

Annual Report and Accounts 2010-2011

**ANNUAL REPORT AND ACCOUNTS
2010-2011**

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(Audit of Non-profit-making Companies) Order 2009.

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Foreword

by Charlie Mayfield, Chairman

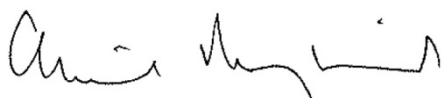
The skills and capabilities of our people are ultimately the basis for the UK's long-term competitiveness. To support sustainable growth, improvements in skill levels must be matched by the right conditions for these skills to be absorbed and used effectively by employers. Business, with support from Government, is best placed to effect that change.

The Commissioners that form the UK Commission comprise a social partnership that includes CEOs of large and small employers across a wide range of sectors, trade unions and representatives from all of the Devolved Administrations.

Our goal is to ensure that good market intelligence drives increased investment to achieve greater impact on skills, jobs and economic growth. In the short term, improving our skills is essential if we are to produce the innovative and high-quality goods and services we need to boost economic growth. But if we are to build on that competitive edge, the education, employment and skills systems will need to become more integrated and responsive to the needs of employers.

I am grateful to my fellow Commissioners and the staff at the UK Commission for Employment and Skills for the commitment they have displayed throughout what has at times been a difficult year. I would particularly like to pay tribute to Sir Mike Rake, who stepped down last November. As its inaugural chairman, the commitment and leadership he provided enabled the Commission to build the strong foundations which proved invaluable during the Cabinet Office Review of Public Bodies. I would also like to pay tribute to Chris Humphries CBE, the Commission's inaugural Chief Executive, who retired in December 2010. Under his unique and engaging style of leadership, the Commission developed an enviable reputation for creative thinking and straight talking, underpinned by robust evidence.

As we enter this next phase in our development I am looking forward to the opportunities ahead, and in particular to continuing to work with Commissioners. It is their generosity of time, knowledge and wisdom that continues to make the Commission such a unique and rewarding organisation to lead.



CHARLIE MAYFIELD
Chairman
UK Commission for Employment and Skills

Message from the Chief Executive

Michael Davis

Welcome. This is the third Annual Report from the UK Commission for Employment and Skills, and it follows a year of great change.

Much of that change has been driven by the Cabinet Office Review of Public Bodies, which concluded that the UK Commission has a high level of technical expertise in influencing and leading a change in employer behaviour towards skills and therefore should continue as a Non-Departmental Public Body of the Department for Business, Innovation and Skills whilst exploring longer-term options for becoming less dependent on state funding.

Throughout the past 12 months, Commissioners and staff have worked very hard to ensure the Commission delivers the strategic business leadership required to secure the successful impact of Government skills and employment policies and ensure that the opportunities that arise from future growth are fairly shared throughout society.

As we enter our fourth year, the UK Commission will change the way it functions, from being a top-down advisory body to Government to becoming a true vehicle for sustainable growth and social partnership, working with employers, trade unions and other public organisations. Although our focus will increasingly be on demonstrating impact whilst reducing costs, our mission will continue to be to raise skill levels to help drive enterprise and economic growth, and create more and better jobs.

It has been a genuine pleasure to lead a team of highly motivated and committed staff, who all share a real passion for the UK Commission's agenda. But we all know that we owe our success to the invaluable leadership and energy of our Commissioners, who give so generously of their time. Thank you.



MICHAEL DAVIS
Interim Chief Executive
UK Commission for Employment and Skills

History and context

Who we are

The UK Commission for Employment and Skills is a Non-Departmental Public Body remitted by the UK Government and three Devolved Administrations to provide strategic leadership on skills and employment issues across the four nations of the UK. Together, our Commissioners comprise a social partnership that includes CEOs of large and small employers across a wide range of sectors, trade unions and representatives from the Devolved Administrations.

To achieve and maintain a world class economy requires more jobs and better jobs in workplaces that enable skills to be used to maximum effect. The UK needs to raise the aspirations of both individuals and employers to develop their skills and engage in higher value activities.

The story so far

In our first three financial periods the UK Commission for Employment and Skills has sought to make a real contribution to policy and practice in the UK, improving the provision of skills and employment services to better meet the needs of the UK workforce and employers through recession and into longer term growth. To do this we identified three strategic priorities:

- Building a more strategic, agile and demand-led system
- Maximising individual opportunity for skills and sustainable employment
- Increasing employer ambition, engagement and investment in skills

In pursuing these priorities the UK Commission has continued to work with and through the UK Government, Devolved Administrations and other partners in employment and skills development, recognising that their participation is essential if we are to reach our goal. All our work considers issues of equality of access and opportunity for all, and is underpinned by a strong evidence-based research and analysis to ensure that our advice and recommendations are robust and of the highest quality.

Our first two years established our fundamental responsibilities to all four nations, set our strategic direction of travel and established the UK Commission as a functioning organisation, building our knowledge base and developing our reputation and credibility. We completed annual assessments on the status of the UK's employment and skills systems in two editions of '*Ambition 2020*' and set out opportunities to take the UK forward from recession to growth.

Our '*Strategic Skills Assessment for England*' has provided intelligence on existing and future skills needs and opportunities, and our report '*Towards Ambition 2020: Skills, Jobs, Growth*' sought cross-party, four-nation consensus to set a renewed agenda for effective and responsive education, employment and skills systems with engaged individuals and employers. Many elements of this have since been taken forward by the UK Commission and other partners, and its recommendations continue to shape our work.

A year of change

As well as a year of continuing delivery against our strategic objectives, 2010-11 was a year of change and of review. 2010 saw a general election and the formation of a conservative-led coalition Government. The first priorities of this new Government have included:

- Reducing the deficit and public spending (part of which was a review of all Public Bodies including the UK Commission, Sector Skills Councils and a number of our partners).
- Economic growth and job creation in the private sector.

As a result of these new priorities some work was stopped – such as on 14-19 Diplomas, but new work, including additional work on Apprenticeships and input to the Government's Growth Strategy, has taken its place.

Following the Cabinet Office Review of Public Bodies (published October 2010) the UK Commission's co-sponsors were required to undertake a "complete review, by the end of the year, of core functions and the most appropriate organisational model to deliver a simplified skills landscape". Phase 1 of the

review (organisational form and high level mission) determined that the UK Commission should continue in a “reformed and streamlined” form, with a refocused remit. This was confirmed by Cabinet Office in February 2011.

The new policy approach of empowering markets rather than directing supply-side provision required a fundamental shift in the role and approach of the UK Commission. Alongside this, the changing financial position was a further driver of the need for change, with a 39% cash terms reduction in running cost funding over the Comprehensive Spending Review period.

Work on Phase 2 of the review began in January 2011. Co-sponsors worked with the UK Commission and Sector Skills Councils to determine what needed to change to deliver the new approach and the UK Commission established a Transition Plan covering areas where new arrangements needed to be developed to fulfil the new role, approach and budget. This has included a Voluntary Exit Scheme and organisational redesign to create a flexible **single team** within the UK Commission; renewed **Commissioner leadership**; and a changing perspective on our work to become more **outwardly-facing**.

It is against this background that the achievements highlighted in the following section were delivered.

Achievements in 2010-11

Building a more strategic, agile and demand-led system

During 2010-11 our work focused on:

1. Raising the UK's employment and skills 'game' by improving the strategic nature of, and investment in, employment and skills.

The strategic nature of investment in skills can only be improved if it is based on good intelligence. To this end the 'National Strategic Skills Audit for England (2010)' was published and disseminated. An audit for Wales was also delivered to the Welsh Assembly Government and support provided to the Office of the Northern Ireland Adviser on Skills and Employment's priority skills assessment. These audits and assessments provide detailed intelligence about the operation and structure of the labour market to inform the choices of individuals, employers and providers.

Building on this, we provided further support to the Department for Business, Innovation and Skills' sector growth reviews and advice to HM Treasury on creating a sustainable market for world class skills, feeding into the 2011 Budget and Growth Strategy. In particular we contributed to the Advanced Manufacturing and Professional and Business Services growth reviews through the active engagement of Commissioners Nigel Whitehead and Jeremy Anderson.

2. Increasing responsiveness to demand through advice on integration of employment and skills services and informed and empowered customers.

To identify what works in effectively integrating employment and skills services, a review was conducted with partners in localities where services have been integrated. As well as recommendations for the local level, the report also makes recommendations on what national departments and agencies can do to support local joint working. A report for England was published in early April 2011, with reports for Scotland and Wales following the elections of May 2011.

Work to ensure that customers are better informed and empowered arose from the recommendations of 'Towards Ambition 2020: Skills, Jobs, Growth' report in 2009. Action research sites for the concept of Community Scorecards have included general FE colleges, a sixth-form college, work-based learning providers, a land-based college, a local authority, a charity and a TUC learning centre. This learning is feeding into work by the NIPB on public information about educational providers.

3. Ensuring that qualifications delivered by the system become more agile and demand-led, including assessing their suitability for young people.

A criticism of the qualifications system has been the time taken to develop new qualifications to satisfy the needs of technological, social and industrial changes in a rapidly changing economy. The timelines project which reported in April 2011 demonstrated that, subject to a number of factors, it is possible to reduce the timescales for developing vocational qualifications to 6-12 months without affecting quality, although costs are increased to cover additional resource requirements.

Early evidence from a survey of providers shows some evidence of benefits to learners and employers from the flexibilities introduced by the (94% populated) Qualifications and Credit Framework. Further research will investigate whether careers advisers are communicating the benefits.

Work to develop a database of National Occupations Standards, which underpin qualifications, was delayed due to the Government spending restrictions on IT projects. However, conversion of standards into the database and quality assurance will be completed by July 2011.

In addition to the planned work the UK Commission was able to contribute to the Wolf Review of 14-19 vocational education.

Maximising individual opportunity for skills and sustainable employment

During 2010-11 our work focused on:

1. Reducing the systemic, cultural and informational barriers to employment and progression.

Work on the customer experience of the employment and skills system published two reports early in 2010 and contributed to the review of employment and skills services.

Specific systemic and cultural barriers investigated in 2010-11 were: employability, youth employment and barriers to entering Higher Education.

Work on employability built on 'The Employability Challenge' published in 2009 to investigate how to incentivise the effective development of employability skills. Published in June 2010, 'Employability: Incentivising Improvement' makes recommendations for practitioner training (e.g. teachers); assessment of employability; and funding drivers.

