimate saving/excess	Total
Net Cash Requirement	3	98,998	89,254	9,744	83,342		

For Estimate purposes, all UKTI's spend is classified as programme. The Statement of Parliamentary Supply does not therefore report against an Administration Cost Limit.

Figures in the areas outlined in bold are voted totals or other totals subject to Parliamentary control.

The Net Cash Requirement Outturn compared with Estimate can be further analysed as £4,254k cash at bank and £5,490k undrawn supply. The "saving" largely relates to the year-on-year reduction to marketing restrictions across the whole of Government and slippages and cancellations of contracts and events.

Further explanations of variances between Estimate and Outturn are given on page 27.

Statement of Comprehensive Net Expenditure

For the Year Ended 31 March 2013

Programme Expenditure:	Note	2012-13 £000	2011-12 £000
Staff costs	5	1,369	726
Other costs	6	107,281	90,100
Income	7	(16,102)	(9,083)
Net Operating Cost		92,548	81,743
Net gain / (loss) on revaluation		-	-
Total Comprehensive Expenditure		92,548	81,743

All income and expenditure are derived from continuing operations.

Statement of Financial Position

As at 31 March 2013

	Note	2013 £000	2012 £000
Non-current Asset			
Property, plant and equipment	8	146	573
Intangible assets	9	4,477	4,588
Total non-current assets		4,623	5,161
Current assets			
Trade and other receivables	11	4,098	4,427
Cash and cash equivalents	12	4,254	2,104
Total current assets		8,352	6,531
Total assets		12,975	11,692
Current liabilities			
Trade and other payables	13	(21,783)	(17,206)
Total current liabilities		(21,783)	(17,206)
Total assets less net current liabilities		(8,808)	(5,514)
Non-current liabilities			
Trade and other payables	13	-	-
Total non-current liabilities		-	-
Assets less liabilities		(8,808)	(5,514)
Taxpayers Equity and Other Reserves			
General fund		(8,808)	(5,514)
Total equity		(8,808)	(5,514)



Nick Baird CMG CVO
Accounting Officer
20 June 2013

Statement of Cash Flows

For the Year Ended 31 March 2012

	Note	2013 £000	2012 £000
Cash flows from operating activities			
Net operating cost		(92,548)	(81,743)
Adjustments for non-cash transactions	6	2,095	1,371
(Increase)/Decrease in trade and other receivables	11	329	(2,123)
Increase/(Decrease) in trade payables	13	4,577	2,592
<i>Less movements in payables relating to items not passing through the Statement of Net Comprehensive Net Expenditure</i>		(2,150)	(311)
Net cash outflows from operating activities		(87,697)	(80,214)
Cash flows from investing activities			
Purchases of property, plant and equipment	8	–	(511)
Purchases of intangible assets	9	(1,557)	(2,138)
Net cash outflows from investing activities		(1,557)	(2,649)
Cash flows from financing activities			
From the Consolidated Fund (Supply) – Current year	3.1	91,404	84,500
Advances from the Contingencies Fund		–	–
Repayments to the Contingencies Fund		–	–
Capital element of payments in respect of finance leases and on-balance sheet (SoFP) PFI contracts	9	–	(222)
Net financing		91,404	84,278
Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund			
		–	–
Payments of amounts due to the Consolidated Fund	13.1	–	(625)
Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund		2,150	790
<i>Cash and cash equivalents at the beginning of the period</i>	12	2,104	1,314
<i>Cash and cash equivalents at the end of the period</i>	12	4,254	2,104

Statement of Changes in Taxpayers' Equity

For the Year Ended 31 March 2013

	Note	General Fund £000
Balance at 31 March 2011		(7,113)
Net Parliamentary Funding – drawn down	3	84,500
Net Parliamentary Funding – deemed	13.1	946
Supply payable/(receivable) adjustment	12, 13.1	(2,104)
CFERs payable to the Consolidated Fund	13.1	–
Comprehensive Expenditure for Year		(81,743)
Balance at 31 March 2012		(5,514)
Net Parliamentary Funding – drawn down	3	91,404
Net Parliamentary Funding – deemed	13.1	2,104
Supply payable/(receivable) adjustment	12, 13.1	(4,254)
CFERs payable to the Consolidated Fund	13.1	–
Comprehensive Expenditure for Year		(92,548)
Balance as at 31 March 2013		(8,808)

Notes to the 2012-13 Resource Accounts

1. Statement of Accounting Policies

These financial statements have been prepared in accordance with the 2012-13 Government Financial Reporting Manual (FReM), issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted, or interpreted, for the public-sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of UKTI, for the purpose of giving a true and fair view has been selected. The particular policies adopted by UKTI are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

In addition to the primary statements prepared under IFRS, the FReM also requires UKTI to prepare additional primary statements, the Statement of Parliamentary Supply and supporting notes which show Outturn against Estimate in terms of the Net Resource Requirement and the Net Cash Requirement.

1.1 Accounting Convention

These accounts have been prepared on a going concern basis under the historical cost convention modified to account for the fair value revaluation of property, plant and equipment, and intangible assets as described in paragraphs 1.9 to 1.12.

1.2 Basis of Accounting

These accounts cover all activities for which the Chief Executive of UKTI has principal Accounting Officer (AO) responsibility. They cover all income, expenditure, gains, losses, assets, liabilities and cash flows which do not appear in the annual report and accounts of either of the two parent Departments, the Foreign and Commonwealth Office (FCO) and the Department for Business, Innovation and Skills (BIS).

The primary statements and related notes report only on the programme activities and resources directly voted to UKTI. Indicative administration and programme expenditure incurred by our two parent Departments and the cost of the associated assets used are included by way of memoranda notes to the accounts (pages 75 to 78).

1.3 Estimates and Judgements

The preparation of UKTI's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities, income and expenditure. The estimates and associated assumptions are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. The results of these form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Uncertainty about these assumptions and estimates could result in outcomes that require an adjustment to the carrying value of the asset or liability. Where applicable, these uncertainties are disclosed in the Notes to the Accounts.

In accordance with IAS 8, revisions to the accounting estimates are recognised in the period in which the estimate is revised.

1.4 Operating Income

Operating income is income which relates directly to the operating activities of UKTI and is measured at the fair value of consideration received or receivable. Income is only recognised once the work or service has been provided and principally comprises fees and charges for services provided to external customers.

1.5 Administration and Programme Expenditure

The Statement of Comprehensive Net Expenditure would normally be analysed between administration and programme income and expenditure. However, as UKTI does not incur any expenditure or income that is classified as administration as defined under the administrative cost-control regime, the Statement of Comprehensive Net Expenditure shows programme costs and income only. Programme costs are non-administration costs which relate directly to frontline service delivery.

1.6 Research and Development

Expenditure on research and development is treated as an operating cost in the year in which it is incurred. Development expenditure is capitalised under IAS 38 and is depreciated according to the asset category.

1.7 Pensions

Staff working for UKTI are employees of either BIS or the FCO. Past and present employees are covered by the provisions of the Civil Service Pension Schemes. The defined benefit schemes are unfunded and non-contributory except in respect of dependents' benefits. BIS and the FCO recognise the expected costs of these elements on a systematic and rational basis over the period during which they benefit from an employee's services by payment to the Civil Service Pension Scheme of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the Civil Service Pension Scheme. In respect of defined contribution schemes, BIS and the FCO recognise the contributions payable for the year.

1.8 Value Added Tax (VAT)

VAT is accounted for in the Accounts. Amounts are shown net of VAT except:

- Irrecoverable VAT is charged to the Statement of Comprehensive Net Expenditure, and included under the relevant expenditure category .
- Irrecoverable VAT on the purchase of an asset is included in additions.

The net amount due to, or from HM Revenues and Customs in respect of VAT is included within the Statement of Financial Position.

1.9 Property, Plant and Equipment

In accordance with the FReM, UKTI has opted to value property, plant and equipment on a depreciated historical cost basis, as a proxy for fair value. This method of valuation has been chosen because UKTI has a large number of relatively small-value items, with short useful lives.

UKTI's capitalisation threshold for property, plant and equipment is £1,000, except for furniture assets, where all expenditure in one financial year is pooled and capitalised, and IT hardware, where a pack of equipment purchased under the Flexible Computing Programme (FCP), with a cost in excess of £1,000, is capitalised as one asset.

Much of the business of UKTI is conducted through the offices of BIS and the FCO. The use of these Departments' assets is reflected in appropriate cost allocations, which appear as Memorandum Notes to these accounts. Control and beneficial interest in this property, plant and equipment are vested in BIS and the FCO. Their total asset values are reflected in their respective Statements of Financial Positions.

1.10 Depreciation

Property, plant and equipment are depreciated at rates calculated to write them down to their estimated residual value on a straight-line basis over their estimated useful lives. Tangible assets are normally depreciated over the following periods:

Assets under construction	Not depreciated until assets have gone live
IT assets	Three to five years
Plant and machinery	Five years

1.11 Intangible Assets

Intangible assets are stated at the amortised historic cost as a proxy for fair value and are reviewed annually for impairment. The minimum level of capitalisation of an intangible asset is £1,000. This method of valuation has been chosen because the assets have no value in use.

Software licences are amortised on a straight-line basis over the shorter of the term of the licence and the useful economic life (three to five years). Intangible assets are normally depreciated over the following periods:

Development costs	Not depreciated until assets have gone live
Software licences	Three to five years
Website	Four to five years
IT assets	Three to five years

1.12 Impairments

The carrying value of UKTI's assets is reviewed each Statement of Financial Position date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amount is estimated in accordance with IAS 36.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit is less than the recoverable amount. Impairment losses are recognised in the Statement of Comprehensive Net Expenditure.

1.13 Trade and Other Receivables

Trade and other receivables are recognised initially at fair value, less any provision for impairment. A provision for impairment of trade receivables is established when there is evidence that UKTI will not be able to recover all amounts due in accordance with contracts.

1.14 Trade and Other Payables

Trade and other payables are recognised at fair value, which represent liabilities for goods and services provided to UKTI prior to the financial year end that are unpaid. Trade and other payables are non-interest bearing and are usually paid within 10 working days, thus their carrying value approximates their fair value.

1.15 Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and in hand. The carrying amount of these assets approximates their fair value.

1.16 Foreign Exchange

Transactions which are undertaken in the UK and are denominated in a foreign currency are translated into sterling at the exchange rate ruling on the date of the transaction. Current assets and liabilities denominated in foreign currency are translated into sterling at the date on which they are recorded in the accounts, on average no more than 30 days prior to the Statement of Financial Position date. UKTI does not have the authority to undertake exchange rate risk management (hedging) and as a consequence all gains or losses on exchange differences are charged direct to the Operating Cost Statement during the period in which they occur.

1.17 Private Finance Initiative (PFI) Transactions

PFI transactions that meet the definition of a Service Concession Arrangement are accounted for in accordance with the FReM, which interprets IFRIC 12, Service Concession Arrangements for the public sector. Where the balance of risks and rewards of ownership of the PFI property is borne by the PFI operator, the PFI payments are recorded as an operating cost.

1.18 Impending Application of Newly Issued Accounting Standard Not Yet Effective

UKTI provides disclosure that it has not yet applied a new accounting standard, and known of reasonably estimable information relevant to assessing the possible impact that the initial application of the new standard will have on the resource accounts. There were no new standards issued for 2012-13 and not applied, which would materially affect the resource accounts. UKTI has also not adopted any standards early.

2 Net Outturn

2.1 Analysis of Net Resource Outturn by Section

				2012-13	2011-12	
				£000	£000	
				Estimate	Outturn	
	Programme			Net total compared to		
	Gross	Income	Net total	Net Estimate	Total	
Spending in Departmental Expenditure Limit						
Voted:						
A. Trade development and promotion and inward investment:	108,650	(16,102)	92,548	97,500	4,952	81,743
Annually Managed expenditure						
Voted:						
B. Trade development and promotion and inward investment:	-	-	-	21	21	-
Total	108,650	(16,102)	92,548	97,521	4,973	81,743

Explanations of variances between Estimate and Outturn are given on page 27.

2.2 Analysis of Net Capital Outturn by Section

				2012-13	2011-12	
				£000	£000	
				Estimate	Outturn	
	Capital			Net total compared to		
	Gross	Income	Net total	Net Estimate	Total	
Spending in Departmental Expenditure Limit						
Voted:						
A. Trade development and promotion and inward investment:	1,557	-	1,557	2,598	1,041	2,649
Annually Managed expenditure						
Voted:						
B. Trade development and promotion and inward investment:	-	-	-	-	-	-
Total	1,557	-	1,557	2,598	1,041	2,649

Explanations of variances between Estimate and Outturn are given on page 27.

3 Reconciliation of Net Resource Outturn to Net Cash Requirement

	Note	Estimate	Outturn	Net total outturn compared with estimate: savings (excess)
Resource Outturn	2.1	97,521	92,548	4,973
Capital Outturn	2.2	2,598	1,557	1,041
Accruals to cash adjustments				
<i>Adjustments to remove non-cash items:</i>				
Depreciation	6	(1,621)	(1,788)	167
Impairments			(306)	306
Loss on disposal of assets	6		(1)	1
<i>Adjustments to reflect movements in working balances:</i>				
(Increase)/decrease in debtors	11		(329)	329
Increase/(decrease) in creditors	13	500	(2,427)	2,927
Net cash requirements		98,998	89,254	9,744

3.1 Reconciliation of Net Cash Requirement to Increase/(Decrease) in Cash

	2012-13 £000 Outturn	2011-12 £000 Outturn
Net cash requirement	(89,254)	(83,342)
From the Consolidated Fund (Supply) – current year	91,404	84,500
Prior-year CFERs paid	–	(368)
Increase/(decrease) in cash held	2,150	790

4 Statement of Operating Cost by Sub-Objective

			2012-13 £000 Net			2011-12 £000 Net
	Gross	Income		Gross	Income	
Sub-objective 1: To enhance the competitiveness of companies in the UK through overseas trade and investments	71,201	(12,987)	58,214	61,406	(9,083)	52,323
Sub-objective 2: To attract a continuing high level of quality foreign direct investment	37,449	(3,115)	34,334	29,420	-	29,420
Total Comprehensive Net Expenditure	108,650	(16,102)	92,548	90,826	(9,083)	81,743

Resources that have been consumed by both the FCO and BIS in meeting UKTI's sub-objectives 1 and 2 above are detailed in memorandum notes to these accounts.

Departments are required to apply IFRS 8 Operating Segments. This requires Departments to identify their operating segments based on their main areas of activity reported to the Chief Operating Decision Maker (CODM).

UKTI's CODM is the Accounting Officer. They receive financial information at aggregate level as well as information on outcomes relating to UKTI's two sub-objectives, trade and investment, as set out in paragraph 2.1.

The segmental analysis provided covers all UKTI Programme expenditure. There are no reconciling items between the Net Operating Cost in the Statement of Comprehensive Net Expenditure.

5 Numbers and Costs of People Engaged in Delivering UKTI's Objectives

Most personnel engaged on UKTI business are employees of either BIS or the FCO and details are shown in the Memorandum Notes on pages 75 to 78. Contributions to the costs of employing international business specialists – seconded from private-sector organisations for periods of up to five years – are made to the seconding organisations. UKTI also uses other short-term contracted staff for specialist tasks. These are not charged under consultancy in accordance with the financial reporting guidelines. Details are:

	2012-13	2011-12
Average full-time equivalent number of international business specialists	20	12
	2012-13 £000	2011-12 £000
Staff costs	1,369	726

6 Programme Costs

		2012-13 £000		2011-12 £000
External services*		59,631		48,844
Events		15,861		16,719
Customer grants		12,682		10,415
Promotions and publications		7,524		5,119
Travel and subsistence		3,778		2,639
Market research and evaluation		1,372		1,256
IT PFI service charges		638		816
IT service charges		1,275		1,004
IT finance charge		4		3
Consultancy		-		291
Other costs		2,421		1,623
Non-cash items				
Depreciation	120		90	
Amortisation	1,668		1,281	
Impairment	306		-	
Loss on disposal of assets	1		-	
		2,095		1,371
			107,281	90,100
Non-staff programme expenditure			107,281	90,100

* External Services consist of £17.8m for FDI activities, £24.6m for International Trade Advisors costs, £13.1m for private-sector frontline delivery specialists, £1.0m for the Export Market Research Scheme and £3.1m in relation to other services.

The large increase in External Services can be attributed to additional funding received and therefore additional activity. This can be broken down to £4.5m for additional trade advisors with the regions; £3.9m of additional FDI activity including hot housing and overseas lead generation and £3.8m on private-sector frontline delivery specialists.

The impairment relates to the British Business Embassy Pavilion, which had been subject to an impairment review as at 31 March 2013.

7 Income

	2012-13 £000	2011-12 £000
Fees and charges to external customers for market information reports	7,708	7,294
Income from Other Government Departments (BIS)	6,000	-
Other charges	2,394	1,789
	16,102	9,083

An analysis of income from services provided to external customers is as follows:

	2012-13 £000			2011-12 £000		
	Income	Full cost	Deficit	Income	Full cost	Deficit
Provision of overseas market information to UK exporters	(7,708)	11,035	3,327	(7,294)	10,317	3,023

The prior year figures have been restated following the revision of the methodology used to calculate the full cost and deficit during 2012-13.

This information is provided for fees and charges purposes and not for IFRS 8 purposes.

8 Property, Plant and Equipment

2012-13

	Information Technology £000	Office Machinery £000	Furniture, Fixtures and Fittings	Assets under Construction £000	Total £000
Cost of valuation					
At 1 April 2012	956	51	–	445	1,452
Additions	–	–	–	–	–
Disposals	(141)	–	–	–	(141)
Impairment-	–	–	(365)	–	(365)
Transfers	–	–	445	(445)	–
At 31 March 2013	815	51	80	–	946
Depreciation					
At 1 April 2012	(842)	(37)	–	–	(879)
Charge in year	(55)	(6)	(59)	–	(120)
Disposals	140	–	–	–	140
Impairment	–	–	59	–	59
At 31 March 2013	(757)	(43)	–	–	(800)
Carrying amount at 31 March 2013	58	8	80	–	146
Asset financing					
Owned	58	8	80	–	146
Carrying amount at 31 March 2013	58	8	80	–	146

2011-12

	Information Technology £000	Office Machinery £000	Assets under Construction £000	Total £000
Cost of valuation				
At 1 April 2011	993	79	–	1,072
Additions	63	3	445	511
Disposals	(100)	(31)	–	(131)
At 31 March 2012	956	51	445	1,452
Depreciation				
At 1 April 2011	(858)	(62)	–	(920)
Charge in year	(84)	(6)	–	(90)
Disposals	100	31	–	131
At 31 March 2012	(842)	(37)	–	(879)
Carrying amount at 31 March 2012	114	14	445	573
Asset financing				
Owned	114	14	445	573
Carrying amount at 31 March 2012	114	14	445	573

9 Intangible Assets

2012–13

	Development costs £000	Software licence £000	Website £000	Information technology £000	Total £000
Cost or valuation					
At 1 April 2012	491	3,603	4,183	3,002	11,279
Additions	1,529	4	24	–	1,557
Disposals	–	–	–	–	–
Transfers	(1,944)	–	172	1,772	–
At 31 March 2013	76	3,607	4,379	4,774	12,836
Amortisation					
At 1 April 2012	–	(2,440)	(1,679)	(2,572)	(6,691)
Charge in year	–	(302)	(1,077)	(289)	(1,668)
Disposals	–	–	–	–	–
Transfers	–	–	–	–	–
At 31 March 2013	–	(2,742)	(2,756)	(2,861)	(8,359)
Carrying amount at 31 March 2013	76	865	1,623	1,913	4,477
Asset financing					
Owned	76	865	1,623	1,913	4,477
Carrying amount at 31 March 2013	76	865	1,623	1,913	4,477

2011–12

	Development costs £000	Software licence £000	Website £000	Information technology £000	Total £000
Cost or valuation					
At 1 April 2011	283	2,426	3,627	2,810	9,146
Additions	825	1,182	34	97	2,138
Disposals	–	(5)	–	–	(5)
Transfers	(617)	–	522	95	–
At 31 March 2012	491	3,603	4,183	3,002	11,279
Amortisation					
At 1 April 2011	–	(2,411)	(698)	(2,306)	(5,415)
Charge in year	–	(34)	(981)	(266)	(1,281)
Disposals	–	5	–	–	5
Transfers	–	–	–	–	–
At 31 March 2012	–	(2,440)	(1,679)	(2,572)	(6,691)
Carrying amount at 31 March 2012	491	1,163	2,504	430	4,588
Asset financing					
Owned	491	1,163	2,504	430	4,588
Carrying amount at 31 March 2012	491	1,163	2,504	430	4,588

10 Financial Instruments

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

Due to the largely non-trading nature of UKTI's activities and the way in which Government Departments are financed, UKTI is not exposed to the degree of financial risk faced by business entities. Financial assets and liabilities are generated by day-to-day operational activities and are not held to change the risks facing UKTI in undertaking its activities.

11 Trade Receivables and Other Current Assets

11.1 Analysis by type

	31 March 2013 £000	31 March 2012 £000
Amounts falling due within one year		
Trade receivables	667	1,698
VAT	3,085	1,896
Other receivables	–	2
Prepayments and accrued income	346	831
	4,098	4,427
	31 March 2013 £000	31 March 2012 £000
Amounts falling due after one year	–	–
	–	–
	–	–

11.2 Intra-Government balances

	Amounts falling due within One year £000		Amounts falling due after More than one year £000	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
Balances with other central Government bodies	3,200	2,126	–	–
Balances with other local authorities	–	–	–	–
Intra-Government balances	3,200	2,126	–	–
Balances with bodies external to Government	898	2,301	–	–
	4,098	4,427	–	–

12 Cash and Cash Equivalents

	31 March 2013 £000	31 March 2012 £000
Balance at 1 April	2,104	1,314
Net change in cash and cash equivalents	2,150	790
Balance at 31 March	4,254	2,104
The following balances at 31 March were held at:		
Government baking service	4,254	2,104
Balance at 31 March	4,254	2,104

13 Trade Payables and Other Current Liabilities

13.1 Analysis by type

	31 March 2013 £000	31 March 2012 £000
Amounts falling due within one year		
Trade payables	1,049	1,579
Capital payables	-	-
PFI liability	-	-
Accruals and deferred income	16,480	13,523
Amounts issued from the Consolidated Fund for Supply but not spent at year end	4,254	2,104
Consolidated Fund Extra Receipts due to be paid to the Consolidated Fund	-	-
Received	-	-
Receivable	-	-
	21,783	17,206
Amounts falling due after one year		
PFI	-	-
	-	-

13.2 Intra-Government balances

	Amounts falling due within One year £000		Amounts falling due after More than one year £000	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
Balances with other Government bodies	6,766	3,967	-	-
Balances with local authorities	-	-	-	-
Balances with public corporations and trading funds	-	4	-	-
Intra-Government balances	6,766	3,971	-	-
Balances with bodies external to Government	15,017	13,235	-	-
	21,783	17,206		

14 Capital and other Commitments

14.1 Capital Commitments

	31 March 2013 £000	31 March 2012 £000
Contracted capital commitments not otherwise included in these financial statements		
Intangible assets	1,342	-
Total	1,342	-

14.2 Commitments under PFI Contracts

The capital commitment relates to contracts for the development of the new Customer Data Management System.

UKTI entered into a PFI contract that has been recognised on the Statement of Financial Position. This is now fully depreciated.

ELGAR

UKTI's HQ utilises BIS's ELGAR contract with Fujitsu to deliver key e-business projects to support services to customers and staff. In BIS, ELGAR covers the provision of a wide range of information systems and services, including IT infrastructure management, IT development, business process re-engineering, consultancy advice and technology refresh. Under this agreement, Fujitsu was also contracted to develop projects identified as part of UKTI's e-business strategy, which was first published in November 2000. UKTI's agreement under the contract for its e-business projects started during 2000-01 and is due to expire on 31 March 2014.

The public-facing elements of UKTI's portal and customer relationship management (CRM) system went live on a pilot basis during 2004-05. Managed service charges in respect of these services became payable from October 2004. The service charges for the portal (provision of system, hosting, development and support) and CRM (provision of system, hosting and support) were paid annually in arrears. Payments for the initial development of the CRM application were made monthly in arrears. No charges were incurred during 2012-13 under the original agreements for these services.

New commitments were made under the ELGAR PFI contract during 2009-10 for the development and hosting of a replacement UKTI Extranet, to include the management of Inward Investment Proposals and Successes, along with an application to manage Industrial Participations in the Defence Sector. These new services will run to 31 March 2014.

Charge to the Statement of Net Comprehensive Expenditure for Future Commitments:

The total amount charged in respect of the managed service element of PFI transactions was £638k (£816k); and the charges to which UKTI is committed during 2013-14 and future years is as follows:

	2013-14 £000	2012-13 £000
Expiry within 1 year	–	275
Expiry within 2 to 5 years	–	–
	–	275

15 Contingent Liabilities

UKTI has a number of external contracts to provide the delivery of trade services to nine English regions. Each of these contracts is incentivised with 15% of the value of the regional contract being payable on the basis of performance. Half of this is based on stretch targets for quantity (measured through CRM) and half on stretch targets for quality (measured through PIMS). In addition, there are minimum thresholds for quantity and quality that must be met to trigger any incentivisation payment. CRM data is available at the year-end, but PIMS data is 6 months in arrears. Quantity payments can be assessed at year end, but the final decision on whether incentivisation payments should be made are not possible until 6 months into the new financial year when corresponding PIMS scores are available.