The UK Commission's inquiry into youth employment was driven by Commissioners' concerns about rising youth unemployment and a desire from our joint sponsor, the Department for Work and Pensions, to assess how Government initiatives introduced to alleviate the situation were working. Published in March 2011, the report contains important messages for Government and for employers around driving up demand for and investment in skills through industry-led solutions that will contribute to sector growth and more entry level jobs and work based training pathways for young people.

'Progression from vocational and applied learning to Higher Education across the UK' (published June 2010) provides examples of good practice and makes recommendations to maximise progression opportunities for vocational and applied learners.

Work on reducing informational barriers has focussed on how new technologies (including web 2.0 and web 3.0) can be used to provide robust, accessible information advice and guidance. A series of five papers exploring different aspects has been produced and a final report containing proposals for improving access will be completed early in 2011-12.

2. Improving the content and implementation of qualifications, skills and training opportunities provided by the system to ensure better outcomes and greater satisfaction for individuals.

In addition to work on the agility and appropriateness of qualifications under Strategic Priority 1 above, work has continued to support better outcomes for women, through the Women and Work Sector Pathways Initiative and for Apprenticeships. Further work on 14-19 Diplomas was halted by the coalition Government.

In 2010-11 5,369 women completed a Women and Work Sector Pathways programme. This is 107 over the contracted target, with employers matching the £5 million pounds worth of public investment. Evaluations of the initiative remain positive. Women and Work projects will still be supported in 2011-12, subject to demand, through arrangements under the new Employer Investment Fund.

Significant work on Apprenticeships this year has resulted in Apprenticeship Frameworks Online (the web-based portal) going live and being available for Sector Skills Councils to use, with most Apprenticeships reformed and accessible through the portal. In addition, Sector Skills Councils and other commissioned organisations are being appointed as Issuing Authorities and are issuing new Apprenticeship frameworks for England and Wales.

Work on Apprenticeships received a boost from the coalition Government as a key route for getting (young) people into and progressing in work and the UK Commission was called upon to provide additional advice to Ministers on delivering increased numbers of Apprenticeships, improving the quality of provision and opportunities in priority skills areas, and for higher level Apprenticeships.

Sector Skills Councils have begun work to introduce Higher Apprenticeships for England in nine priority skills areas.

Increasing employer ambition, engagement and investment in skills

During 2010-11 our work focused on:

- 1. Enhancing the capacity of more UK firms to be high growth, high skill, high value-added businesses.**
- 2. Developing and deploying high quality labour market information, enhanced by foresight on emerging strategic skills requirements, to inform industrial investment priorities; anticipate and better match the supply of skills to emerging demand; and improve skills utilisation.**

These two objectives were addressed through close work with the Sector Skills Councils, strategic ownership of the Investors in People standard and the completion of the talentmap project.

Work to relicence Sector Skills Councils was completed in 2010-11 and throughout the year the funding and performance of Sector Skills Councils has been monitored and reported to drive continuous improvement, including a published assessment of sectoral Labour Market Information.

Following the General Election, additional work was undertaken to brief new Ministers on successful approaches to raising employer ambition and investment, including the development of Best Market Solutions and better use of the Investors in People standard. Best Market Solutions will be developed by employers to identify the most effective approaches within a sector for raising the ambition, capacity and capability of employers to develop and make best use of the skills of the sector's workforce to compete on a world stage, both at an individual business level and for the sector as a whole. This may include initiatives such as the introduction into new areas of Licence to Practice, training levy schemes, and/or tools to facilitate high performance working. The Government's new Skills Strategy for England has given the UK Commission a strategic leadership role in respect of raising employer ambition for skills. Sector Skills Councils will now focus on supporting employer investment and skills utilisation, working in partnership with the UK Commission to develop a new vision and priorities for the future, as employer leaders and drivers of change.

The immediate focus of this work has been the development of a prospectus and supporting management and governance arrangements for the Growth and Innovation Fund (GIF). Agreement has been reached with Government officials that the GIF Board, which will make decisions on where to invest the funds, will be chaired and predominantly populated by Commissioners.

Having taken strategic ownership of the Investors in People standard in April 2010, this has been a transitional year, working with Investors in People delivery centres to complete the transition and strengthen the framework's contribution to management and leadership and high performance working, resulting in a refreshed Investors in People strategy. New delivery centres were licensed in England through a competitive process and became operational on 1 April 2011. Emphasis will now be on supporting the delivery centres to achieve growth.

Work to reposition and raise the profile of Investors in People was affected by the Government's Marketing and Advertising freeze, resulting in a decline in new enquiries from employers. An exemption case (subsequently agreed) was prepared to seek permission for promotional activity to support the refreshed Investors in People strategy and an evaluation strategy has been developed for implementation in 2011-12.

The development of the talentmap web tool with HMRC and Business Link was stopped due to budget cuts, however the talentmap framework has been put out into the public domain under a light licence for anyone in the UK to use.

Evidence Based Policy

For 2010-11 the UK Commission was asked to strengthen its role in steering skills research and policy analysis at a strategic level in England. In this role, we were asked to take over the

management and delivery of key existing skills research projects such as the future production of the 'National Employer Skills Survey' in England.

The Skills Research Strategy, published in August 2010 and overseen by an advisory group of key partners, contains a number of projects relating to five policy themes: Prosperity; Creating more and better jobs; Levers to incentivise private investment; Incentives to help people progress through the labour market; and Investing in the right skills. These projects help to build a solid evidence platform for the development of skills policy and have supported other areas of UK Commission work. At the end of 2010-11 some of these projects are ongoing and will be aligned with the 2011-12 priorities where appropriate.

To support the research strategy we have used a range of different mechanisms to ensure that we draw on and contribute to cutting edge research and leading edge and innovative thinking through activities such as our evidence series, *Intelligence* briefings, *Praxis* papers (3 published in 2010-11), research fellows and expert panel.

The core Labour Market Information on which much of the UK Commission's work is based has continued to be refreshed and further developed during the year with the update of the Almanac of Labour Market data (online and hardcopy); publication of the Employer Perspectives Survey; dissemination of the National Employer Skills Survey (2009) and development of the Employer Skills Survey due in 2011-12; and commissioning of the Working Futures employment projections.

Ambition 2020 (2010 volume), our annual report to Government on progress towards employment and skills ambitions across the UK, was published and disseminated in July 2010, following the General Election, providing a comprehensive overview of the state of employment and skills in the UK in 2009-10. Following discussion with Commissioners and sponsors a decision was made not to publish a 2011 volume but to refocus it in 2011-12 as a strategic labour market assessment.

Working with partners and stakeholders

All teams across the UK Commission have continued to develop relationships and work closely with partners and stakeholders through a wide range of activities including meetings, briefings, forums, seminars and consultations. This has included:

- with Government officials, setting up a policy forum to share emerging findings and regular telekits to keep them updated on progress with the reform of Sector Skills Councils;
- with Sector Skills Councils Chairs and Chief Executives, to agree a future vision for their role;
- support to the post-16 Roe Review in Scotland;
- support to the Wales Employment and Skills Board strategy for High Performance Working and on building sustainable markets;
- support to Northern Ireland in relation to employer investment;
- membership of the Migration Advisory Committee;
- work with CIPD on Investors in People and human capital reporting;
- work with the Skills Funding Agency on the Growth and Innovation Fund and links between the National Training Awards and Investors in People;
- with representative bodies of awarding organisations and training providers, to take forward work on qualifications; and
- strategic research partnerships with the OECD and Economic and Social Research Council.

Since December 2010 we have increasingly developed relationships with existing and new partners and stakeholders to support the changing remit and increasing Commissioner leadership.

The Government's freeze on Marketing and Advertising significantly affected all communications work and forced us to look increasingly at low and no-cost methods of maintaining dialogue with stakeholders and sharing the findings of our work with the wider stakeholder community. This has resulted in much greater use of e-comms and networks and more in-house development of multi-media materials for our website, preparation of electronic publications and PR support.

Excellent Organisational Performance

Although all employees have responsibility for ensuring that the organisation continues to deliver the highest level of performance, in 2010-11 the Corporate Services Directorate led work to support and enable excellent organisational performance through focus on four areas:

1. People and talent management.

In addition to developing an in-house suite of training and development opportunities for employees, we have started to develop a coaching culture through appointing a pool of volunteers who have commenced training as internal coaches. This supplements the formal individual performance, development and appraisal system which continues to support and develop talent within the organisation. The UK Commission achieved Investors in People accreditation in December 2010.

PCS became recognised as the staff union in August 2010 and PCS representatives now sit alongside non-union staff representatives in partnership with management, through our innovative Employee Partnership Forum, to discuss both strategic and operational issues facing the organisation.

Significant effort has been, and will continue to be, dedicated to helping employees through the process of reforming and refocusing the UK Commission following the Government's Review of Public Bodies, with outplacement support, retraining, consultation and change workshops made available.

2. Governance and Commission support.

A full programme of Commission and Committee meetings took place during the year, providing Commissioner oversight of the UK Commission's work.

Following the Government's revision of the UK Commission's remit, new Commissioner leadership and governance structures have been agreed and new Commissioners will be appointed in early 2011-12.

3. Facilities and IT.

In 2011-12 all IT systems were reviewed and migrated to a new hosting environment, resulting in significant cost savings. Technologies such as Microsoft SharePoint and Telepresence are being used increasingly by employees to support collaborative working. Cisco WebEx has been trialled to see if this can further improve joint working and reduce travel costs.

4. Business processes and controls.

A new finance system was implemented in December 2010 to better meet the organisation's complex financial reporting needs, to support effective budget management, and to improve the efficiency of processes such as claiming expenses. Following the bedding-in of core functionality, and taking into account new organisational design needs, dashboard functionality and further report development will be implemented in 2011-12.

Reports on the UK Commission's performance continued to be delivered throughout the year, with improvements made to the reports and the reporting process.

Future Look

From our work we know that:

- The skills and capabilities of people are ultimately the basis for the UK's long-term competitiveness.
- The quality of the workforce, when compared to other leading economies, is not developing quickly enough and that needs to change.
- Business, with encouragement from Government, is best placed to effect that change.

The key shift is to secure a much greater commitment from business to invest in skills to drive enterprise, jobs and growth.

Business' commitment to tackling climate change is a good analogy. Ten years ago few businesses saw carbon reduction as a material issue. Today, few don't. Investment in developing skills should be a defining characteristic of a responsible and enterprising business – it is perhaps the 'inconvenient truth' of this decade.

The challenge that we, and our partners, face is to convince businesses of this truth and persuade them to act on it. This will require coherent leadership by a diverse group of Commissioners with clarity of purpose. It will also be essential to work with committed partners and develop wider support from politicians, employer representative bodies and other key stakeholders.