Where performance levels were already above the thresholds and UKTI is confident that performance targets have been met, it has accrued the incentivisation payment as at 31 March 2013.

Where the thresholds have not been met and UKTI considers the achievement of the target as being only possible, it is disclosing these as a contingent liability. The estimated value of this incentivisation payment as at 31 March 2013 is £1.86m.

16 Losses and Special Payments

During 2012–13, UKTI made no special payments and had no reportable losses.

17 Related Party Transactions

UKTI is a joint operation between BIS and the FCO. These bodies are regarded as related parties with which UKTI has had various material transactions during the year.

In addition, UKTI has had a small number of transactions with other Government Departments, central Government bodies or trading funds. Most of these transactions have been with UK Trade & Investment South East, Visit Britain, Export Credits Guarantee Department, London Development Agency, the Ministry of Defence, the Government Car & Despatch Agency and COI Communications.

No Minister, Board Member of UKTI, key manager or other related party has undertaken any material transactions with UKTI during the year.

18 Events After the Reporting Period

There have been no events after the reporting period and up to the date the accounts were authorised for issue requiring an adjustment to the financial statements. The date the accounts were authorised for issue is interpreted as the date of the Certificate and Report of the Comptroller and Auditor General.

Memorandum Notes Consolidating Total Resources Used To Deliver UKTI's Services

These Memorandum Notes are not within the scope of the Comptroller and Auditor General's opinion.

In addition to the resources voted to UKTI set out in the Primary Statements, these Memorandum Notes also include an estimate of the resources allocated to UKTI activity by BIS and the FCO. This reflects the shared governance arrangements between BIS, the FCO and UKTI for the delivery of their shared departmental strategic objectives for trade promotion and foreign direct investment.

With respect to FCO, the amounts stated are based on the latest information provided from the FCO Expenditure Allocation Report (EAR), on June 2013. UKTI considers that the costs stated are reasonable estimates and are in line with management's expectations. Those FCO estimates used for 2011-12 have been replaced with actuals.

BIS Admin costs consist of direct costs and notional allocations of accommodation and overhead costs. These figures form part of BIS's Accounts.

UKTI Programme amounts are taken directly from the audited accounts which can be seen on pages 58 to 74.

1 Statement of Comprehensive Net Expenditure

The Statements of Comprehensive Net Expenditure below provide a breakdown by organisation of the total estimated resources consumed in the meeting of UKTI's objectives.

	Note	UKTI Programme		BIS Administration		FCO Administration and Programme		Total	
		2012-13 £000	2011-12 £000	2012-13 £000	2011-12 £000	2012-13 £000	2011-12 £000	2012-13 £000	2011-12 £000
Staff cost	3	1,369	726	34,881	30,988	53,010	54,399	89,260	86,113
Other costs	4	107,281	90,100	17,452	17,223	119,706	136,013	244,439	243,336
Income		(16,102)	(9,083)	(819)	(321)	-	-	(16,921)	(9,404)
Net Comprehensive Expenditure		92,548	81,743	51,514	47,890	172,716	190,412	316,778	320,045

2 Statement of Total Resources Deployed by Sub-Objective

The segmental analysis below sets out the total estimated resources deployed by performance activity.

	UKTI Programme		BIS Administration		FCO Administration and Programme		Total	
	2012-13 £000	2011-12 £000	2012-13 £000	2011-12 £000	2012-13 £000	2011-12 £000	2012-13 £000	2011-12 £000
Sub-objective 1: To enhance the competitiveness of companies in the UK through overseas trade and investments	58,214	52,323	37,476	36,565	139,900	151,408	235,590	240,296
Sub-objective 2: To attract a continuing high level of quality foreign direct investment	34,334	29,420	14,038	11,325	32,816	39,004	81,188	79,749
Net Comprehensive Expenditure	92,548	81,743	51,514	47,890	172,716	190,412	316,778	320,045

3 Staff Numbers and Related Costs

Staff working for UKTI are either employees of BIS or the FCO – or from the private sector. Staff costs consisted of:

	UKTI Programme				BIS Administration				FCO Administration and Programme				Total	
	2012-13		2011-12		2012-13		2011-12		2012-13		2011-12		2012-13	2011-12
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
	Perm staff	Other	Total	Total	Perm staff	Other	Total	Total	Perm staff	Other	Total	Total	Total	Total
Wages and salaries	-	1,369	1,369	726	23,399	984	24,383	24,119	9,316	-	9,316	9,066	35,068	33,911
Social security costs	-	-	-	-	2,128	-	2,128	2,046	327	-	327	386	2,455	2,432
Other pension costs	-	-	-	-	4,885	-	4,885	4,993	1,764	-	1,764	1,802	6,649	6,795
Exit package cost	-	-	-	-	3,773	-	3,773	-	-	-	-	-	3,773	-
Locally employed staff costs	-	-	-	-	-	-	-	-	41,603	-	41,603	43,145	41,603	43,145
	-	1,369	1,369	726	34,185	984	35,169	31,158	53,010	-	53,010	54,399	89,548	86,283
Less recoveries for outward secondments	-	-	-	-	(288)	-	(288)	(170)	-	-	-	-	(288)	(170)
Total net cost	-	1,369	1,369	726	33,897	984	34,881	30,988	53,010	-	53,010	54,399	89,260	86,113

The average numbers of full-time equivalent persons employed during the year are shown in the table below. These are based on figures supplied by BIS and the FCO to the Office for National Statistics (ONS) in accordance with ONS guidance.

Staff numbers consisted of:

	UKTI Programme				BIS Administration				FCO Administration and Programme				Total	
	2012-13		2011-12		2012-13		2011-12		2012-13		2011-12		2012-13	2011-12
	Perm staff	Other	Total	Total	Perm staff	Other	Total	Total	Perm staff	Other	Total	Total	Total	Total
Sub-objective 1: to enhance the competitiveness of the companies in the UK through overseas trade and investment	-	10	10	7	360	5	365	374	1,043	-	1,043	1,019	1,418	1,400
Sub-objective 2: To attract a continuing high level of quality foreign direct investment	-	10	10	5	211	3	214	210	240	-	240	237	464	452
Total	-	20	20	12	571	8	579	584	1,283	-	1,283	1,256	1,882	1,852

3.1 Reporting of Civil Service compensation schemes – exit packages

Exit package cost band	Number of exit packages by cost band	
	2012-13	2011-12
Less than £10,000	–	–
£10,000 – £25,000	13	–
£25,000 – £50,000	34	–
£50,000 – £100,000	22	–
£100,000 – £150,000	3	–
£150,000 – £200,000	2	–
£200,00 – £250,000	–	–
More than £250,000	–	–
Total number of exit packages	74	–
Total cost (£)	3,773,114	–

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year of departure. Where early retirements have been agreed, the additional costs are met by BIS. All exit packages were voluntary.

4 Other Costs

	UKTI Programme		BIS Administration		FCO Admin and Programme		Total	
	2012-13 £000	2011-12 £000	2012-13 £000	2011-12 £000	2012-13 £000	2011-12 £000	2012-13 £000	2011-12 £000
Expenditure								
Current grants	-	-	-	-	-	-	-	-
PFI service charges	638	816	1,800	1,905	-	-	2,438	2,721
Finance charge	4	3	-	-	-	-	4	3
Consultancy	-	291	-	3	1,137	871	1,137	1,165
External services	59,631	48,844	-	-	4,443	4,501	64,074	53,345
Customer grants	12,682	10,415	-	-	-	-	12,682	10,415
Promotions and publications	7,524	5,119	245	194	-	-	7,769	5,313
IT service charge	1,275	1,004	152	53	601	447	2,028	1,504
Market research & evaluation	1,372	1,256	-	-	-	-	1,372	1,256
Events	15,861	16,719	79	132	-	-	15,940	16,851
Travel and subsistence	3,778	2,639	2,196	2,023	6,875	6,708	12,849	11,370
Rentals under operating leases	-	-	-	16	-	-	-	16
Accommodation	-	-	2,232	2,200	24,966	25,724	27,198	27,924
Programme	-	-	-	-	1,672	10,573	1,672	10,573
Other costs	2,421	1,623	2,814	2,798	5,552	8,786	10,787	13,207
Non-cash items								
Depreciation	120	90	-	-	6,542	6,526	6,662	6,616
Amortisation	1,668	1,281	-	-	-	-	1,668	1,281
Impairment	306	-	-	-	-	-	306	-
Loss on disposal of assets	1	-	-	-	-	-	1	-
Apportionment of central overheads attributable to UKTI activities	-	-	7,907	7,873	67,891	71,851	75,798	79,724
Auditor's remuneration	-	-	27	26	27	26	54	52
Non-staff expenditure	107,281	90,100	17,452	17,223	119,706	136,013	244,439	243,336

5 Income

The amounts included in the FCO's financial statements which underpin the figures shown in these Memorandum Notes include apportioned income that is not directly attributable to UKTI's activities. FCO income is therefore not identified separately, but is included as part of the net figures disclosed in Memorandum Notes 1 and 3.

6 Capital Employed

Property, Plant and Equipment and Intangible Assets used in the delivery of UKTI's objectives were as follows:

	UKTI £000	BIS £000	FCO £000	Total £000
Carrying amount at 31 March 2013	4,623	-	-	4,623
Carrying amount at 31 March 2012	5,161	-	-	5,161

BIS and the FCO have not purchased property, plant and equipment or intangible assets for the sole purpose of delivering UKTI's objectives. The increase in UKTI's Carrying Amount is as a result of the need to capitalise IT systems developed or in the course of being developed (see Property, Plant and Equipment and Intangible Assets notes).

Annex A Performance Framework and Resources

The new performance framework is set out below – it will measure the impact of what UKTI does on the business performance of the exporters and investors we serve. The goals set out below are our aspirations for 2014-15.

UKTI Performance Measurement Framework

	Trade	Inward investment
UK Economy (policy aim)	Productivity and GDP Growth; Innovation	Productivity and GDP Growth; Innovation
Business Outcomes	£Additional sales: Total and per £spend; Jobs: (reported upon, NOT targeted)	£Quality additional GVA: Total and per £spend; Jobs: Total (reported upon, NOT targeted)
Intermediate Business Impacts	50% improve medium-term productivity and profit (hard business performance); 75% for intensive support; 60% other tailored support; 40% outreach events; 2,500 increase R&D	70% significant influence (on location in UK or scale/scope of project)
Outputs (Business Benefit)	70% report 'significant business benefit' – e.g. from barriers to new business overcome; changed behaviour to improve strategy; increased skills	60% overcoming barriers (shows how UKTI achieves influence)
Activity – volume (Productivity Measures) (See below for definitions)	50,000 Businesses Assisted of which: – 20,000 innovative businesses – 12,000 expect substantial growth – 4,500 new to exporting	750 involved successes; 425 high quality; 90% high quality or good quality projects
Activity – quality	80% Quality (90% for high-intensity support) 80% Satisfaction (90% for high-intensity support)	80% Quality 80% Satisfaction

An indicative framework for measuring UKTI performance was approved by Ministers for 2011-12. This set out measures covering trade support, inward investment and operational performance. The measurement framework was structured using a policy logic model to show how the activity delivered will contribute to the high-level UK policy aims of increasing UK productivity, innovation, and GDP growth.

The requirements were for UKTI to prioritise resources carefully to ensure delivery of our high-level outcomes, while at the same time delivering real efficiency savings of 2.6%. UKTI's Strategic Objective: to assist more innovative SMEs to export; to attract high-quality FDI; to deliver trade high-value opportunities; and to secure increasing amounts of FDI-type investment from international financial bodies.

Results for Inward Investment (2011-12)¹

Number of Inward Investment Involved Successes: 1,229

Of which:

- Proportion which are High Quality or Good Quality: 77%
- Proportion which are High Quality: 55%
- Proportion which are Good Quality: 22%

Total jobs created or safeguarded: 90,937

Of which:

- Additional jobs created: 50,962
- Jobs safeguarded: 39,975

Proportion reporting significant influence: 79%

Proportion overcoming barriers: 58%

Quality of service: 81% Satisfaction: 86%

Results for Trade Development (2011-2012)²

Number of businesses assisted: 29,230

Of which:

- Number innovative: 24,000
- Number expecting substantial growth: 12,200
- Number new to exporting: 5,390

£ Additional sales: £49.6bn

Total jobs created or safeguarded: 121,860

Of which:

- Additional jobs created: 38,080
- Jobs safeguarded: 83,780

% improve medium-term productivity and profit:

- All UKTI trade services 50%
- Intensive support: 71%
- Other tailored support: 51%
- Outreach events: 39% Number increasing R&D: 4,060

% reporting significant business benefit: 68%

Quality:

- All trade services: 78%
- Intensive support only: 89%

Satisfaction:

- All trade services: 76%
- Intensive support only: 79%

Revenue:

- Total UKTI revenues of £16.1m

Definitions of Measures Used in the Performance Framework:

Trade Development:

All performance measures are reported on the basis of results from the independent Performance and Impact Monitoring Survey (PIMS). Full results of these surveys, and detailed discussion of the methodology, including the questions used to derive the measures, are published on the UKTI website at:

www.ukti.gov.uk/uktihome/aboutukti/ourperformance/performanceimpactandmonitoringsurvey/quarterlysveys.html?start=20

Businesses Assisted

(a) Number of Businesses Assisted:

Definition: Businesses are counted against the measure only once in the year, even if they have received support relating to more than one overseas market during the year. A business is defined as a separate legal entity. Businesses are only counted against the target if the relevant details of support have been provided to the independent market research specialist for inclusion in PIMS. All such businesses are eligible for interview, and are selected for interview at random.

(b) Number of innovative businesses helped to exploit overseas business opportunities:

Definition: PIMS respondents are asked about characteristics of their business, including R&D activity and other key indicators of innovation, and are classified as innovative if they report such characteristics. The indicators used for this classification are based on relevant questions from the Community Innovation Survey, and are defined to capture innovation in service sectors as well as in manufacturing. Full details are published in the annual reports on PIMS on the UKTI website at www.ukti.gov.uk. The fraction of respondents classified as innovative is grossed up to provide an estimate of the number of innovative businesses helped.

(c) Number of businesses expecting substantial growth:

Definition: PIMS respondents are asked about their expectations for business growth over the next five years, distinguishing between substantial growth, moderate growth, no change, and becoming smaller. The proportion reporting substantial growth (43%) is then grossed up to provide an estimate of the total number.

¹ The policy logic model for UKTI is set out in detail in BIS Economics Paper No 13: International Trade and Investment – the Economic Rationale for Government Support (May 2011), Chapter 7. This paper provides the economic evidence underpinning the new UKTI strategy published in May 2011. All results relate to inward investment projects reported for 2011-12. This is because 2012-13 figures are not available at the time of preparing this report. Figures derived from PIMS are available with a year lag because interviews for PIMS are carried out between 6-12 months after the project was recorded as an involved success.

² Results for trade services relate to activity delivered between October 2011-September 2012, as measured through PIMS interviews carried out between April 2012-March 2013. PIMS results for activity delivered during f/y 2012-13 will be available at end September 2013.

(d) % improving medium-term productivity and profit:

Definition: Medium-term refers to five years from the time of the PIMS interview. Respondents are asked separately about productivity and profit, and only those who say yes to both are counted in this measure.

(e) % reporting significant business benefit:

Definition: PIMS respondents are asked a number of specific questions about ways in which their business may have benefited from the service. For each benefit reported, they are asked to rate the extent to which the business had benefited using a 1-5 scale, where 1 = no benefit and 5 = benefited to a critical extent. The measure reports the proportion, giving ratings of 4 or 5 for at least one benefit, excluding any who say that they would have achieved similar results without UKTI help.

(f) Additional sales: See Annex B

(g) Jobs created and safeguarded:

Definition: PIMS respondents are asked separately about jobs created and safeguarded, in each case asking only about jobs specifically attributed to the help provided. As for the 'significant business benefit' measure, respondents who say they would have achieved similar results anyway are excluded from these figures.

(h) Quality:

Definition: PIMS respondents are asked to give ratings for a number of specific aspects of service quality, in each case using a scale of 1-5, where 1 = very poor, and 5 = very good. The measure reports the average % respondents giving ratings of 4 or 5.

(i) Satisfaction:

Definition: PIMS respondents are asked to rate their overall satisfaction with the service provided, using a 1-5 scale, where 1 = very dissatisfied and 5 = very satisfied. The measure reports the % of respondents giving ratings of 4 or 5. The dissatisfied fraction is reported in the published PIMS results, which show that 2% were 'very dissatisfied' and 5% 'fairly dissatisfied'. The remaining respondents gave a rating of 3.

Inward investment

FDI Involved Successes

(a) Number of involved inward investment successes:

Definition: Criteria defining an involved inward investment success have been agreed by the International Business Development Forum (IBDF), comprising the Devolved Administrations, London & Partners, and UKTI.

(b) Number of "high value" and "good quality" projects:

Definition: The project characteristics which are used to classify the projects as "high value", or "good quality" capture features of projects which have been identified by academic research as likely to be associated with positive impact on UK productivity, in particular, through knowledge spillovers and increases in knowledge-intensive economic activity in the UK. Project characteristics are classified as high, medium, or low indicators of value, and projects are then classified according to the number and quality of these indicators which are present. Indicators include having R&D as the main focus of a project, having new to the world, new to the sector or new to the UK business models, or technical processes at the site.

(c) Quality additional GVA:

Definition: GVA (Gross Value Added) is calculated as turnover minus purchased inputs. Calculations are made by OMB Research on the basis of figures provided by PIMS respondents. Total GVA is estimated by grossing up from the mean for good quality and high-quality projects, multiplying by the total number of projects classified as good quality and high quality.

(d) Jobs:

Definition: Figures are estimated by OMB Research on the basis of responses to PIMS questions about the total current number of jobs in the projects, and the expected number in three years' time. In each case, a mean across the sample interviewed is used to calculate a total by grossing up, using the total number of involved successes.

(e) % influenced:

Definition: PIMS respondents are asked about the extent to which the support provided had influenced a number of different decisions relating to the project. The questions are designed to capture influence on the aspects of the scale or scope of the project which are likely to benefit the UK, as well as capturing influence on the decision to locate in the UK. In each case, influence is rated on a 1-5 scale, where 1 = no influence, and 5 = influenced the decision to a significant extent. The measure reports the proportion giving ratings of 3-5.

(f) Quality: As for Trade.

(g) Satisfaction: As for Trade.

Annex B

Technical Note on Measurement of Financial Benefits Generated by UKTI Trade Services

Introduction

Evidence about the financial benefits generated by UKTI trade services is gathered quarterly through the Performance and Impact Monitoring Survey (PIMS) carried out by OMB Research, an independent market research company specialising in business surveys. In addition to the evidence collected through PIMS, estimates of the impact of UKTI trade services are obtained through a rolling programme of independent evaluations of particular trade services. These evaluations use a range of alternative techniques, in order to derive estimates of the magnitude of the impact of trade services on business sales and other measures of performance. Further detail on the evaluation programme is in Annex C.

An estimate of total financial benefits generated by UKTI trade services is published annually in reports by OMB Research on results from the PIMS. Results published at the end of March 2013, based on data derived from surveys carried out during the financial year 2012-13, reported estimated total benefits of £49.6 billion measured in terms of additional sales attributed by UKTI trade clients to the help provided.

The PIMS estimates reflect businesses' own judgments about the value of additional revenues and profits which they expect to achieve, as a direct result of the help provided. Figures for additional profits and revenues are obtained from UKTI trade clients interviewed for PIMS, using a sequence of questions which has been rigorously tested to ensure that it elicits well informed and carefully considered judgments about these values, taking account of the specific ways in which UKTI support had benefited a business. These judgments are then used by OMB Research to calculate a figure for estimated mean and total additional sales. Clients who said they would have achieved similar results without UKTI support are counted as having received zero additional sales.

PIMS interviews are conducted at two stages, the first being between 4-7 months after the provision of the support, and a follow-up, with a smaller sample, a year later. Interviews are designed to capture a rounded picture of the quality and impact of the support, taking into account the business context.

The values of financial benefit given by the firms themselves, in the context of PIMS interviews, are then adjusted downwards through application of discounting and a number of robustness checks. These adjustments cover the following:

- **Discounting:** Expected future profits are discounted at 8% and counted over a limited period, normally up to five years, exceptionally up to a maximum of 10 years. After this period, the discount rate is, in effect, increased to 100%.
- **Additionality:** Two separate additionality tests are applied. Benefits which are not explicitly attributed by the client directly to the support are excluded. Clients

who state that they could have achieved similar results without support are classified as having achieved zero additional sales.

- **Consistency:** Additional profits attributed to UKTI by the client are not counted, unless the client has also reported significant impact on one or more qualitative indicators, showing how the service had enabled the additional profits to be made.

Details of these adjustments, and of their effects on the mean reported additional profit attributable to UKTI support, are published quarterly in the summary reports by OMB Research on PIMS results. A more detailed description is provided by OMB Research in its full annual report on PIMS.

Analysis of PIMS data shows that the significant qualitative impacts most frequently reported by UKTI clients, who consider that the support has enabled them to generate additional profit and sales revenues are:

- gained access to customers/business partners not otherwise available,
- gained access to information not otherwise available,
- improved profile or credibility overseas,
- improved knowledge of the competitive environment,
- improved overseas marketing strategy, and
- gained confidence to explore or expand in an overseas market or markets.

These findings confirm that the reported financial benefit is generated as a result of UKTI trade services enabling clients to upgrade their approach to overseas business and overcome barriers to accessing overseas opportunities.

The very high financial benefits reported by UKTI clients have been a consistent finding over the 7 years covered by the PIMS research, and are also consistent with evidence from evaluations using other methodologies. Further qualitative insight into how the services achieve such high impact can be gleaned from case studies carried out as part of PIMS follow up qualitative research. Reports are available at:

<http://www.ukti.gov.uk/uktihome/aboutukti/ourperformance/performanceimpactandmonitoringsurvey/qualitativesurveys.html>

Alternative estimates of the additional sales resulting from UKTI trade support are available from quantitative evaluations of specific trade services, which are carried out by independent contractors as part of UKTI's rolling programme of depth evaluations. These studies use econometric techniques to compare the performance of supported firms with that of a matched comparison group of non-supported firms. Two quantitative impact evaluations were completed during 2012:

- *Evaluation of Trade Advisory Services delivered by the International Trade Teams in the English Regions (London Economics 2012)*: The analysis used data from a purpose designed survey of 300 users, and a matched sample of 300 non-user businesses. It found that UKTI support resulted in 11% faster growth over a 2 year period, and was also associated with a higher probability of entering new markets.
- *Economic Impact Evaluation of UKTI's Overseas Market Introduction Service (Breinlich, Mion, et al Essex, LSE, and Warwick University; 2012)*: The study matched client data to data on the wider population of UK businesses³. Econometric techniques were then used to evaluate the impact of service use on the performance of the client businesses. The study estimated that the mean effect of OMIS on employment and total turnover growth, over a two year period, was £1.5m additional turnover, and 7 additional jobs. At the median, the impact was £611,000 additional turnover, and 3 additional jobs.

These estimates are of a similar order of magnitude to those obtained from PIMS. Full reports on these and other evaluation research are available at:

<http://www.ukti.gov.uk/uktihome/aboutukti/ourperformance/evaluation/specifictradeservices.html>

Other Possible Measures of Benefit

Two other measures of economic benefit, which are sometimes used in evaluation of trade services or other business support services, are:

- **Additional exports**: This measure was commonly used in evaluations of trade services carried out in the UK prior to 2002, and featured in the Public Service Agreement Targets for British Trade International for the period 1999-2002⁴. For the Spending Review period 2002-04, it was replaced by a measure of improved business performance of users of the trade services, where performance was defined in terms of improved productivity and profitability over the medium term. This change reflects the fact that export activity is not an end in itself, but benefits businesses and the UK economy through enabling companies to improve their performance, and achieve stronger growth than would otherwise be possible. Focus on additional exports can potentially be misaligned with the business development needs of a company, whereas focus on a business performance improvement target ensures clear alignment with these needs.

Moreover, focus on exports would substantially understate the impact of trade services, both in terms of benefit to the supported firm, and in terms of impact on net exports. This is because the improvements to products and services, and to productivity, which result from the services, have a favourable impact on the firm's competitiveness and performance in all its markets, including in the UK domestic market.

³ The study used the OFLIP database which was compiled by Christian Helmers and the late Mark Rogers (Oxford), and incorporates data from FAME based on Companies House records, together with publicly available data on intellectual property ownership from IPO and other sources.

⁴ The target was set on "the value of additional exports generated for each £1 DTI/FCO expenditure", with the baseline set at £20:£1.

- **Gross Value Added (GVA)**: This measure is often used in the context of evaluating other forms of publicly funded business support. However, as the measure includes wages, there is a need to take into account the likelihood that staff in the supported business might be able to earn similar wages in another company or sector, possibly in another UK region. The measure should therefore be reported net of displaced alternative wage earnings, either at regional or national level, as appropriate in context. If this displacement is not taken into account, estimates of GVA will substantially overstate the impact of business support. However, displacement is very difficult to measure.

Calculation of Total Benefit

The method of calculation of the £31.8bn estimated total additional revenues generated by UKTI trade services is summarised below, in three parts:

- estimation of mean benefit per business supported,
- de-duplication to count the number of businesses that received support during the year: de-duplication is necessary because some businesses will have used more than one service in the course of a year; and
- grossing up from the mean, The total de-duplicated number of businesses is multiplied by the mean.