Following the Government's Review of Public Bodies the UK Commission is being refocused and reformed to better address the challenge. A change process that started in 2010-11 will continue into 2011-12. This includes a new remit from Government, a new strategy and priorities that have been set out in the 2011-12 Strategic Objectives and Business Plan.

As a result we will no longer...

- ... be a top down advisory body;
- ... apply a top down oversight and planning function to Sector Skills Councils;
- ... implement any research lacking a clear business need;
- ... continue reforming qualifications;
- ... undertake such a broad range of reviews and initiatives; and
- ... organise resources around pre-existing Directorates.

Instead we will...

- ... become a strategic organisation that works more closely with employers, trade unions and other public organisations;
- ... adopt a more partnership based approach to working with Sector Skills Councils;
- ... implement a targeted and impactful research programme;
- ... reduce work on qualifications to a care and maintenance basis during 2011;
- ... focus activities around four Commissioner priorities; and
- ... be Commissioner-led, focused on outcomes and work as a single team.

Our goal is to ensure that good market **intelligence** drives increased **investment** to achieve greater **impact on skills, jobs and economic growth**. To achieve this we will focus initially on the following priorities:

1. Making and winning the economic argument for greater investment in skills
2. Enhancing the value and accessibility of vocational training, especially apprenticeships
3. Galvanising industries and sectors to improve the skills and productivity of their workforces
4. Working with employers to maximise opportunities for unemployed and disadvantaged people

Each of these areas will be led by a Commissioner and we will work closely with UK Government, the Devolved Administrations, employer representative organisations, trade unions and other partners to achieve measurable change within three years that will bring benefits to people, businesses and the wider economy.

Key Performance Indicators

The KPI summary below shows our assessment as at May 2011 of the progress made against the UK Commission's original strategic objectives. The full KPI report can be found on our website. In the light of the UK Commission's new remit, strategy and priorities following the Review of Public Bodies, the UK Commission's strategic KPIs will be reviewed in 2011-12.

Part 1 (accountability) – directly within our control

> Organisational Excellence >			
<u>Delivery of the Business Plan</u> ¹			
	May 10	Oct 10	May 11
<ul style="list-style-type: none">Proportion of planned deliverables completed year to date (due end of Qtr 4)	87% (61/70)	87.5% (21/24)	94% (65/69)
<ul style="list-style-type: none">Proportion of planned ongoing services delivered as agreed	100% (14/14)	97% (29/30)	97% (29/30)
<u>Operational Efficiency</u> ³			
<ul style="list-style-type: none">Non-pay organisation cost/ head	£23.5k	£19.6k	£21k
<ul style="list-style-type: none">Percentage of headcount in support functions	23.1%	21.1%	22.7%
<u>High Performance Working</u> ⁵			
<ul style="list-style-type: none">UK Commission's progress against liP standard (no. of evidence requirements met)	Achieved 65 requirements and awarded liP Bronze		
<ul style="list-style-type: none">UK Commission HPW practices	10 of 16	13 of 16	14 of 16
<u>Staff Satisfaction</u> ⁶			
<ul style="list-style-type: none">Staff satisfied to be working for the UK Commission at this time(difference from govt benchmark)	85% (+18)	75% (+8)	n/a
<u>Key Stakeholder Perceptions</u> ²			
<ul style="list-style-type: none">Familiar	85%	Survey Postponed	
<ul style="list-style-type: none">Favourable	79%	Survey Postponed	

> Credibility and Acceptance >			
<u>Key Stakeholder Perceptions</u> ²			
	May 10	Oct 10	May 11
<ul style="list-style-type: none">Expectation that the UK Commission will be able to improve the performance of the UK's employment and skills systems	51%	Survey Postponed	
<ul style="list-style-type: none">UK Commission performance	63%	Survey Postponed	
<u>Credibility of underpinning research</u>			
<ul style="list-style-type: none">Credibility of research/ intelligence	n/a	HIGH	HIGH
<u>Contribution to policy debate</u> ⁴			
<ul style="list-style-type: none">Overall contribution	MED	HIGH	MED
This includes:			
<ul style="list-style-type: none">Employment and Skills System	HIGH	HIGH	MED
<ul style="list-style-type: none">Individual opportunity	MED	MED	MED
<ul style="list-style-type: none">Employer engagement and investment	MED	HIGH	HIGH

¹ From UK Commission quarterly operational performance scorecard reports.

² From UK Commission stakeholder survey spring 2010/ Spring 2011 survey postponed until the outcome of the Arm's Length Body review and issue of the revised UK Commission remit.

³ From 2010-11 Qtr 4 Finance Report and March 2011 headcount data.

⁴ Assessment of progress against achieving a HIGH contribution by April 2012.

⁵ IIP accreditation achieved in Nov 2010.

⁶ From Mid Year staff survey Sept 2010.

Part 2 (influence) – UK Commission positively seeks to contribute and influence

> Strategic Outcomes >			> Strategic Impact >		
<u>Employment and Skills System</u>			Data from Ambition 2020 (2010) and the Almanac (2009)	Ambition 2020 Targets	
Increased relevance and reduced complexity and bureaucracy of E&S service provision			<u>Productivity</u>		
• Employers who are confident in knowing who to approach for advice on training and skills	81%	↑	• UK GVA/ person employed	£41.6k ↔	n/a
• Work readiness of 16 to 24-yr old leavers from education 16 yr old school leavers 17-18 yr old college leavers University/ HE leavers	% 66 74 84	↔	• OECD position (GVA/ hour worked)	11 th ↔	Top 8
• Indicator from perspective of individuals [indicator not yet identified/ developed]	n/a		<u>Employment</u>		
<u>Individual opportunity</u>			• UK employment rate	70.6% ↓	78%
Improved equality of opportunity, employment and skills outcomes and satisfaction for individuals			• OECD position	11 th ↓	Top 8
• Employment rate/ selected population groups Lowest qualified Youth (16-24) Over 50s (working age)	% 50.0 56.1 71.5	↔	<u>Skills</u>		
• Workers participating in L&D in last 13 weeks	30%	↑	• UK profile of qualification levels No qualifications Below Level 2 Level 2 Level 3 Level 4+	% 8 24 20 20 38 ↑ ↓ ↔ ↔ ↑	% 4 6 22 28 40
<u>Employer engagement and investment</u>			• OECD position Low Medium High	19 th ↓ 21 st ↓ 12 th ↔	Top 8 Top 8 Top 8
Increased employer engagement and investment in workforce development and skills utilisation			<u>Inclusion (Ratio of earnings)</u>		
• Employer investment in Learning and Development	£39.2bn	↑	• UK ratio of earnings (top 10%/bottom 10%)	3.59 ↔	n/a
• Establishments with 10 or more High Performance Working Practices	30%	↔	• OECD position	16 th ↓	12 th (2014 milestone)

Key:

Compared to target/ ambition

Movement since data produced in 2007/2008

Target met or exceeded/ Significant progress towards ambition	↑	Improvement
Moderately below target / No significant change against ambition	↔	No significant change
Significantly below target / Negative progress against ambition	↓	Getting worse

Report of the Directors

The annual report and financial statements have been prepared in a form directed by the Secretary of State for Business, Innovation and Skills in accordance with the Financial Reporting Manual and fulfil the requirements of the Companies Act 2006.

Principal activity and business review

The principal activity and the business review is set out on pages 4 to 13 of this Annual Report and the Financial Review is set out below.

Incorporation

The UK Commission for Employment and Skills (the UK Commission) is a company limited by guarantee and was incorporated on 13 November 2007. Under Clause 7 of the Memorandum of Association all members undertake to contribute to the company such an amount as may be required, not exceeding £1, in the event of it being wound up during the period of membership and one year afterwards. The UK Commission is a Non Departmental Public Body (NDPB) jointly sponsored by the Department for Business, Innovation and Skills (BIS), Department for Work and Pensions (DWP), Department for Education (DFE), HM Treasury (HMT), the Department for Employment and Learning Northern Ireland (DELNI), the Scottish Government, and the Welsh Government.

The membership of the Board and other legal and administration details are set out on page 59.

Governance and decision making

The Commissioners are Directors of the Company and are responsible for the management of the UK Commission for Employment and Skills. At 31 March 2011 there were 17 Directors, compared with 17 Directors at 31 March 2010. The Commission delegated its organisational oversight role to the Management Committee of the Commission.

Following the change in remit and the new business plan for 2011-12, new governance and decision making structures came into effect on 1 April 2011. The new arrangements reflect the Business Plan priorities for 2011-12 and the Commissioner leadership model. As at 31 March 2011 the new Committees were in the process of being set up for 2011-12.

The Audit Committee

The Audit Committee consists of not less than three Commissioners, with a quorum of two. The Chairman of the Commission cannot be a member of this Committee. All appointments to the Audit Committee will normally be for a period of two years. The Chief Executive, the Director of Corporate Services and a representative from Internal and External Audit ordinarily attend meetings. The Committee meets at least three times each year. The Audit Committee is an advisory body with no executive powers. Its role is to support the Commission in discharging their responsibilities in relation to issues of risk, control and governance and of obtaining associated assurances. Going forward into 2011-12 this Committee will continue but will be renamed the Audit and Risk Group and will take a wider assurance role in relation to performance and risk management.

The Strategic Committee

The Strategic Committee consisted of not less than five Commissioners plus the Chief Executive, with a quorum of three. The Committee Chair and members were appointed by the UK Commission for a period of two years. The Strategic Committee met four times a year. Duties of the Strategic Committee were to advise the Commission on the forward strategic work agenda and the preparation of the Commissions annual report on progress on employment and skills in the UK. Following the change in remit and the new business plan for 2011-12 this Committee has been disbanded. It last met on 2 December 2010.

Systems Review Committee

The Systems Review Committee consisted of not less than five Commissioners plus the Chief Executive, with a quorum of three. The Committee Chair and members were appointed for a tenure of two years. There were also three further co-opted advisory members. The Director of Strategy and

Performance attended all meetings. Other members of the Executive Team attended as required, dependent on items for consideration. The principal purpose of the Systems Review Committee was to seek to improve the effectiveness of the employment and skills system through simplifying the processes, rules, delivery approaches, organisational structures and the customer journeys for employers and individuals. Following the change in remit and the new business plan for 2011-12 this Committee has been disbanded. It last met on 8 December 2010.