Calculation of the mean benefit, in terms of additional profit and sales attributed specifically to the help provided by UKTI, uses the following steps:

- Firms asked to estimate the expected benefit in terms of bottom-line profit £, or in terms of additional sales, if easier for the client to estimate.
- Future expectations allowed for (using annual discounting rate of 8%); number of years in the future is normally capped at five years, for example when the respondent says the revenues will continue "indefinitely". Exceptionally, up to 10 years are counted, where the respondent is specific about the number of years
- Allowance made for actions not taken as a result of support. This adjustment takes account of the client's assessment of the costs and benefit which might have been achieved through these foregone actions.
- Adjustment for non-additionality Total profit is weighted by proportion "would have realised anyway", based on the client's own judgment,
- Consistency check and further additionality check: Adjusted to zero if no impact has been recorded against at least one of two qualitative impact measures, namely, "change in behaviour (PIMS measure A83)" or "barriers to market access overcome" (PIMS measure A92). Impact is classified as zero in these qualitative measures if the firm has said it would have achieved similar results in any case.

All outliers are checked by a qualitative call back to the respondent by one of the OMB Research directors. (If the respondent is not able to provide a credible or consistent explanation, the observation is reduced to zero).

Annex C

Key Sources of UKTI Data

The key source of data for measuring how UKTI is performing against our targets is UKTI's CRM system, which provides the foundation information used within PIMS.

This data is transformed and reported upon using UKTI's Business Reporting and Intelligence Tool (BRIT), introduced during 2009-10.

CRM – provides UKTI staff worldwide with a single view into customer-history transactions, allowing us to share relevant customer information across the organisation, and avoid duplication of effort. In doing this, it enhances the quality and professionalism of the service we provide to customers.

PIMS – our key performance measurement tool. It is an independent survey of our performance, carried out on our behalf by a leading market research organisation, OMB⁵.

Economic and Evaluation Research – Evidence from PIMS is complemented by evidence from a rolling annual programme of in-depth evaluation, carried out by independent research teams, with technical advice and scrutiny also provided by senior academics that are not part of the lead research team. Reports on PIMS and on economic evaluation and research projects, commissioned by UKTI, are published in full on the UKTI website at: www.ukti.gov.uk/fr_fr/uktihome/aboutukti/ourperformance.html

It is vital for measuring our progress, as well as for the delivery of high-quality, professional services to our customers, that all customer interactions, service deliveries, and active and successful inward investment projects are recorded fully and accurately on the CRM system throughout the year. To underline the importance of this to UKTI, all CRM users are required to meet a 100% accuracy target for entering customer data onto the CRM system within 48 hours.

Customer Relationship Management (CRM)

UKTI's implementation of a web-based CRM system was operational in 2009-10, and the system is now available in all markets where UKTI has a presence, the nine English regions and HQ. The system:

- provides UKTI staff worldwide with a single view into customer history transactions,
- shares relevant customer information across the organisation,
- avoids duplication of effort,
- enhances the quality and professionalism of the service provided to customers, and
- helps to measure UKTI's activities and performance.

CRM therefore helps customers by enabling UKTI staff to respond to them more quickly and efficiently, and with a greater understanding of their needs.

The data from CRM feeds into BRIT and, together with other data, provides enhanced management and business intelligence reports. It also underpins UKTI's PIMS. This client interview-based survey provides evidence about service quality and about what difference UKTI makes to business.

The CRM system now has details of over 170,000 organisations, 800,000 services and interactions with our customers and 21,000 inward investment projects.

Customer Data Management System (CDMS)

UKTI's Customer Data Management System (CDMS) will be launched in three phases during 2013. It will replace and build upon the functionality currently delivered by a number of UKTI's on-line systems which hold Customer Data. CDMS will integrate these systems and bring together in one place UKTI's key customer data.

The systems to be replaced are:

- Customer Relationship Management (CRM)
- Overseas Market Introduction Service (OMIS)
- Corporate Reporting

UKTI ICT Programme Board

The UKTI ICT Programme Board acts as the link between UKTI's business objectives and ICT investment. It defines UKTI's ICT strategy and ensures corporate governance processes are applied in order to drive unnecessary ICT spend and risks out of the business through standardisation, re-use, compliance and optimisation. This includes compliance with information assurance policy and standards, data standards, records management strategy, security policy, procurement regulations and project management best practice. The Board reports to, and supports, UKTI's Accounting Officer (AO) and Senior Information Risk Owner (SIRO).

The Performance and Impact Monitoring Survey (PIMS)

PIMS is an independent central monitoring survey of users of UKTI's business services. It measures the performance and impact of UKTI support.

PIMS covers all significant customer-facing trade services and provides evidence about service quality and what difference UKTI makes to businesses. It uses a range of measures, including information on the overall performance of UKTI against its performance measures.

⁵ PIMS Research Reports, providing quarterly assessments of our performance can be found at www.ukti.gov.uk

The percentage figures in the measure used to report improved business performance against UKTI's target reflect those firms reporting that they have achieved sustainable (i.e. longer-term) improvements in productivity and profitability, after they have secured additional export business as a result of support from UKTI. Measures of a range of other business activities, that are covered by PIMS, have improved UKTI's measurement of other aspects of its impact on business capabilities.

PIMS quarterly surveys are based on telephone interviews with a sample of users of UKTI's principal services. The interviews are carried out in two waves.

The first wave captures clients' initial assessment of the difference that UKTI's support has made, taking into account changes the business may have made to its products, practices, or marketing strategies, or impact on other business decisions. These interviews are carried out four to seven months after support has been provided.

The second wave of interviews is designed to assess the longer-term impact of UKTI services, and to capture any revisions to the clients' initial assessment of this impact. These second-wave interviews are carried out 10 to 12 months later. The surveys concentrate on gathering information on business performance and processes, how these have changed over the period since service delivery, and the factors which lie behind the reported changes, such as improved knowledge and capabilities, or help with overcoming other barriers to overseas market entry. The emphasis is on factors affecting business competitiveness, and the measurement methodology aims to capture sustainable rather than unsustainable improvements in performance and competitiveness.

Issues covered by the survey questions include:

- barriers overcome, and new business, both in the target market as well as new sales in any other market, and any (positive or negative) effect on domestic sales,
- impact on skills and business behaviour, including improvements in products, processes or strategies, and impact on investment in research and new-product development,
- quality, relevance, and usefulness of information, advice, or contacts provided by UKTI,
- the extent to which similar benefits could have been achieved through other means,
- willingness to pay more for services,
- business-profile characteristics, and
- strategic motives for exporting.

During the past few years, the surveys have also tracked the impact of the economic downturn on businesses, including problems with access to finance and export credit insurance, effects of the depreciation in sterling exchange rates, and the extent to which they have benefited from sustained demand in any overseas markets.

As well as being used to measure performance against UKTI's targets, results from the initial wave of interviews also provide UKTI managers with early indications of how well different services are performing, so that any necessary adjustments can be made to drive up service quality and effectiveness.

Analysis of correlations between reported qualitative benefits, reported impact on productivity, and profitability, shows that these hard business performance improvements most frequently occur when clients report substantial benefit from:

- gaining access to contacts not otherwise accessible,
- gaining access to information not otherwise accessible, including understanding how to navigate unfamiliar business environments,
- raising the firm's profile or credibility in overseas markets,
- improving knowledge of the competitive environment overseas,
- improving the firm's overseas marketing strategy and
- gaining the confidence to explore a new market or expand in an existing one.

For some clients, the key factor has been help to overcome a particular problem or difficulty with a legal or regulatory issue, including intellectual property protection.

Data gathered on business-profile characteristics and strategic motives for exporting, are used in analysis of the survey results, to help identify characteristics of companies most likely to benefit from UKTI support. The questions also contain cross checks, ensuring that any inconsistent responses or outliers can be identified, and checked through a follow-up call where necessary.

The follow-up interviews provide a further opportunity for cross checks with firms' initial responses and also provide evidence about the time profile of benefits resulting from the support. Clients who reported in the initial interview that they had gained access to information or contacts not otherwise accessible, or had benefited substantially from raising their profile in the market, are also asked whether these had turned out to be more or less useful than they had initially thought, or about the same.

Analysis shows that across most impact measures there is little change between the results derived from the initial interview wave and the follow-up. Exceptions are:

- initial assessments of the business benefit resulting from raising a firm's profile, and from gaining access to information not otherwise accessible, are significantly more often revised upwards in the follow-up interview, and
- innovation impacts tend to increase, with firms reporting improvements to products or processes, or impact on R&D, which had not been expected at the first interview.

Full details of the PIMS survey results, and in-depth analysis of these and other issues, can be found in the PIMS reports, published on the UKTI website at www.ukti.gov.uk.

The PIMS survey of UKTI trade service users is complemented by a smaller annual survey of UK exporters who have not used UKTI services. The aims of this non-user survey are to provide evidence on usage of non-UKTI export support, measure the extent to which firms encounter barriers which give rise to the need for such services, investigate attitudes towards support among those firms not yet accessing it, and provide data on the profile of non-user firms to allow comparison with the profile of UKTI users. Those firms who have used some form of non-UKTI export support are asked about its quality and effectiveness, using questions designed to be consistent with the measures used for UKTI trade services.

Comparison of data on the profile of users and non-users shows that UKTI clients differ from many non-users in a number of important ways. UKTI clients are:

- more likely to be innovative and to undertake R&D,
- more growth-oriented, and more likely to report strong growth and growth expectations,
- more likely to report substantial business benefits from exporting, especially in terms of benefits from exposure to new ideas.⁶

Nevertheless, the non-user surveys also show that there is a significant minority of non-users which match the profile of users, but had not been aware of the availability of UKTI trade services.

In order to inform ongoing development of the survey methodology and to provide deeper insights into the results, UKTI also commissions two small qualitative studies annually, to follow up respectively on the user and non-user surveys. These qualitative studies involve a small number of in-depth interviews with companies that had taken part in one of the initial survey interviews, and had expressed willingness to take part in further research. The specific focus of these follow-up interviews is guided by topical priorities. The 2011 study focused on *'The Role of Overseas Markets and Export Support in Business Development of Innovative and High Growth SMEs'* and involved in-depth interviews with 20 innovative companies.

Development of the monitoring surveys is also informed by evidence and analysis derived from UKTI's research and evaluation programme.

Economic and Evaluation Research

In addition to its programme of monitoring surveys, UKTI also commissions an annual programme of independent evaluations of the economic impact and rationale for specific services. These studies use a range of quantitative and qualitative research techniques, typically including econometric analysis of the performance of UKTI-supported firms, and a comparison group of non-supported companies, to test for service impact on key business performance variables. The methodology for evaluation of the economic rationale for services typically involves a review of relevant literature, together with collection of evidence on various aspects of additionality, and the most likely counterfactual, to provide a basis for assessing what would have happened without the

service. Each evaluation project is guided by an advisory group, involving a number of academic researchers with relevant expertise.

A key principle which guides UKTI's approach to evaluation is that analysis of the policy logic of an intervention should precede and inform detailed decisions about evaluation methodology. This principle helps to ensure that the economic rationale for the policy is properly understood, and that the evaluation methodology will be both robust and credible. Evidence from literature reviews accordingly plays an important part in the evaluation process in UKTI. This helps to ensure that individual evaluation research projects are grounded within existing theory and evidence, and that design of evaluation methodology is in each case informed by a sound understanding of relevant issues.

Economic impact evaluations carried out for UKTI, also seek to make optimal use of the large datasets on the performance of UK businesses which are available, based on business returns to Companies House, and on registrations of intellectual property ownership. By using statistical techniques to control for other factors which might influence performance, researchers are able to use these datasets to compare the performance of UKTI-supported businesses with that of other similar UK firms who have not used these services.

For example, using these techniques, research on businesses which used UKTI's Overseas Market Introduction Service (OMIS)⁷ indicates that users achieved over £1m in mean additional revenue as a result. The researchers point out that PIMS can only capture direct effects attributed by the client to the service, whereas the data on performance capture other effects as well. These other effects are likely to include sales resulting from contacts made as a longer-term consequences of engaging in the new business, which the client had attributed to UKTI support at the time of the PIMS interview.

Using similar statistical techniques, an evaluation of the impact of UKTI support provided by the International Trade Advisers in the English regions estimated similarly large positive impacts on the performance of supported businesses.⁸

New academic research is also commissioned on occasion, where there is a clear need to fill a gap in the wider evidence relating to the economic rationale for UKTI services. For example, UKTI commissioned new quantitative research to investigate the causal links between exporting and productivity, at firm level and at aggregate economy level (Harris and Li 2007⁹). This study found that, on average, firms gained a 34% productivity up-lift, taking account of selection effects, as a result of beginning to export. The study also found that some 60% of UK productivity growth was attributable to exporters, with non-exporters mainly contributing to aggregate productivity growth through net exit.

6 PIMS Non-User Survey Reports available at: <http://www.ukti.gov.uk/uktihome/aboutukti/ourperformance/performanceimpactandmonitoringsurvey/nonusersurveys.html>

7 Impact study of OMIS (2012) Breinlich et al

8 Evaluation of the International Trade Teams (2012) London Economics

9 Firm level empirical study of the contribution of exporting to UK productivity growth. Harris and Li (2007). Report to UKTI.

UKTI regards its monitoring, evaluation, and research programme as a dynamic interactive process, through which each of the three sources of evidence and analysis is enriched. To this end, events are hosted regularly at which evidence from monitoring, evaluation and academic research are all discussed, with participation by officials with policy responsibility as well as by Government economists, evaluation specialists, and academic researchers. This process fosters cross-fertilisation across the monitoring, evaluation, and academic research programme, and ensures development of a richer and more robust evidence base. It also ensures that policy-relevant insights and lessons from all three sources of evidence can be identified and debated in the round, thus providing a more rounded and reliable basis for policy.

Evidence from research and evaluation carried out for UKTI, and from wider economic literature, is reviewed in depth in two recent BIS Economics Papers, both available on the BIS website:

- BIS Economics Paper No 5 – Internationalisation of Innovative and High Growth SMEs (2010)
- BIS Economics Paper No 13 – International Trade and Investment – the Economic Rationale for Government Support (2011)

Annex D Private-Sector Sponsorship

UKTI continues to follow strictly the recommendations of the Committee on Standards in Public Life and Cabinet Office guidelines on handling sponsorship arrangements with the private sector. It uses detailed guidelines and central advice from its parent Departments.

During 2012–13, UKTI received the following private-sector sponsorship (only sponsorship exceeding £5,000 for a single event is shown here).

Sponsorship table of amounts received during 2012–13

Sponsor	Amount (£)	Event Note
PWC	10,000	British Business Embassy
Tesco	25,000	British Business Embassy
Westfield	10,000	British Business Embassy
Shell	50,000	British Business Embassy
Beko	60,000	British Business Embassy
Unilever	25,000	British Business Embassy
Kraft	25,000	British Business Embassy
Centrica	50,000	British Business Embassy
Diageo	25,000	British Business Embassy
Arena Group	5,000	British Business Embassy
Alliance Boots	25,000	British Business Embassy
Sony	30,000	British Business Embassy
M&S	25,000	British Business Embassy
Atkins	15,000	British Business Embassy
HSBC	333,000	British Business Embassy
Amec	50,000	British Business Embassy
Pinewood	10,000	British Business Embassy
Nestle	25,000	British Business Embassy
Paypal	25,000	British Business Embassy
Airbus	25,000	British Business Embassy
JLR	25,000	British Business Embassy
Rolls Royce	25,000	British Business Embassy
Arup	20,000	British Business Embassy
Promethean	20,000	British Business Embassy
Investor Publishing	5,000	British Business Embassy
Eisai	10,000	British Business Embassy
Gallowglass	5,000	British Business Embassy
Pcubed	5,000	British Business Embassy
BT (estimated value of benefit in kind)	110,000	British Business Embassy
Samsung (estimated value of benefit in kind)	50,000	British Business Embassy
Microsoft	10,000	Innovate UK
UBM	5,000	Ecobuild
UK Green Building Council	8,000	Ecobuild
HSBC	6,000	Indonesian State Visit business programme
BR Berau Ltd	6,000	Indonesian State Visit business programme

Sponsor	Amount (£)	Event Note
Standard Chartered Bank	6,000	Indonesian State Visit business programme
Jardine Matherson	6,000	Indonesian State Visit business programme
Fluor	6,000	Indonesian State Visit business programme
Prudential	6,000	Indonesian State Visit business programme
Ellis Goodman Foundation	31,000	Kelloggs Marketing Scholarship
BAES	5,000	DSO SYMPOSIUM – Park Plaza Riverbank Hotel
Finmeccanica	10,000	DSO SYMPOSIUM – Park Plaza Riverbank Hotel
General Dynamics	5,000	DSO SYMPOSIUM – Park Plaza Riverbank Hotel
Marshall Aerospace	5,000	DSO SYMPOSIUM – Park Plaza Riverbank Hotel
MBDA	5,000	DSO SYMPOSIUM – Park Plaza Riverbank Hotel
Northrop Grumann	5,000	DSO SYMPOSIUM – Park Plaza Riverbank Hotel
Rolls-Royce	5,000	DSO SYMPOSIUM – Park Plaza Riverbank Hotel
Thales	10,000	DSO SYMPOSIUM – Park Plaza Riverbank Hotel
SAAB UK	5,000	DSO SYMPOSIUM – Park Plaza Riverbank Hotel
Clarion	5,000	DSO SYMPOSIUM – Park Plaza Riverbank Hotel
Truphone Ltd	9,000	Mobile World Congress 2013
Wood & Douglas	5,000	Mobile World Congress 2013
Bluenio Limited	5,000	Mobile World Congress 2013
Neul	5,000	Mobile World Congress 2013
Vision 247	5,000	Mobile World Congress 2013

Where necessary, conversion is at the average exchange rate for the year.

Annex E

The Business Ambassadors Network

In 2012–13, against a backdrop of a difficult economic environment, the Business Ambassadors' expertise and international experience helped to supplement the work of Government Ministers and senior officials, by providing tremendous impetus to the UK's trade and investment activities, and helping to raise UK plc's profile globally.

Business Ambassadors represent a unique and valuable resource, reinforcing the important role that top business and academic leaders can play in promoting the UK's strengths and expertise. They complement the work of the Minister for Trade and Investment and the Duke of York.

The 2013 Business Ambassador Network consists of 28 ambassadors under the chairmanship of Lord Marland of Odstock, the Prime Minister's Trade Envoy. The network now not only includes a wide range of expertise and experience, but also a new generation of entrepreneurs and business leaders.

The Business Ambassadors are:

Name	Position
Chairman – Lord Marland of Odstock	Prime Minister's Trade Envoy
Marcus Agius	Former Chairman, Barclays Plc
Sir Anthony Bamford	Chairman and Managing Director, JCB
Sir Roger Bone	President, Boeing UK
Samir Brikho	Chief Executive, AMEC
Malcolm Brinded	Former Executive Director, Upstream International, Royal Dutch Shell
Nick Fry	CEO, Mercedes GP Petronas
Professor Malcolm Grant, CBE	Provost and President, UCL (University College London)
Dr Hermann Hauser, CBE	Co-founder, Amadeus Capital Partners
Anya Hindmarch, MBE	Founder, Anya Hindmarch
Brent Hoberman	Chairman, mydeco.com
Professor Dame Julia King, CBE, FREng	Vice-Chancellor, Aston University
Sir Richard Lambert	Chancellor, Warwick University
Tamara Mellon OBE	Founder and former CEO, Jimmy Choo
Dick Olver	Chairman, BAE Systems
Alan Parker	Chairman, Brunswick Group
Caroline Plumb	CEO, Freshminds Group
Lord Charles Powell	Chairman, International Advisory Board, Rolls-Royce
Sir David Reid	Chairman, Intertek
Sir John Sorrell CBE	Chairman, London Design Festival, and Co-Chair, The Sorrell Foundation
Robin Southwell OBE, CE, EADS	
Lucian Grange CBE	Chairman and Chief Executive, Universal Music Group
Sir George Buckley	Chairman, Arle Capital
Dr Mike Lynch OBE, FREng	Founder, Autonomy plc
Paul Walsh	CEO, Diageo
Brian Wilson PC	Chairman, Harris tweed Hebrides; Chairman, Britain's Energy Coast Board; Former Minister for Trade; and for Energy
James Townsend	CEO, Velcourt Group
Joanna Shields	Chief Executive, Tech City Investment Organisation
Saul Klein	Partner, Index Ventures: Founder Seedcamp

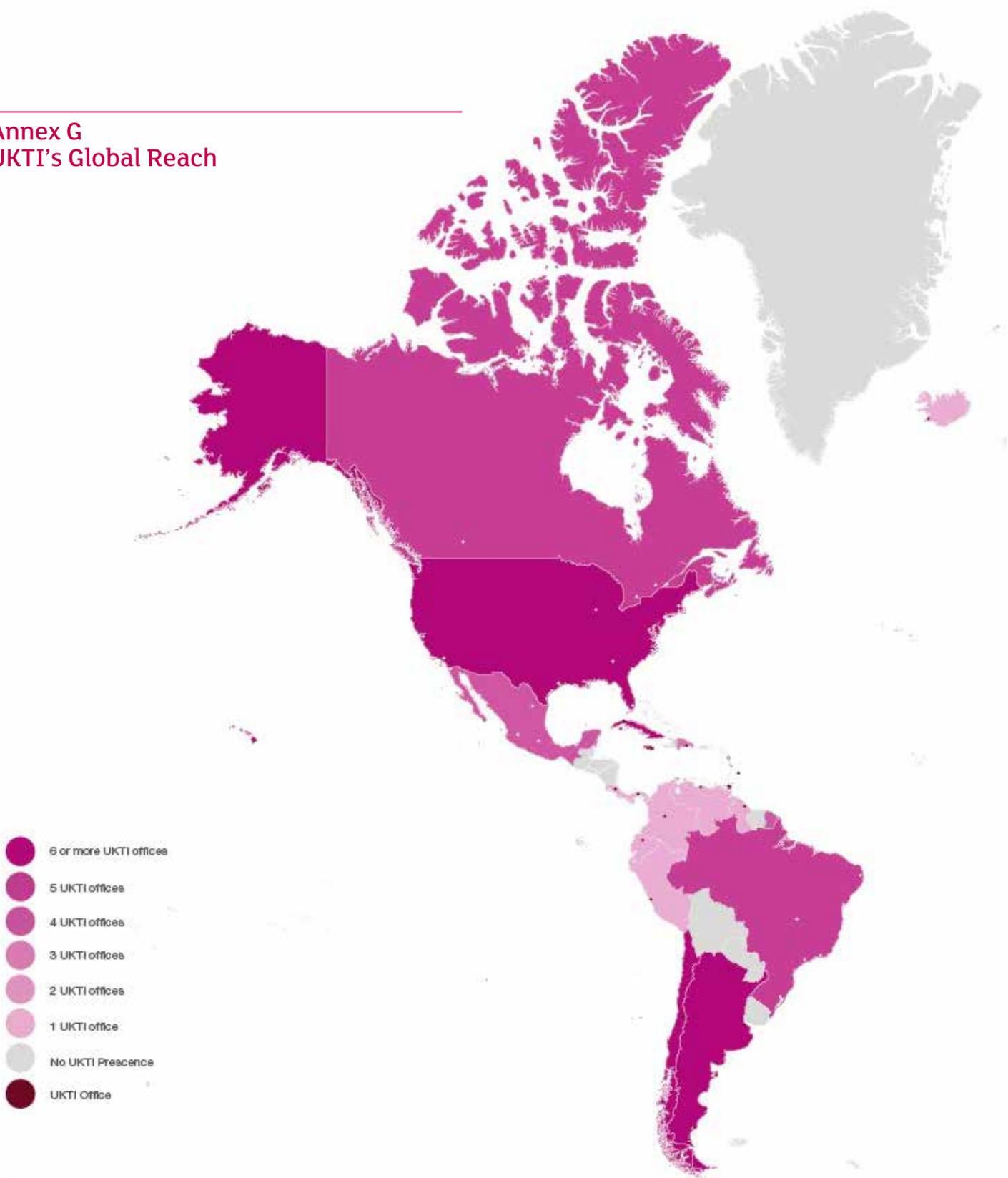
Annex F Sector Advisory Groups and Chairs

UKTI has established a series of Sector Advisory Groups, formed from senior business representatives, to advise it on issues pertaining to their sector. In practice, these groups, of some 200 senior business figures, form an important link to their industries, providing business validation and challenge, as well as credibility to UKTI's activities. Collectively, they act as an excellent sounding board, as a lead-in to wider groups of businesses, and play a valuable role in the prioritisation of activity across UKTI.