The Management Committee

The Management Committee consists of not less than five Commissioners plus the Chief Executive, with a quorum of three. The Committee Chair and members are normally appointed for a period of two years. The Management Committee meets up to six times a year. Duties of the Management Committee are to oversee the normal conduct of the operation of the UK Commission, and to advise the Commission on the performance of the organisation against its business objectives and the effective management of its resources. It is also responsible for deciding remuneration policy and changes to senior managers pay and acts as a nominations committee in respect of committee members and chairs.

Going forward into 2011-12 the Management Committee will have an enhanced role and will be renamed the Strategic Management Group. It will oversee overall corporate business plan delivery and have specific ownership of the Executive Objectives contained in the 2011-12 Business Plan. It will coordinate and monitor delivery and impact and will also take a view of the Priority Plans and resources to ensure coherence of the overall work programme.

Employer Engagement Committee

The Employer Engagement Committee consisted of not less than five Commissioners plus the Chief Executive, with a quorum of three. The Committee Chair and Members were appointed by the UK Commission normally for a period of two years. The Director of Employer Engagement attended all meetings. Other members of the Executive Team attend as required, dependent on items for consideration. The Employer Engagement Committee met at least four times a year. The purpose of the Employer Engagement Committee was to guide the process of funding, performance management and licensing of the Sector Skills Councils and also to guide the strategy and development of the Investors in People Framework and Standard and oversee the delivery of IiP services across the UK. Following the change in remit and the new business plan for 2011-12, this Committee has been disbanded. It last met on 8 December 2010.

Going Concern Assessment

The ongoing need for the UK Commission was reviewed as part of the Cabinet Office Review of Public Bodies in 2010-11. In the light of the confirmation on 24 February 2011 from the Cabinet Office that the UK Commission should continue as an NDPB and the confirmation of a Grant-in-Aid resource budget allocation of £73.7m provided by Government in the Grant-in-Aid letter for 2011-12, the Directors have reviewed the financial position as at 31 March 2011 and are comfortable that the UK Commission remains a going concern and that it will have sufficient cash to pay its liabilities as they fall due.

Whereas the operating costs in the Net Expenditure Account are recognised on an accruals basis, NDPB's can only recognise the actual amount of cash received during the period in respect of Grant-In-Aid financing. NDPB's are required by BIS to limit the amount of cash held to 2% of the Grant-In-Aid budget and the UK Commission had £7.8m of accrued costs and trade payables as at 31 March 2011. This has resulted in the Statement of Financial Position showing net liabilities of £6.8m at the end of the year.

Payments to Creditors

The Commission endeavours to pay suppliers as soon as possible once an invoice or claim is received and delivery is confirmed, and within the guidelines required of Government bodies. Over the course of the year, the UK Commission has paid suppliers within nine days of receipt on average over the year, compared with an average of nine days in the previous year. On average 6.7% of payments made were over 30 days of receipt of invoice.

Machinery of Government Changes – Investors in People

On 1 April 2010, the UK Commission took over the responsibility for the development and promotion of the 'Investors in People' brand, framework and tools from liP UK Ltd.

As defined in the Business Transfer Agreement, various fixed and intangible assets, and other assets were transferred directly to the UK Commission from liP UK Ltd on 1 April 2010 for nil consideration. In addition, on the same date, the Investors in People intellectual property (comprising trademarks and copyright material) were assigned to the UK Commission from BIS following the transfer of these Intellectual Property Rights from liP UK Ltd to BIS.

Under IFRS 3 Business Combinations and chapter 4 of the HMT financial reporting manual, we have assessed that the business should be accounted for as a business acquisition rather than as a business combination under the machinery of Government changes for the following reasons:

- The UK Commission is a registered company and using merger accounting for the transfer would conflict with the Companies Act 2006
- Accounting for this transfer as a business acquisition would also be consistent with the treatment shown on the final liP UK Ltd accounts
- Not all assets and liabilities transferred from liP UK Ltd to the UK Commission.
- No management control transferred from liP UK Ltd to the UK Commission - it was merely an acquisition of the business assets along with the transfer of some staff under COSOP (TUPE-like) arrangements.

Under acquisition accounting there is no need to show prior year comparatives, so there has been no restatement needed to the 2010-11 comparatives.

A review of the assets was undertaken by the UK Commission following the transfer to assess their fair value and the extent to which the tangible and intangible assets should be capitalised on the balance sheet of the UK Commission. This review has determined that either the assets should not be capitalised or where it was appropriate to capitalise, the asset values were not material enough to warrant capitalising. Therefore the balance sheet of the UK Commission at 31 March 2011 does not contain any assets transferred from liP UK Ltd.

Auditors

Under the Government Resources and Accounts Act 2000 (Audit of Non-profit-making Companies) Order 2009, which came into force on 4 March 2009, the Comptroller and Auditor General is required to audit the Commission's accounts for the year ended 31 March 2011. An amount of £29,000 has been provided for Audit fees.

Sickness absence data

During the year the Commission had 888 days (2009-10: 369 days) of absence from work due to sickness. Of this, 661 days relate to seven staff on long-term sick leave during the period. The number of days off for the remaining staff excluding agency staff, equates to an average of 1.8 days (2009-10: 1.9 days) sick leave per staff member.

Reporting of personal data related incidents

The tables that follow have been prepared in response to Cabinet Office guidance on reporting personal data-related incidents in the management commentary section of departmental resource accounts.

Table 1: Summary of protected personal data-related incidents formally reported to the lead sponsor department in 2010-11

Date of incident (month)	Nature of incident	Nature of data involved	Number of people potentially affected	Notification steps
N/A	Nil	Nil	Nil	Nil

Further information on information risk

The UK Commission will continue to monitor and assess its information in order to identify and address any weaknesses and to ensure continuous improvement of its systems.

Incidents deemed by the data controller not to fall within the criteria for needing to be reported to the Information Commissioner's Office – but recorded centrally by the UK Commission – are set out in Table 2. (Note that small, localised incidents are not recorded centrally and are not cited in these figures.)

Table 2: Summary of other protected personal data-related incidents

Category	Nature of incident	Total
I	Loss of inadequately protected electronic equipment, devices or paper documents from secured Government premises.	Nil
II	Loss of inadequately protected electronic equipment, devices or paper documents from outside secured Government premises.	Nil
III	Insecure disposal of inadequately protected electronic equipment, devices or paper documents.	Nil
IV	Unauthorised disclosure	Nil
V	Other	Nil

Disabled employees

Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with their particular aptitudes and abilities. In the event of employees becoming disabled, every effort is made to retain them and adjustments made to work and or facilities where reasonably practicable and as appropriate in order that their employment with the company can continue.

It is the policy of the UK Commission that training, career development and promotion opportunities should be available to all employees.

Diversity and equality policy statement

The UK Commission values individual difference and believes that a diversity of backgrounds within the workforce brings a variety of ideas and experience that create a productive work environment as well as ensuring that key business objectives are met. As a modern and exemplar employer, the UK Commission is committed to equality of opportunity in all its employment practices, policies and procedures.

In meeting its commitment to promoting diversity and equality of opportunity, the UK Commission will combat unlawful and unfair discrimination. Our policy therefore, is that everyone should be treated fairly and without discrimination in relation to their human rights regardless of race, ethnicity, gender, disability, sexual orientation, gender reassignment, age, marital status, religion or similar belief, trade union membership, national or social origin.

Provision of information and consultation with employees

We consider good communication with our employees to be very important and communicate through regular meetings on an individual, team and company-wide level. In addition there are regular meetings of the Employee Partnership Forum (including TU and staff representation) to inform, discuss and, where appropriate, consult on matters affecting employees. In this last quarter of the year, we have stepped up the amount of communication and engagement activity with staff as part of our organisation change programme. We have aimed to involve staff in every step of the journey in reshaping our organisation, so they feel part of it and positive about our future. Staff are kept updated about organisation performance via our performance score which is shared on a quarterly basis.

Human Capital Reporting

This is an area we plan to develop further in 2011-12 and to review the types of data we currently use in measuring human capital.

Corporate Social Responsibility

The UK Commission is committed to meeting or exceeding all legal requirements and ethical standards and norms while conducting our business; in particular with respect to: supporting our communities by encouraging and supporting employee participation in the local community and respecting the environment by reducing its impact through actively seeking to recycle wherever possible and minimise its travel and use of resources; and working in the public interest to improve employment and skills in the UK.

This is achieved in accordance with our shared values: Inspiration, Integrity, Inclusion and Influence.

Financial Review

Incoming resources

The UK Commission for Employment and Skills (the UK Commission) is funded by Grant-In-Aid financing from BIS on behalf of all the sponsoring Departments and Devolved Administrations.

At 1 April 2010, the total Grant-In-Aid resource budget allocated for the 12 month period to 31 March 2011 amounted to £77.1m. During the year the UK Commission received updated Grant-in-Aid letters, with the final Grant-In-Aid resource budget being set at £75.1m. Of this, £26.7m was provided to support specific programmes of activity.

The Grant-In-Aid cash limit for 2010-11 was £74.7m, of which £71.0m was utilised in the year.

Under the terms of its agreement with BIS, the UK Commission is not allowed to carry forward any unused Grant-In-Aid to the following year. However the department commits to provide sufficient cash to fund the accrued expenditure as the liabilities become due but, in accordance with Government accounting guidance, this commitment is not reflected in the accounts.

Because Grant-In-Aid funding is treated as financing rather than income in the Income and Expenditure Account the results for the period show a loss equivalent to the revenue expenditure to be met from Grant-In-Aid. The Grant-In-Aid financing recognised is the value of cash drawn down. The loss attributed to General Reserves therefore reflects the value of accrued expenditure at 31 March 2011 (excluding capital accruals).

In 2010-11, following the transfer of the oversight of the Investors In People (IiP) brand and framework, the UK Commission received £0.4m of licence and publication income in relation to the IiP business.

Application of resources received

The UK Commission's funding budget is ring-fenced between funding it is allowed to distribute to SSCs and funding that is used for the UK Commission's own activities directly. Of the total expenditure incurred in the year of £71.4m, 76% of total resource received was distributed to SSCs, 10% was used to fund specific UK Commission programmes and 14% was used to fund the organisation's administration costs.

Sector Skills Council programme activity

The UK Commission has a programme of grants to support the delivery of Sector Skills Councils (SSCs) and other Sector Skills Bodies. Of the funding the UK Commission receives in the year to support SSCs, the majority is granted to SSCs as strategic funding to support the cost of their core activity. The remaining funding is provided to support delivery of specific Qualification Reform related projects in both Sector Skills Councils and Sector Skills Bodies. All grant programmes have specific guidelines and all applicants are subject to a formal process of assessment and approval.