The Groups and their Chairs are:

Group name	Chair
Life Science Strategy Board	Chris Brinsmead: Government Business Adviser for Life Sciences
ICT Strategy Implementation Board (until January 2013)	Larry Hirst CBE
Creative Industries Strategy Implementation Board	Sir John Sorrell: Director, The Sorrell Foundation
Advanced Engineering Strategy	Allan E Cook CBE: Chairman, Atkins plc; Chairman, Finmeccanica UK Galileo
Overseas Promotion Committee	Robert Gray: Chairman, Debt Finance and Advisory, HSBC.
Construction	Terry Hill: Chairman, Arup Group Trusts at Arup Group Ltd.
Power	Robert Lane CBE: Partner, Head of Regulated Industries, CMS Cameron McKenna LLP
Airports	Peter Budd: Global Business Leader, Aviation Arup, Scotland
Environment and Water	Mark Lane, Partner, Pinsent Masons and Chair of British Water
Global Sports Projects	Jon Tibbs: Jon Tibbs Associates
Rail	John Moore CEO, Rail Division, Balfour Beatty PLC
Security	Stephen Phipson CBE
Defence	Sir Kevin Tebbit: Chairman, Finmeccanica UK
Marine	Acting Chair: Russell Gould, Chief Executive, Kelvin Hughes Ltd.
Oil and Gas	Neil Bruce: President, Resources and Environment, SNC Lavalin
Education and Skills	Dominic Savage OBE: Director General, British Educational Suppliers Association
Ports	Simon Bird, CEO, Port of Bristol
Design	Andrew Summers CMG: Chairman, Brandsmiths; Chairman, Companies House

Annex G UKTI's Global Reach



- | | | | |
|---|---|---|--|
| 1. British Consulate-General, Vancouver | 22. British Embassy, San José | 44. UKTI HQ, Glasgow | 66. British Embassy, Vienna |
| 2. British Trade Office, Calgary | 23. British Embassy, Panama City | 45. UKTI HQ, London | 67. British Embassy, Ljubljana |
| 3. British High Commission, Ottawa | 24. British Embassy, Bogotá | 46. British Embassy, Lisbon | 68. British Embassy, Zagreb |
| 4. British Consulate-General, Montreal | 25. British Embassy, Quito | 47. British Consulate-General, Bordeaux | 69. British Embassy, Bratislava |
| 5. British Consulate-General, Toronto | 26. British Embassy, Lima | 48. British Embassy, Paris | 70. British Embassy, Sarajevo |
| 6. British Consulate-General, San Francisco | 27. British Embassy, Santiago | 49. British Consulate-General, Geneva | 71. British Embassy, Budapest |
| 7. British Consulate-General, Los Angeles | 28. British Embassy, Caracas | 50. British Consulate-General, Lyon | 72. British Embassy, Warsaw |
| 8. British Consulate-General, Houston | 29. British High Commission, Port of Spain | 51. UKREP, Brussels | 73. British Embassy, Belgrade |
| 9. British Consulate-General, Miami | 30. British High Commission, Bridgetown | 52. British Embassy, Brussels | 74. British Embassy, Riga |
| 10. British Consulate-General, Atlanta | 31. British High Commission, Georgetown | 53. British Embassy, Luxembourg | 75. British Embassy, Vilnius |
| 11. British Consulate-General, Chicago | 32. British Embassy, Buenos Aires | 54. British Embassy, The Hague | 76. British Embassy, Helsinki |
| 12. British Embassy, Washington DC | 33. British Trade Office, Porto Alegre | 55. British Embassy, Berne | 77. British Embassy, Tallinn |
| 13. British Consulate-General, New York | 34. British Embassy, Brasilia | 56. British Consulate-General, Düsseldorf | 78. British Embassy, Athens |
| 14. British Consulate-General, Boston | 35. British Consulate-General, São Paulo | 57. British Consulate-General, Munich | 79. British Embassy, Sofia |
| 15. British Trade Office, Tijuana | 36. British Consulate-General, Rio de Janeiro | 58. British Embassy, Berlin | 80. British Embassy, Bucharest |
| 16. British Consulate, Monterrey | 37. British Trade Office, Recife | 59. British Embassy, Copenhagen | 81. British Embassy, Ankara |
| 17. British Trade Office, Guadalajara | 38. British Embassy, Reykjavik | 60. British Embassy, Oslo | 82. British Consulate, Izmir |
| 18. British Embassy, Mexico City | 39. UK Trade & Investment, Seville | 61. British Consulate-General, Milan | 83. British Consulate-General, Istanbul |
| 19. British Embassy, Havana | 40. British Embassy, Madrid | 62. British Embassy, Rome | 84. British Embassy, Ky |
| 20. British High Commission, Kingston | 41. British Consulate, Bilbao | 63. British Consulate, Naples | 85. British Consulate-General, St Petersburg |
| 21. British Embassy, Santo Domingo | 42. British Consulate-General, Barcelona | 64. British Embassy, Stockholm | 86. British Embassy, Moscow |
| | 43. British Embassy, Dublin | 65. British Embassy, Prague | 87. British Consulate-General, Ekaterinburg |



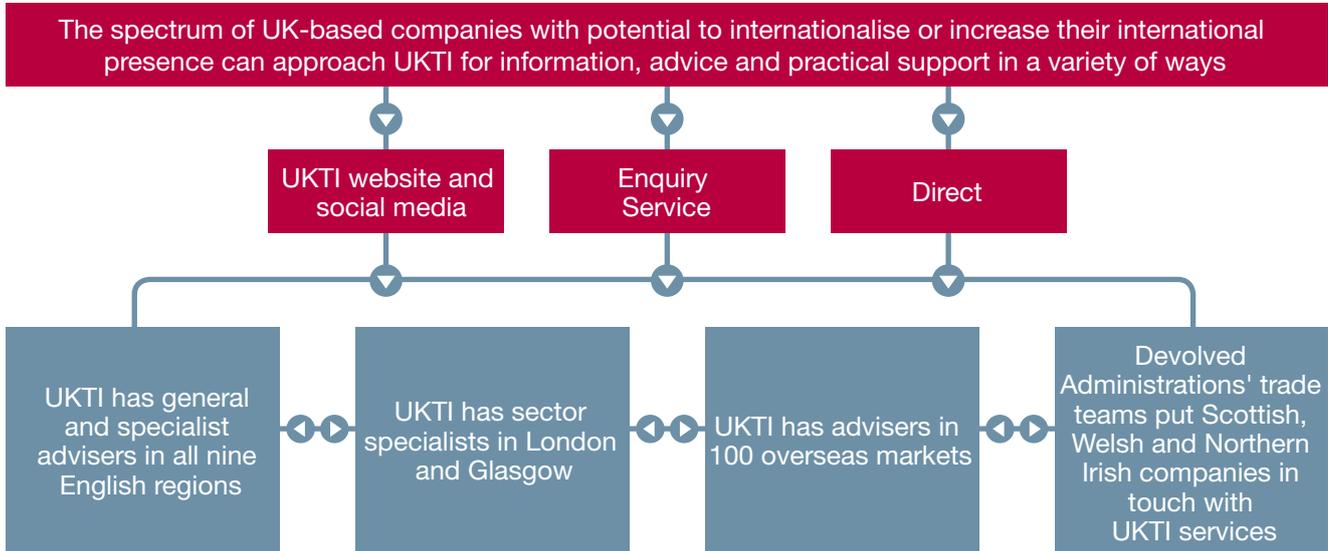
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 April 2013

- | | | | |
|--|--|--|---|
| 88. British Consulate-General, Casablanca | 109. British High Commission, Dar es Salaam | 131. British High Commission, Islamabad | 151. British Consulate General, Ho Chi Minh City |
| 89. British High Commission, Accra | 110. British High Commission, Nairobi | 132. British Trade Office, Ahmedabad | 152. British Consulate General, Chongqing |
| 90. British Embassy, Algiers | 111. British Embassy, Addis Ababa | 133. British Deputy High Commission, Mumbai | 153. British Embassy, Beijing |
| 91. British Deputy High Commission, Lagos | 112. British Consulate General, Jeddah | 134. British Trade Office, Pune | 154. British Consulate General, Guangzhou |
| 92. British Commercial/Liaison Office, Port Harcourt | 113. British Embassy, Riyadh | 135. British Trade Office, Chandigarh | 155. British Consulate General, Shanghai |
| 93. British High Commission, Abuja | 114. British Trade Office, Al Khobar | 136. British High Commission, New Delhi | 156. British Consulate-General, Hong Kong |
| 94. British Embassy, Tunis | 115. British Embassy, Kuwait City | 137. British Deputy High Commission, Bangalore | 157. British High Commission, Bandar Seri Begawan |
| 95. British Embassy, Luanda | 116. British Embassy, Baghdad | 138. British Trade Office, Hyderabad | 158. British Trade & Cultural Office, Taipei |
| 96. British Embassy, Tripoli | 117. British Consulate General, Erbil | 139. British Deputy High Commission, Chennai | 159. British Embassy, Manila |
| 97. British Consulate-General, Cape Town | 118. British Consulate General, Basra | 140. British Deputy High Commission, Kolkata | 160. British Embassy, Seoul |
| 98. UK Trade & Investment, Johannesburg | 119. British Embassy, Baku | 141. British High Commission, Colombo | 161. British Consulate General, Osaka |
| 99. British Consulate, Durban | 120. British High Commission, Nicosia | 142. British High Commission, Dhaka | 162. British Embassy, Tokyo |
| 100. British Consulate General, Alexandria | 121. Trade Office, Atyrau | 143. British Embassy, Ulaanbaatar | 163. British Consulate, Perth |
| 101. British Embassy, Cairo | 122. British Embassy, Astana | 144. British Embassy, Bangkok | 164. British Consulate General, Melbourne |
| 102. British Embassy, Khartoum (closed March 2013) | 123. British Embassy, Doha | 145. British High Commission, Kuala Lumpur | 165. British Consulate General, Sydney |
| 103. British High Commission, Maputo | 124. British Embassy, Manama | 146. British Embassy, Rangoon Myanmar | 166. British Consulate, Brisbane |
| 104. British High Commission, Kampala | 125. British Embassy, Dubai | 147. British High Commission, Singapore | 167. British Trade Office, Port Moresby |
| 105. British Embassy, Tel Aviv | 126. British Embassy, Abu Dhabi | 148. British Embassy, Phnom Penh | 168. British Consulate General, Auckland |
| 106. British Consulate General, Jerusalem | 127. British Embassy, Ashgabat | 149. British Embassy, Jakarta | 169. British High Commission, Canberra |
| 107. British Embassy, Beirut | 128. British Embassy, Muscat | 150. British Embassy, Hanoi | |
| 108. British Embassy, Amman | 129. British Deputy High Commission, Karachi | | |
| | 130. British Trade Office, Lahore | | |

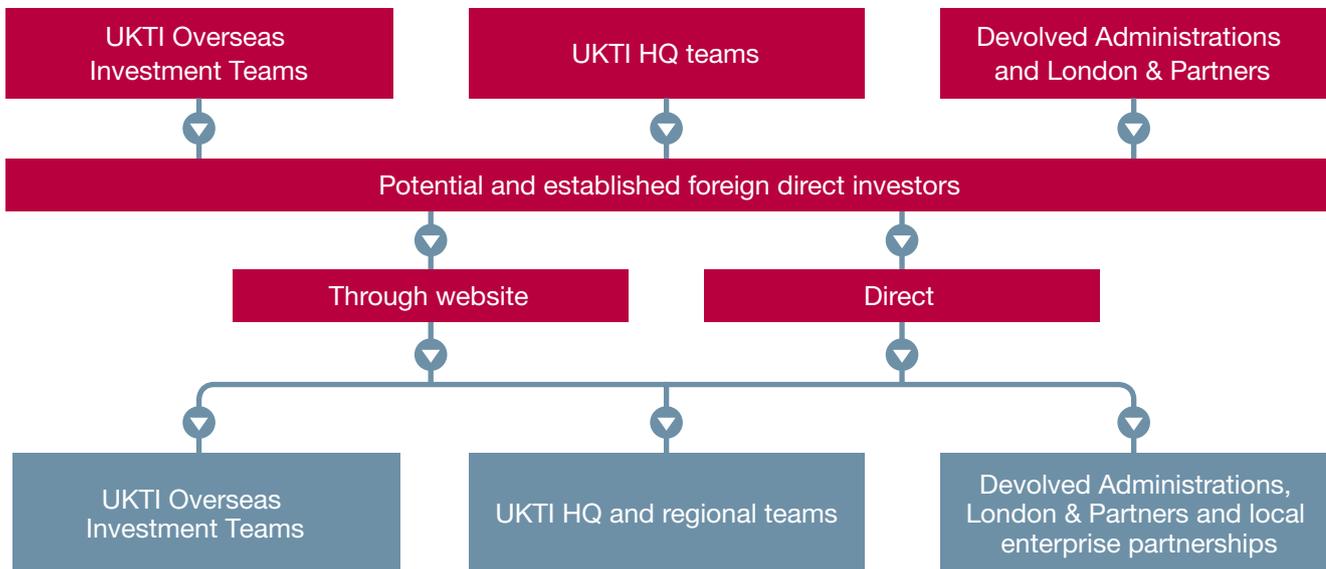
Annex H Contacting UKTI and the Services Delivered

Businesses' access to UKTI trade services in the UK and overseas markets

Businesses are attracted to UKTI through a variety of channels, such as events, direct communications, web and social media, as well as through direct contact with the organisation.