For project-related funded activity the funding is only paid out on satisfactory evidence of delivery of the milestone in the project funded contract. Overdue milestones that have yet to be claimed are monitored closely by the UK Commission Contract Manager and reported on to the Senior Leadership

Team and the Employer Engagement Committee on a regular basis. As at year-end there were £2.6m of accruals with milestone dates on or before 31 March 2011 yet to be paid, compared with £4.6m of accruals in the prior year. Of this, £0.2m relates to contracted milestones outstanding for more than 90 days where claims had not yet been received. There was no such outstanding amount in the previous year.

The expenditure on Sector programme activity has decreased from £73.6m in 2009-10 to £54.4m in 2010-11. £16.9m of this £19.2m reduction relates to the reduction of project-funded related activity, mainly in relation to vocational reform, 14-19 Diploma and NOS related activity. The Employer Engagement Committee was responsible for oversight of the SSC programme budget in 2010-11.

UK Commission programme activity

The budget available for the UK Commission programme activity has been allocated to support the delivery of specific projects in line with the Business Plan priorities. The forecast spend on each project compared to budget was monitored on a regular basis by the Senior Leadership Team and was overseen by the Management Committee. The expenditure in this area of activity has remained largely constant at £6.7m for 2010-11 compared with £6.9m for 2009-10. This is despite taking on Investors in People activity and a significant increase in research activity compared with 2009-10.

Organisational administration activity

14% (2009-10: 10%) of the expenditure supports the on-going administration costs of the organisation. The increase in the cost as a percentage of the total is due to the level of SSC programme expenditure decreasing compared to 2009-10 as well as an increase in the staffing levels of the UK Commission to an average headcount of 127.5 full time equivalents in 2010-11 from 110.1 full-time equivalents in 2009-10. The organisational administration budget is controlled at a departmental level by budget managers and is monitored on a regular basis by the Senior Leadership Team and is overseen by the Management Committee.

Balance sheet

All known liabilities have been provided for as at the end of the period where relevant in the balance sheet, with the exception of any pension liability, which is not recognised in accordance with the pensions accounting policy.

Outstanding trade creditors and amounts owing to other Government bodies at the end of 2010-11 represented the equivalent of approximately 11 days (2009-10: 2.5 days) of total payments made in the year.

In line with the Government's review of financial reporting in 2010-11, as part of the 'Clear Line of Sight' project, there is now no requirement for NDPBs to include a cost of capital charge. The accounts for the prior year have not been restated to reflect this change as it was not material.

As at 31 March 2011 the UK Commission is reporting negative reserves of £6.8m (2009-10: £6.8m). This is because the UK Commission had recognised expenditure accruals and trade payables of £7.8m of expenditure at the end of the period (2009-10: £8.2m), but has recognised the associated Grant-In-Aid funding on a cash basis. This is in line with the standard accounting treatment in respect to Grant-In-Aid financing for NDPBs.



M Davis
Interim Chief Executive
27 June 2011

Remuneration Report

Management Committee

Remuneration is overseen by the Management Committee whose members during the year were as follows:

Sir Mike Rake (left the committee in 2010-11)
Charlie Mayfield (joined the committee in 2010-11)
Larry Hirst CBE
Julie Kenny CBE DL
Liz Sayce OBE (Chairman)
Dave Prentis (joined the committee in 2010-11)

Senior Leadership Team Remuneration Policy

The Pay strategy is based on remuneration principles which are designed to:

- Make significant contribution to the continuous improvement and success of the UK Commission
- Develop a close link between reward and business strategy
- Improve the recruitment and retention of high calibre staff
- Reward staff appropriately for their contribution
- Provide incentives for improved performance
- Assist in the identification of development needs
- Provide an affordable framework that satisfies the needs of the business and the requirements of BIS under the delegated pay guidelines

The Pay strategy for the Senior Leadership team is the same as for all permanent staff with the exception of the Chief Executive, whose pay arrangements were determined by BIS with the input from the UK Commission Chairman and Management Committee within the context of Government guidance.

The following information is subject to audit.

Disclosure of Salary and Benefits in kind for the year ended 31 March 2011
(audited information)

Name	2010-11 Salary including allowances and benefits in kind in pay bands for the year	2010-11 Performance pay ¹	2010-11 Voluntary exit ²	2009-2010 Salary including allowances and benefits in kind in pay bands for the year	2009-10 Performance pay ¹
	£000's	£000's	£000's	£000's	£000's
Executive Directors³					
Sir Mike Rake ⁴	50-55	-	-	80-85	-
Chris Humphries CBE ⁵	125-130	10-15	-	165-170	35-40
Charlie Mayfield ⁶	10-15	-	-	-	-
Michael Davis ⁷	90-95	0-5	-	-	-
Senior Leadership Team					
Cay Stratton CBE	-	-	-	40-45	-
Professor Mike Campbell OBE	90-95	5-10	70-75	90-95	5-10
Simon Perryman	85-90	5-10	-	85-90	5-10
Jerry Lloyd	80-85	0-5	85-90	85-90	0-5
Kay Dickinson	85-90	5-10	-	85-90	5-10
Geoff Fieldsend	85-90	0-5	80-85	85-90	0-5
Michael Davis	-	-	-	85-90	-
Non Executive Directors					
Liz Sayce OBE ⁸	5-10	-	-	5-10	-
Sarah Anderson CBE	-	-	-	0-5	-

No other Non-Executive Directors received any compensation from the UK Commission. No early termination payments were paid or accrued in respect of the 2009-10 financial year. Early termination payments in 2010-11 were recognised in 2010-11 but paid in 2011-12. The payments were calculated and paid in line with the approved Principal Civil Service terms for voluntary exits.

¹ The performance pay for 2010-11 relates to performance in respect of 2009-10. Similarly the 2009-10 figure relates to the 2008-9 performance year.

² Voluntary exit relates to termination payments under a voluntary exit scheme for staff and 3 months compensation in lieu of notice. All staff accepted for voluntary exit left in 2011-12. Professor Mike Campbell left 31 May 2011, Jerry Lloyd left 21 April 2011, and Geoff Fieldsend will leave on 31 July 2011. The payments were made directly to the individual or to the pension fund depending on the individual circumstance. Compromise agreements are signed by all leavers under the scheme. As Geoff Fieldsend will be leaving on 31 July his agreement is the only one yet to be signed.

³ Statutory Directors Chris Humphries and Michael Davis were the only Statutory Directors of the Company to receive any pension entitlement.

⁴ 2010-2011 figure is for the 8 month period to November 2010. The annual salary was £81K.

⁵ 2010-2011 figure is for the 9 month period to December 2010. Chris Humphries left at the end of his fixed term contract. There were no exit payments made to him although he may receive a performance-related bonus in 2011-12 in relation to his performance for the 9 months of 2010-11. This figure has yet to be confirmed. The annual salary was £167K.

⁶ 2010-2011 figure is for the 4 month period to March 2011. The figure represents the amount paid to John Lewis Partnerships for making available his services as Chair of the UK Commission. The annual fee is £28K plus VAT.

⁷ 2010-2011 figure represents the full year salary for Michael Davis as part of the Senior Leadership Team to the middle of November 2010 and as Interim Chief Executive from this period to 31 March 2011. The annual salary as Interim Chief Executive is £105,500.

⁸ Represents the amount paid to Royal Association for Disability and Rehabilitation ("RADAR") for making available her services as a Non-Executive Director to the UK Commission.

Pension entitlements for the year ended 31 March 2011 (Audited Information)

Name	Value as at 31/03/11 of the Accrued Pension and related lump sum at pension age in pay bands £000's	Real increase in period of pension and related lump sum at pension age in pay bands £000's	CETV as at beginning of period £000's	Real increase in CETV during the period as funded by employer £000's	CETV as at end of period £000's	Employer contribution to Partnership Pension account £000's
Executive Directors¹						
Sir Mike Rake	-	-	-	-	-	-
Charlie Mayfield	-	-	-	-	-	-
Chris Humphries CBE	-	-	-	-	-	31
Michael Davis	0-5	0-2.5	13	10	28	-
Senior Leadership Team						
Kay Dickinson	80-85 ²	0-2.5	325	6	361	-
Simon Perryman	40-45	0-2.5	717	-	778	-
Geoff Fieldsend	30-35	0-2.5	435	5	477	-
Jerry Lloyd	20-25	2.5-5	364	42	436	-
Professor Mike Campbell OBE	5-10	0-2.5	133	22	161	-

¹Statutory Directors. Chris Humphries and Michael Davis were the only Statutory Directors of the Company to receive any pension entitlement. Chris Humphries left the UK Commission on 31 December 2010.

²The value as at 31/03/11 includes a lump sum figure of £62,963. Real increase in the period includes £1,357 relating to lump sum.

Unaudited Information

Performance Pay Awards

Staff Appraisal interviews take place across the UK Commission to determine the level of achievement against personal objectives. These take into account the values and behaviours applied in the course of achieving the objectives. Performance is assessed against the following criteria:

- Outstanding
- Superior
- Successful
- Needs improvement
- Needs significant improvement

The performance of all staff, including Senior Managers, is evaluated through the Individual Performance and Development (IPaD) framework.

The performance levels awarded will determine the level of pay increase and /or bonus. The Senior Leadership Team pay awards are agreed by the Management Committee, subject to recommendations from the Chief Executive. The Chief Executive's pay award is agreed by BIS on the recommendation of the Management Committee and the Chairman. If the performance level is assessed as below expectations then no bonus or pay increase is awarded.

Senior Staff Employment Policy

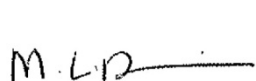
The Senior Leadership Team members are normally on a permanent contract basis in line with all other employees. The notice period they are required to serve in the event they wish to leave is six months. The UK Commission has no specific policy in respect of termination payments for senior managers.

Senior Staff Service Contracts

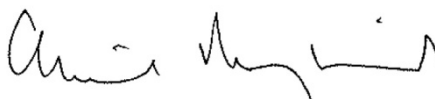
Name	Start date of contract	End of contract date
Chris Humphries CBE	1 January 2008	31 December 2010
Kay Dickinson	1 April 2008 ¹	
Geoff Fieldsend	1 April 2008 ¹	31 July 2011
Simon Perryman	1 April 2008 ¹	
Professor Mike Campbell OBE	1 April 2008 ¹	31 May 2011
Jerry Lloyd	1 April 2008 ¹	21 April 2011
Michael Davis	1 March 2009	

¹Contract was transferred from SSDA under a COSOP arrangement from SSDA on 1 April 2008.

On behalf of the Board



M Davis
Interim Chief Executive



C Mayfield
Chairman

27 June 2011
Date

Accounting Officer's and Chairman's Statement of Responsibilities

The Directors and Chief Executive are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

The financial statements are required by law, by the Accounts Direction and HM Treasury directives, to give a true and fair view of the state of affairs of the company and of the surplus or deficit of the UK Commission for that period. In preparing those financial statements, the Directors are required to:

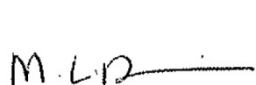
- Select suitable accounting policies and then apply them consistently
- Make judgments and estimates that are reasonable and prudent
- State whether guidance in the HM Treasury directives and applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the UK Commission will continue in operation. The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 and the Accounts Direction. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as directors are aware:


- There is no relevant audit information of which the company's auditors are unaware; and
- The directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

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

On behalf of the Board.



M Davis
Interim Chief Executive



C Mayfield
Chairman

27 June 2011
Date

Statement on Internal Control

Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the UK Commission's policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money.

In addition, in my capacity as Accounting Officer and Interim Chief Executive I meet with all sponsors on a quarterly basis where they receive and challenge our quarterly performance reports which include performance reporting in relation to the UK Commission's internal controls as well as the UK Commission's organisational risk register.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of departmental policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. This system covers both the risks in respect of the UK Commission's delivery as well as the risks in respect of relevant Sector Skills Council delivery. The system of internal control has been in place in the UK Commission for Employment and Skills for the year ended 31 March 2011 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

Capacity to handle risk

The UK Commission for Employment and Skills is fully committed to achieving influence and impact in pursuit of its goals and meeting its legal, financial and other obligations by managing risk efficiently and effectively.

The Commission takes the lead in sponsoring and promoting effective risk management by agreeing the direction of the UK Commission, its focus and by setting out how much risk is acceptable (the 'risk appetite') to guide the executive management groups. The Commission delegated some of this work to the Management and Audit Committees. The Management Committee reviewed and approved the Risk Management Policy and reported on the level of exposure from corporate risks. The Audit Committee reviewed and approved the Risk Management Process Guide, overseeing its implementation with the assistance of internal auditors. Reviews of these policies and guides are carried out annually and additionally if required to ensure continual improvement with changes endorsed by the appropriate Committee and disseminated to staff via the intranet. From June 2011 the Audit Committee has been replaced by an Audit and Risk Group who will provide assurance that there is an appropriate framework of internal control operating effectively in all areas of risk management and the Management Committee has been replaced by the Strategic Management Group which will have responsibility for approving any changes to the Risk Management Policy and reporting on the level of exposure from corporate risks and escalated Priority and Executive Objective risks.

In the year up to 31 March 2011 a joint Senior Leadership Team & Senior Management Board drove operational management across the UK Commission, with the assistance and guidance of the Finance and Performance team and additional support embedded in the Risk Management Process Guide and accompanying templates which are available to all staff through the intranet. They met on a monthly basis to review risks, ensuring a consistent approach across the organisation and appropriate risk escalation; to share learning and good practice; and to make decisions on the management of risks. Going forward into 2011-12 the Executive Leadership Team together with the Priority and Executive Objective leads will drive the operational management of risk.

Key changes to the content and format of the Committees have been in response to our new remit and to reflect the wider changes in the role of the UK Commission rather than as a result of improvement in terms of governance.

The risk and control framework

In managing risk the UK Commission follows best practice in the identification, assessment and control of risk in making decisions and in delivering its strategic and business plans. Our Risk Management Policy and accompanying Process Guide have been developed using Office of Government Commerce guidance and drawing on practical experience from other organisations to provide all staff with a simple and robust means for identifying, assessing, managing and reviewing risks in a consistent manner across the organisation. The Policy and Process Guide documents the role and responsibilities of the Commission and its Committees, executive management groups, and staff.

The Risk Management Policy also documents our Risk Appetite which is determined according to the categorisation of a risk's impact and gives guidance on the highest level of risk that is acceptable for that category of impact. This is designed to encourage appropriate, well-managed risk taking to maximise the effectiveness and impact of the UK Commission and make the most of opportunities to deliver greater benefits.

Risk is embedded in the organisation through the planning and performance reporting processes. Managers are encouraged to identify and evaluate risks (against criteria given in the Process Guide) through project initiation, contracting and procurement processes, and then to manage and review risks regularly as the work progresses. Risks are managed by assigned risk owners initiating appropriate mitigating controls to reduce the likelihood and/or impact of the risk. Assurance measures are identified to help evaluate the effectiveness of the controls and contingency plans identified in case the controls fail to sufficiently mitigate the risk. Regular review and reassessment allows the success of controls to be confirmed and the effect of changing external factors to be considered.

Up to 31 March 2011 each Directorate, team and/or project maintained a risk register from which risks were escalated to the Senior Leadership Team & Senior Management Board via the monthly performance scorecard if they became High or Critical and/or if they exceed their Risk Appetite. The forward look in the monthly performance report also included a consideration of the risk to delivery for each project. In 2011-12 the process will be similar but risks will be escalated by those responsible for each Priority or Executive objective to the Executive Leadership team and relevant Commissioner group where appropriate.

The Employer Engagement Directorate had responsibility for oversight of the performance and funding of Sector Skills Councils in 2010-11. The Directorate maintained control through regular performance reviews, a rolling programme of financial control health checks of Sector Skills Councils and quarterly risk-based financial viability and control assessments. Any significant issues or imminent risks identified were escalated immediately to relevant directors and, if appropriate the Employer Engagement Committee, in addition to escalating risks through the UK Commission's risk management process. In 2011-12, the responsibility for oversight of the performance and funding of Sector Skills Councils will be managed by the relevant Executive Objective lead with any significant issues or imminent risks being escalated immediately to relevant directors and, if appropriate, the Strategic Management Group.

In addition we maintain, and keep under monthly review, a Corporate Risk Register containing strategic and significant risks identified as affecting the UK Commission, the achievement of its objectives and the delivery of its work programme. The Audit Committee undertook detailed reviews of the top Corporate Risks. This role is now the responsibility of the Audit and Risk Group.

Risk status forms a key part of our monthly and quarterly performance reports to the Executive Leadership Team, respective Commissioner Groups and to Sponsors.

Risk of fraud

We define fraud to include misuse of equipment and copyright infringement. The risk of fraud is minimised in accordance with HM Treasury guidance and by implementing a range of internal controls including IT acceptable usage policy and financial controls with segregation of duties, set authorization limits and robust contracting and procurement processes. This is supported by the Fraud policy and Fraud response plan, and backed up by a Whistle blowing policy. The effectiveness of the internal controls is monitored and regularly reviewed through the Corporate Risk Register and up to 31 March 2011, operational (Directorate or team) risk registers as appropriate. For 2011-12 the

risk registers will be maintained by Priority or Executive Objective. In addition a formal internal assessment of fraud risks relating to the organisation was undertaken and documented in March and was reviewed by the Director of Corporate Services.

Information risks

Risks to information held by the UK Commission are addressed by two approaches – technical and cultural.

Technical controls are used to safeguard information from unauthorised access and from information systems failure. Information is secured from unauthorised access through a range of security software and hardware features, including encryption software on laptops and robust firewall arrangements. There is a comprehensive security back-up arrangement, which includes daily back-ups sent off site to secure vaults. Hardware and software maintenance contracts, including disaster recovery services, are used to mitigate information loss through systems failure with a graded response proportionate to the threat. In addition the Cabinet Office Security Policy Framework review has been completed and an independent challenge and review of the Framework will be undertaken during 2011-12.

The technical measures are supported by cultural controls through the ICT security and acceptable usage policies. Protocols forbid the removal of any personal information from the server and briefings have been held for all staff to ensure that they understand the policies and their responsibilities under the Data Protection Act. A number of staff have passed accredited courses in Freedom of Information and Data Protection Act requirements.

Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the UK Commission who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. As part of this review, I have gained assurance from the 'satisfactory' or 'good' rating Internal Audit provided on governance, risk management and control in the UK Commission during 2010-11. And I can confirm that there were no material control issues raised in year in either the Commission or the Sector Skills Councils that had a significant impact on the UK Commission or BIS. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the board, the Audit Committee and Management Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place. It is further informed by the UK Commission's executive management groups who have responsibility for the development, maintenance and recommendations regarding the risk management policy and process.

My review of the effectiveness of internal control with respect to Sector Skills Councils during the period was informed by the Employer Engagement Committee and the Management Committee who guided the process of funding, performance management and licensing of the Sector Skills Councils, further advised by financial control health checks carried out by external resource and internal audit.

I have been advised on the implications of the result of my review of the effectiveness of the system of internal control in the UK Commission by the Commission, and specifically the Audit & Risk Committee and the Management Committee, and plans to address weaknesses/issues identified and ensure continuous improvement of both the systems in place and the internal control environment are in place.

The effectiveness of internal control was monitored and discussed by the Senior Management Board and Senior Leadership Team through monthly performance reports prepared by the Finance and Performance team. Each quarter a quarterly performance report was prepared for the Management Committee who, on behalf of the board, oversaw the operations of the UK Commission. The performance reports included the current status of all corporate risks, updates on work to improve management and governance, and actions arising from internal and external audits. The Management Committee worked closely with the Audit Committee who regularly reviewed all internal and external audit reports and follow-up actions and conducted in-depth review of specific risks.

As Accounting Officer I have had responsibility for ensuring that there are effective systems in place to manage and monitor all budgets delegated to me since 19 January 2011. Prior to this date Chris

Humphries was Accounting Officer and as part of the transfer of responsibilities to me, he signed an interim Statement on Internal Control for the period up to this point of transfer of responsibilities.

On the basis of the above, and the interim Statement on Internal Control signed by Chris Humphries, I can confirm that all budgets that I am responsible for are managed and monitored in line with the Department's financial rules and procedures, that there are effective systems in place to manage and monitor budgets, and that accurate financial records are maintained. I also confirm that budgets have been spent on achieving the outputs and outcomes detailed in our grant letter.

Interim Chief Executive

On behalf of the Board.