Approach to UKTI inward investment services in the UK and overseas markets



UKTI Services

Trade Services

UKTI's trade services assist companies with tailored training, planning, and support, to help them prepare to succeed overseas.

Services include:

- information, contacts, advice, mentoring and support from UKTI staff, at home and overseas, in our network of embassies, consulates, and other offices in over 100 markets,
- support to participate in trade fairs overseas,
- opportunities to participate in sector-based trade missions and seminars,
- access to major buyers, governments and supply chains in overseas markets,
- advice on forming international joint ventures and partnerships,
- exploratory visits to new markets,
- support for experienced exporters to build on their previous successes, and develop new export markets, and
- alerts to the latest and best business opportunities.

UKTI can provide:

- an export health check to assess your company's trade development needs, and help develop a plan of action,
- export skills training,
- access to an experienced local International Trade Adviser,
- access to providers who can assist with export documentation and regulatory issues,
- specialist help with tackling cultural and language issues, when communicating with overseas customers and partners, including a website review for international customers,
- advice on how to go about market research, and the possibility of a grant towards approved market research projects,
- ongoing support to help your business continue to develop overseas trade, and look at dealing with more sophisticated activities or markets,
- a quarterly international business magazine, specially for small and medium-sized enterprises, and
- advice on the comprehensive range of international trade help available from UKTI and others.

Investment Services

UKTI:

- connects businesses with a network of Government and business partners, to support a move to the UK.
- provides guidance on set up procedures, including registering a company, corporate structure, and opening a bank account,
- compiles in-depth factual reports tailored to the factors of importance to a company, e.g. market entry support, R&D collaborations, and cost analysis,
- gives practical help with site selection through visits to locations and premises, and has regional experts on hand to advise,
- provides information about the UK tax system, incentives, and administrative processes,
- offers ongoing support once businesses have set up in the UK, eg. advice on expansions and export activities,
- represents company interests in government, and advocates an investor friendly environment,
- supports and advises on visas and entry to the UK,
- provides guidance on staff recruitment, and locating the required skills base,
- offers assistance to entrepreneurs through a network of mentors with the insight and experience to help make a commercial success of early stage companies,
- enables access to a network of professional service providers, who support businesses setting up in the UK.

Annex I Chronological Timetable of Key UKTI Activities

Key UKTI Events

Month	Date	Key visits, events and other activities
April 2012	12th	Prime Ministerial trade mission to the Far East
	15th	Lord Green and Edward Davey round-table meeting with inward investors on employment legislation. Companies included IBM and Panasonic.
	30th	Major Ports in Asia Roadshow
		DEFEXPO (New Delhi, India) – DSO partnered with ADS with a DSO Export Support Team display area and a capability briefing space to support 30 plus companies. Gerald Howarth, the then Minister for International Security Strategy (MIN ISS), attended with high level DSO delegation. Some 33 delegations visited the UK group.
		Prime Minister visit to Japan and south east Asia – The Prime Minister and Lord Green, Minister for Trade and Investment, led a delegation of over 30 business leaders ranging from the construction to financial services sector and including a number of innovative SMEs to Japan and South East Asia. Deals worth over £220m were announced, creating and safeguarding more than 100 UK jobs.
		DSA (Kuala Lumpur, Malaysia) – DSO provided support to 38 UK companies and delivered 106 delegations from 30 countries. Gerald Howarth MIN ISS attended.
The UKTI DSO Symposium – attracted an audience of nearly 300 attendees from the defence and security sectors. The event featured wide cross-Government support with Ministers and senior officials from five departments of state and the deputy Supreme Commander of the Royal Thai Armed Forces.		
May 2012	22nd	LAAD (Rio de Janeiro, Brazil) – DSO attended the LAAD Security exhibition in Rio de Janeiro, working with ADS to support 12 UK exhibitors and showcase the UK security sector.
May 2012	22nd	Lord Green participated in the launch of China Telecom's first overseas mobile service. The service is aimed at Chinese residents and will expand to Germany and France if successful. In the UK the service will run on the EE network.
June 2012	21st	Prime Ministerial trade mission to Mexico.
	22nd	Meeting between Beko and Nick Baird. Discussed sponsorship opportunities for the British Business Embassy which Beko later agreed to be a major sponsor of BBE, promote UK's R&D offer for consumer electronics and offer company UKTI's continued support.

Month	Date	Key visits, events and other activities
July 2012	2nd	The Children's Media Conference
	6th	Secretary of State, Vince Cable visited Samsung Electronics to demonstrate UK Government support for this strategically important company whose presence in the UK is welcomed and underlined UKTI continued support for companies.
	9th – 13th	Farnborough International Airshow (FIAS 2012) – At FIAS 2012, DSO hosted programmes for 229 delegates from 44 Overseas Defence Delegations, representing 34 countries, plus NATO and the UN. DSO also coordinated unprecedented cross-Whitehall UK Ministerial and senior official participation, which saw 14 Ministers, led by the PM, actively supporting FIAS12 across the week.
	9th – 13th	Farnborough Aerospace Business Development Visit – Business Development visit by 8 countries from the UKTI network Farnborough Airshow, National Composites Centre, Harwell Space Cluster, Oxford and Southampton University Aerospace Engineering Department.
	26th	Global Investment Conference.
	27th	China Business Day.
	30th	British Business Embassy – Creative Services – Advertising, Media, Design and Architecture.
	31st	British Business Embassy – Creative Content.
August 2012	1st	British Business Embassy – Education.
	2nd	British Business Embassy – Healthcare and Life Sciences.
	3rd	British Business Embassy – ICT.
	6-7th	British Business Embassy – Energy.
	8th	British Business Embassy – Infrastructure.
	9th	British Business Embassy – Retail, Food and drink.
	10th	British Business Embassy – Advanced Engineering Summit – Sponsored by Airbus, Jaguar Land rover and Rolls Royce. Speakers included Deputy Prime Minister and the Business secretary.
	11th	British Business Embassy – Brazil Business Day.
September 2012	12th	British Business Embassy – Global Sports Projects – Delivering a business legacy from hosting sporting events.
	3rd	British Business Embassy – Advances in Assistive Medical Technologies.
	5th	British Business Embassy – Delivering World class events – Innovation, Sustainability and Legacy.
	6-7th	British Business Embassy – International Paralympic Committee Academy Inclusion Summit.
	11th	Huawei Technologies CEO and Founder, Mr Ren Zhengfei, met with the PM, the MfT and the BIS SoS in his UK visit programme. The company announced plans to increase their UK investment by £1.3bn over the next five years, creating up to 700 new jobs.
	28th	Prime Ministerial trade mission to Brazil.
	29th	Paris Motor show – Minister of State, Michael Fallon announced the UK auto supply chain initiative, met with the UK manufacturers and investors.
		AAD (Pretoria, South Africa) DSO Operations Director and Senior Military Advisor led DSO's representation attending with six UK companies, and supported a further 20 – plus. DSO arranged for Royal Navy frigate HMS ARGYLL to visit Hamburg in support of UK industry and to enhance UK participation in the city's Shipbuilding, Machinery and Marine (SMM) Technology International Trade Fair. More than 100 UK companies attended SMM.

Month	Date	Key visits, events and other activities
October 2012	3rd	Deputy Prime Minister trade mission to Turkey.
	29th	Launch of "Open to Export" web platform. Aidex (Brussels, Belgium) – UKTI DSO's first venture into the Disaster Relief sector saw a UK pavilion which included Export Support Team attendance, at Europe's premier trade exhibition for the Humanitarian and Disaster Relief market. 10 UK companies were represented on the Pavilion.
November 2012	1st	The Defence Secretary and Indonesian Defence Minister signed a Defence Co-operation MOU in London, which contained provision for greater defence business engagement.
	5th	Hong Kong creativity week.
	5th	UK Mission and activity around the Big 5 exhibition.
	5th	Prime Ministerial trade mission to the Gulf.
	12th – 16th	Export Week.
	14th	Medica
	26th	Lord Green and John Cridland (CBI) trade mission to Russia.
	27th	EIC Connect The 4th Defence Industry Co-operation Meeting between UKTI DSO and the Turkish Ministry of National defence was held in Ankara. ADS, and SASAD, Turkish Defence and Aerospace Industry Manufacturers Association signed a Memorandum of Understanding. Richard Paniguan, Head of DSO, accompanied the Prime Minister 's visit to UAE, the central plank of which was promotion of Typhoon and defence industrial partnerships within the context of a wider defence and security co-operation package. The visit was extremely successful and set out an ambitious timetable for further work.
December 2012	3rd	Smart Cities, Smart Living Mission
	3rd – 4th	Auto Supply Chain Event with SMMT, London – Secretary of State, Vince Cable and Minister of State, Michael Fallon hosted a dinner for UK Auto OEM's and potential supply inward investors at Knightsbridge on 3rd December. One to one meetings on 4th December at Chelsea. The Sultanate of Oman agreed to purchase 12 Typhoon aircraft, associated support and 8 Hawk 128 aircraft.
January 2013	28th	Arab Health
	29th	Healthcare UK launch. Republic of Korea(ROK) announced that AugustaWestland had won the contract to supply the AW159 helicopter to the ROK to satisfy their maritime Operational Helicopter requirement.
February 2013	4th – 8th	Opportunity Korea events in UK.
	17th – 20th	The largest ever Prime Ministerial trade delegation visited India, as a part of the Government's determined effort to promote British business abroad and to help Britain succeed in the global race. Over 100 companies participated in the three day visit including more than 30 SMEs, along with Ministers Lord Green, David Willets, Hugo Swire and Greg Barker.
	17th – 21st	The IDEX and NAVDEX took place at the Adu Dhabi National Exhibition Centre, UAE. IDEX is the most strategically important defence exhibition in the middle east and NAVDEX is the naval element of the show. Over 90n UK companies exhibited at the event with 25 exhibiting on the UK Pavilion. MIN (DEST) attended along with several other senior UK officials.
	25th	Mobile World Congress
March 2013	5th	Ecobuild
	8th – 17th	South by South West.
	10th – 13th	Innovate UK
	13th – 15th	NHS Expo

Month	Date	Key visits, events and other activities
After the end of the financial year		
May	6th – 8th	Airport Show Dubai 2013
	7th – 8th	Trade Visit to Madrid and Lisbon
	7th – 10th	International Defence Industry Fair
	9th	British Business Embassy: Global Investment Conference
	21st – 24th	Trade Visit to Stockholm and the Hague
	30th	Trade Mission to South Africa
June	1st	Trade Visit to Berlin and Konigswinter
	2nd – 3rd	Mission Tour to South East Asia

Annex J Acronyms

A-in-A	Appropriations in Aid	MSBs	Medium Sized Businesses
AME	Annually Managed Expenditure	NAO	National Audit Office
AO	Accounting Officer	NCR	Net Cash Requirement
BIS	Department for Business, Innovation & Skills	OBE	Order of the British Empire
C&AG	Comptroller and Auditor General	OLU	Olympics Legacy Unit
CB	Companion of the Order of the Bath	OMIS	Overseas Market Introduction Service
CBE	Commander of the British Empire	ONS	Office for National Statistics
CBI	Confederation of British Industry	PCPF	Parliamentary Contributory Pension Fund
CDMS	Customer Data Management System	PFI	Private Finance Initiative
CE	Chief Executive	PIMS	Performance Impact Measurement Survey
CETV	Cash Equivalent Transfer Value	R&D	Research and Development
CFER	Consolidated Funds Extra Receipts	REP	Resources and Evaluation Panel
CMG	Companion of the Order of St Michael and St George	RfR	Request for Resources
CODM	Chief Operating Decision Maker	SIRO	Senior Information Risk Owner
COO	Chief Operating Officer	SME	Small and Medium-Sized Enterprise
CRM	Customer Relationship Management	SR	Spending Review
CSR	Comprehensive Spending Review	TSO	The Stationery Office
DEL	Departmental Expenditure Limit	UK	United Kingdom
DFID	Department for International Development	UKTI	UK Trade & Investment
DL	Deputy Lieutenant	UKTI DSO	UK Trade & Investment Defence & Security Organisation
DSO	Departmental Strategic Objective	VAT	Value Added Tax
EET	Economics & Evaluation Team	VFM	Value For Money
EU	European Union		
FCO	Foreign & Commonwealth Office		
FCP	Fiscal Compass Programme		
FDI	Foreign Direct Investment		
FReM	Financial Reporting Manual		
FTE	Full Time Equivalent		
FY	Financial Year		
GDP	Gross Domestic Product		
GVA	Gross Value Added		
HQ	Headquarters		
HR	Human Resources		
HRH	His/Her Royal Highness		
IAO	Information Assurance Officer		
IAS	International Accounting Standards		
IBM	International Business Machines		
ICT	Information and Communication Technologies		
liP	Investors in People		
ITA	International Trade Adviser		
LEP	Local Enterprise Partnership		
MOD	Ministry of Defence		
MP	Member of Parliament		



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