M Davis
Interim Chief Executive

27 June 2011
Date

The Certificate and Report of the Comptroller and Auditor General to the Members of the UK Commission for Employment and Skills

Registered Company number 6425800

The certificate and report of the Comptroller and Auditor General to the members of the UK Commission for Employment and Skills

I certify that I have audited the financial statements of the UK Commission for Employment and Skills for the year ended 31 March 2011 under the Government Resources and Accounts Act 2000. These comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Reserves and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as adopted by the European Union. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the directors and auditor

As explained more fully in the Accounting Officer's and Chairman's Statement of Responsibilities, the directors and Accounting Officer are 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 Government Resources and Accounts Act 2000. I conducted my audit in accordance with the 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 company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; 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.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Opinion on Regularity

In my opinion, in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions 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 company's affairs as at 31 March 2011 and of its net expenditure for the period then ended.
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- have been prepared in accordance with the Companies Act 2006.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with the Government Financial Reporting Manual; and
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters for 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
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records or returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- I have not received all of the information and explanations I require for my audit; or
- the Statement on Internal Control 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
National Audit Office
157-197 Buckingham Palace Road
Victoria, London, SW1W 9SP

5 July 2011
Date

Registered Company number 6425800

Statement of Comprehensive Net Expenditure

		For the year ended 31 March 2011	For the year ended 31 March 2010
	Note	£	£
Expenditure			
SSC Funding Costs	5	54,445,228	73,615,674
Delivery Activity Costs	6	6,723,370	6,909,308
Organisation Costs – Pay	7,13	7,274,716	6,004,869
Organisation Costs – Non Pay	9	2,600,812	2,592,058
Depreciation and amortisation	8	329,234	259,312
		<u>(71,373,360)</u>	<u>(89,381,221)</u>
Income			
Other grants and income	3	387,789	-
Net expenditure	2,10	(70,985,571)	(89,381,221)
Interest receivable	12	1	991
Taxation	11	69	7,695
Notional cost of capital	14	-	294,427
		<u>(70,985,501)</u>	<u>(89,078,108)</u>
Net expenditure after interest, taxation and cost of capital			

There were no recognised gains or losses other than the net expenditure for the year.
All operations are continuing.

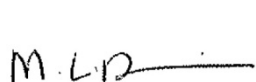
The accompanying accounting policies and notes form an integral part of these financial statements.

Registered Company number 6425800

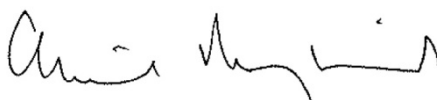
Statement of Financial Position

		As at 31 March 2011		As at 31 March 2010	
	Note	£	£	£	£
Non-current assets					
Property, plant and equipment	15	504,677		685,539	
Intangible assets	15	220,120		93,353	
Total non-current assets			724,797		778,892
Current assets					
Trade and other receivables	16	210,145		261,854	
Cash and cash equivalents	22	4,289		332,456	
Total current assets			214,434		594,310
Total assets			939,231		1,373,202
Current liabilities					
Trade and other payables	17	(7,787,586)		(8,215,005)	
Other liabilities – corporation tax	18	-		(277)	
Total current liabilities			(7,787,586)		(8,215,282)
Assets less liabilities			(6,848,355)		(6,842,080)
General reserves			(6,848,355)		(6,842,080)

The financial statements were approved by the Board of Directors on 27 June 2011.



M Davis
Interim Chief Executive



C Mayfield
Chairman

The accompanying accounting policies and notes form an integral part of these financial statements.

Registered Company number 6425800

Statement of Cash Flows

		For the year ended 31 March 2011	For the year ended 31 March 2010
	Note	£	£
Net cash outflow from operating activities	20	(70,986,084)	(91,789,811)
Capital expenditure			
Purchase of tangible fixed assets		(135,218)	(292,587)
Purchase of intangible assets		(184,333)	(89,319)
Net cash outflow from capital expenditure		(319,551)	(381,906)
Financing			
Receipt of Grant-In-Aid funding	4	71,000,673	92,674,972
QCA receipt from prior year		(23,206)	(254,402)
Interest Received		1	991
(Decrease) / Increase in cash and cash equivalents	21, 22	(328,167)	249,844

The accompanying accounting policies and notes form an integral part of these financial statements.

Registered Company number 6425800

Statement of Changes in Reserves

		For the year ended 31 March 2011		For the year ended 31 March 2010	
		General reserves		General reserves	
	Notes	£	£	£	£
At start of period			(6,842,080)		(9,567,231)
Changes in reserves in the period					
Net expenditure after interest, taxation and cost of capital		(70,985,501)		(89,078,108)	
Non-cash charges – reversal of cost of capital credit	14	-		(294,427)	
Total recognised income and expense in the period			(70,985,501)		(89,372,535)
Grant-In-Aid financing	4		70,979,226		92,097,686
At end of period			(6,848,355)		(6,842,080)

The accompanying accounting policies and notes form an integral part of these financial statements.

Notes to the Accounts

1. Accounting Policies

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the European Union.

The UK Commission is a Non Departmental Public Body (NDPB) incorporated as a company. To comply with statutory requirements, these financial statements have also been prepared in accordance with the Companies Act 2006 and follow the principles in the Government Financial Reporting Manual (FReM) as issued by Her Majesty's Treasury (HMT) where these do not conflict with the Companies Act and the requirements of IFRS adopted by the EU.

So far as appropriate the financial statements meet the requirements stipulated by the Accounts Direction from the Department for Business, Innovation and Skills (BIS) which is the UK Commission's lead Sponsoring Department.

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 the UK Commission for the purpose of giving a true and fair view has been selected. The particular accounting policies adopted are described below. They have been consistently applied in dealing with items considered material in relation to the accounts.

Accounting Convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of intangible assets and property, plant and equipment as applicable.

Going concern

The accounts have been prepared on the going concern basis, which assumes that the UK Commission's activities will continue in operational existence for the foreseeable future. The validity of this assumption is dependent upon the continuation of support from the UK Commission's funder and in response to the progress made by the Commission in obtaining future funding confirmation. In the light of the Grant-in-Aid resource budget allocation provided by Government in the Grant-in-Aid letter for 2011-12, the Directors are comfortable that it will have sufficient cash to pay its liabilities as they fall due.

Segmental reporting

The UK Commission's expenditure is analysed, at the highest level of reporting, by segments whose operating results are presented to and reviewed by the Senior Leadership Team (SLT), the Senior Management Board (SMB) and the Management Committee on a monthly basis to assess financial performance and make decisions about resource allocation. The expenditure segments were chosen for regular management review on the basis of the Grant-in-Aid expenditure allocation laid out in the UK Commission's Grant-in-Aid letter. The funding budget is ring-fenced between funding for distribution to Sector Skills Councils, the UK Commission's own projects, and organisational running costs.

Income

The element of Grant-In-Aid to fund revenue expenditure is received by the UK Commission from its lead sponsoring department, the Department for Business, Innovation and Skills (BIS), and has been treated as financing as it is a Government contribution from the organisation's controlling party, giving rise to a financial interest. It is credited to general reserves in the period in which it is received. The element of Grant-In-Aid and grants relating to capital expenditure is also credited to general reserves in the period in which it is received in accordance with IAS 20 Government Grants.

1. Accounting Policies (continued)

Grant-In-Aid funding that is anticipated in respect of expenses incurred in the period over and above income already drawn is not accrued for. However BIS is committed to providing sufficient cash to fund the accrued expenditure as the liabilities fall due.

Non Grant-In-Aid funding and other income received, including the National Occupational Standard funding received from the QCA and SQA, is credited to income in the period to which it relates.

Cost recognition

Costs are recognised in the Statement of Comprehensive Net Expenditure on the earlier of the date of payment and the contractual delivery date. This policy is applied on a consistent basis for all expenditure including grant expenditure.

National Occupational Standards (NOS) Levy Income

From 30 September 2008, the Accounting Officer responsibility in respect of the NOS Levy transferred from QCA to the UK Commission and transactions have been reflected in the Statement of Comprehensive Net Expenditure from this point onwards.

The funding received from this date has been accounted for as financing in the same way as Grant-In-Aid, on the advice of BIS.

Foreign currency translation

(a) Functional and presentation currency

The financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the UK Commission operates.

(b) Transactions and balances

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the statement of financial position date.

Transactions in foreign currencies are translated into sterling at the exchange rate on the date of the transaction.

Exchange gains and losses arising at the point of payment are recognised in the Statement of Comprehensive Net Expenditure.

Taxation

The UK Commission pays tax on interest received.

Value Added Tax

In April 2010, the UK Commission became registered for VAT as a direct consequence of the transfer of the Investors in People business into the UK Commission. The UK Commission applies a partial exemption basis to the recovery of VAT.

Leases

Leases are classified as finance leases whenever the terms of the lease involve the substantial transfer of the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The total payments made under operating leases are charged to the Statement of Comprehensive Net Expenditure on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

Where property, plant and equipment have been financed by lease agreements under which substantially all the risks and rewards of ownership are transferred to the UK Commission, they are treated as if they have been purchased outright and classified as finance leases. Finance leases are

1. Accounting Policies (continued)

capitalised at the commencement of the lease at the lower of the present value of the minimum lease payments or the fair value of the leased asset. Finance charges payable are recognised over the period of the lease based on the interest rate implicit in the lease to give a consistent periodic rate of return.

Intangible assets

Computer software that is not integral to an item of property, plant or equipment is classified as an intangible asset and carried at fair value, after initial recognition at cost, where significantly different to depreciated historical cost.

Computer software assets are amortised over their estimated useful lives of three years.

Depreciated replacement cost is used as a proxy for fair value.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future service potential associated with the item will flow to the UK Commission and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Comprehensive Net Expenditure during the financial period in which they are incurred.

Any surplus arising on revaluation is recognised directly in a revaluation reserve within equity, except to the extent that the surplus reverses a previous revaluation deficit on the same asset recognised in the Statement of Comprehensive Net Expenditure, in which case the credit is to the Statement of Comprehensive Net Expenditure.

The depreciable amount of a revalued asset is based on its revalued amount. The revaluation surplus is not transferred to General Reserves until the asset's ultimate disposal.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the Statement of Comprehensive Net Expenditure.

Expenditure on the acquisition of intangible fixed assets is capitalised where these costs exceed £1,000 or where an asset forms part of a larger group that in total is more than £1,000.

Property, Plant and Equipment

Property, plant and equipment held for use in the production or supply of services, or for administrative purposes, is carried at fair value, after initial recognition at cost, where significantly different to depreciated historical cost.

Depreciated replacement cost is used as a proxy for fair value.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future service potential associated with the item will flow to the UK Commission and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Comprehensive Net Expenditure during the financial period in which they are incurred.

Any surplus arising on revaluation is recognised directly in a revaluation reserve within equity, except to the extent that the surplus reverses a previous revaluation deficit on the same asset recognised in the Statement of Comprehensive Net Expenditure, in which case the credit is to the Statement of Comprehensive Net Expenditure.

The depreciable amount of a revalued asset is based on its revalued amount. The revaluation surplus is not transferred to General Reserves until the asset's ultimate disposal.

Depreciation is charged so as to write off the cost or valuation of assets over their estimated useful lives, using the straight line method, on the following basis:

1. Accounting Policies (continued)

Improvements to leasehold property	Over the period of the lease
Information technology	3 years
Furniture and fittings	7 years
Equipment	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each Statement of Financial Position date. Assets that are subject to depreciation are reviewed at each reporting date to assess whether there is any indication that an asset may be impaired. An asset's carrying amount is written down immediately to its recoverable amount if the carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value (less costs to sell) and value in use.

Assets in the course of construction are carried at cost less any recognised impairment loss. Cost includes professional fees which are capitalised in accordance with the UK Commission's accounting policy. Depreciation of these assets commences when the assets are ready for their intended use.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the Statement of Comprehensive Net Expenditure.

Expenditure on the acquisition of property, plant and equipment is capitalised where these costs exceed £1,000 or where an asset forms part of a larger group that in total is more than £1,000.

Impairment of non-current assets

Property, plant and equipment and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

The UK Commission's non-current assets are non-cash-generating and 'value in use' is deemed to be the present value of the asset's remaining service potential, which can be assumed to be at least equal to the cost of replacing that service potential.

Contributions to pension fund

Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme which are described in Note 26. The defined benefit element of the scheme is unfunded and is non-contributory. The UK Commission recognises the expected cost of this element on a systematic and rational basis over the period during which it benefits from employees' services by payment to the Principal Civil Service Pension Scheme (PCSPS) of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS.

In addition there were also contributions to partnership pension plans in respect of one employee.

The costs of all employer pension contributions are charged to the Statement of Comprehensive Net Expenditure when incurred.

Provisions

Provisions are recognised when the UK Commission has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the Statement of Financial Position date, and are discounted to present value where the effect is material using a pre-tax discount rate. The amortisation of the discount is recognised as a finance cost.

1. Accounting Policies (continued)

Financial instruments

Financial assets and financial liabilities are recognised in the UK Commission's Statement of Financial Position when the UK Commission becomes a party to the contractual provisions of a financial instrument.

Financial assets

Financial assets held by the UK Commission are classified as loans and receivables at amortised cost. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the Statement of Financial Position date. These are classified as non-current assets.

Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short term receivables when the recognition of interest would be immaterial.

The UK Commission's loans and receivables comprise 'other receivables' and 'cash and cash equivalents' in the Statement of Financial Position.

Prepayments and other receivables held by the UK Commission as at 31 March 2011 are stated at cost less allowances made for doubtful receivables, where applicable, which approximates fair value given the short dated nature of these assets.

A provision for impairment of other receivables (allowance for doubtful receivables) is established when there is objective evidence that the UK Commission will not be able to collect all amounts due according to the original terms of the receivable.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and deposits held at call with commercial banks.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each Statement of Financial Position date. Financial assets are impaired where there is evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the Statement of Comprehensive Net Expenditure. If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the Statement of Comprehensive Net Expenditure to the extent that the carrying amount of the investment at the date the impairment is reversed and does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The UK Commission derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

1. Accounting Policies (continued)

Financial liabilities

Financial liabilities held by the UK Commission are classified as financial liabilities measured at amortised cost.

Financial liabilities measured at amortised cost are initially measured at fair value, net of transaction costs, and subsequently measured at amortised cost using the effective interest method.

The UK Commission's financial liabilities comprise trade payables, other payables, accruals and deferred income.

All financial liabilities held by the UK Commission as at 31 March 2011 are short-term in nature and are held at cost. The Directors consider the carrying value of these financial liabilities to be a reasonable approximation of their fair value.

Derecognition of financial liabilities

The UK Commission derecognises financial liabilities when, and only when, the UK Commission's obligations are discharged, cancelled or they expire.

Period Covered By Financial Statements

This set of accounts covers the twelve months period to 31 March 2011.

Key accounting estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances. Actual results could differ from these estimates. These underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if these are also affected. Management has made estimates and assumptions in these financial statements in the areas described below:

- development expenditure incurred on the talentmapTM programme and the liP related web tools has been charged to the Statement of Comprehensive Net Expenditure rather than being capitalised because it does not fulfil SIC 32's asset recognition criteria. Specifically the talentmapTM website and associated tools and the 'Compare and Learn' Investors In People related web tool do not facilitate online applications and falls short in the interactive public service test of SIC 32 Intangible Assets – Web Site Costs.
- the useful lives and expected pattern of consumption of the future service potential embodied in non-current assets
- the fair value of non-current assets; and
- the fair value of financial assets and financial liabilities.

None of the above-mentioned estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

New standards, amendments and interpretations not yet effective

The following standards were in issue but not yet effective and have not been adopted in these financial statements:

- IFRS 7 'Financial Instruments: Disclosures' – Amendment. This amendment explains the reason for providing qualitative and quantitative disclosures on risks and the benefits to users of financial statements of being able to link the two. The amendment is effective for period commencing on or after 1 January 2011. The Directors do not believe this revision will have a significant impact on the UK Commission.
- IFRS 9 'Financial Instruments' simplifies the classification and measurement of financial assets, removing the numerous categories of financial asset specified in IAS 39, and resulting in one impairment method. The standard is effective for periods commencing on or after 1

1. Accounting Policies (continued)

January 2013. The Directors do not believe this revision will have a significant impact on the UK Commission.

Other new standards will not be adopted as they will not have an expected material impact on the financial statements of the UK Commission.

2. Analysis of Net Expenditure by Segment

As a NDPB with no material funding apart from the Grant-in-aid provided by Sponsors, the focus for the UK Commission is on working within the available Grant-in-Aid provided and extracting maximum value for money from programmes undertaken. Hence the primary focus of the UK Commission's Management is on controlling expenditure within budget as opposed to emphasis on revenue streams.

The UK Commission's expenditure is analysed, at the highest level of reporting, by segments whose operating results are regularly reviewed by the Senior Leadership Team (SLT) and the Senior Management Board (SMB) to assess financial performance and make decisions about resource allocation.

The Senior Leadership Team is the primary chief operating decision maker for the UK Commission and is supported on an operational level by the Senior Management Board. The Commissioners, through the Management Committee, have oversight of decisions made by the Senior Leadership Team.

The segments shown below are based on the highest level of breakdown shown in the UK Commission's Finance Report which is presented to and reviewed by the Senior Leadership Team and the Senior Management Board on a monthly basis and to the UK Commission's sponsor Departments and Management Committee on a quarterly basis.

The expenditure segments shown below were chosen for regular management review on the basis of the Grant-in-Aid expenditure allocation laid out in the UK Commission's Grant-in-Aid letter. The funding budget is ring-fenced between funding for distribution to Sector Skills Councils, the UK Commission's own projects, and organisational running costs. The elements of the reconciliations are defined as follows:

- The UKCES Programme Activity segment represents the costs of projects carried out by the various directorates within the UK Commission to support the priorities contained in the Grant-in-Aid letter and the UK Commission's business plan. This activity excludes funding provided to Sector Skills Councils and Standard setting bodies.
- The SSC Programme Activity segment represents the funding granted to Sector Skills Councils and other standard setting organisations to support the delivery of UK Commission priorities. The majority of the funding is provided as strategic funding to help support the cost of their core activity as Sector Skills Councils. The remaining funding is provided to mainly support delivery of specific Qualification Reform related projects in both Sector Skills Councils and Standard setting bodies. All grant programmes have specific guidelines and all applicants are subject to a formal process of assessment and approval.
- The Organisational Administration activity is the cost of running the UK Commission and includes all staff salary costs and associated staff related costs as well as organisational systems, administration and control costs.
- Capital Expenditure represents funds allocated to non-current asset expenditure for the period to 31 March 2011.
- Depreciation and Finance. This segment comprises the depreciation charge for the year and finance charges.

2. Analysis of Net Expenditure by Segment (continued)

Reconciliation of Operational and Capital expenditure in the 2010-11 Finance Report to the Statement of Comprehensive Net Expenditure:

£000's	UKCES Programme activity	SSC Programme activity	Organisational administration activity	Capital Expenditure & Other income	Depreciation and Financing	Total
Expenditure/ Cap Ex/ Income per the 2010-11 Finance Report	6,873	54,445	9,685	(120)	352	71,235
Add/ (Less): Adjusting items	(150)	-	191	(268)	(23)	(250)
Net Expenditure per the Statement of Comprehensive Net Expenditure	6,723	54,445	9,876	(388)	329	70,985

Reconciliation of Operational and Capital expenditure in the 2009-10 Finance Report to the Statement of Comprehensive Net Expenditure:

£000's	UKCES Programme activity	SSC Programmes activity	Organisational administration activity	Capital Expenditure & Other income	Depreciation and Financing	Total
Expenditure/ Cap Ex per the 2009- 10 Finance Report	6,909	73,616	8,605	382	172	89,684
Less: Adjusting items	-	-	(8)	(382)	87	(303)
Net Expenditure per the Statement of Comprehensive Net Expenditure	6,909	73,616	8,597	-	259	89,381

The finance report reviewed by the Senior Leadership Team and Senior Management Board only shows expenditure analysed by segment.

Adjusting items are for adjustments that are shown in the statutory accounts but not included within the Management accounts or vice-versa.

3. Other grants and income

	For the year ended 31 March 2011	For the year ended 31 March 2010
	£	£
liP License Income	387,789	-

4. Grant-In-Aid

	For the year ended 31 March 2011	For the year ended 31 March 2010
	£	£
Grant-In-Aid received:		
From BIS ¹	70,977,467	92,405,570
NOS Levy received from QCA from prior year ²	23,206	269,402
	71,000,673	92,674,972
Add: Non-Cash Related Funding		
Grant-In-Aid receivable from QCDA after 31 March ³	1,759	43,538
	1,759	43,538
Less: Grant-in-Aid Allocated to Finance Statement of Financial Position Items		
Allocated to fund the payment of liabilities transferred from SSDA	-	(366,422)
NOS Levy received from QCA from prior year ³	(23,206)	(254,402)
	(23,206)	(620,824)
Transfer to general reserves	70,979,226	92,097,686

5. SSC Funding costs

	For the year ended 31 March 2011	For the year ended 31 March 2010
	£	£
Strategic Core Funding – Public sector	4,411,877	5,699,000
Strategic Core Funding – Private sector	40,946,508	41,947,172
Project Funding – Public sector	412,969	2,089,441
Project Funding – Private sector	8,673,874	23,880,061
	54,445,228	73,615,674

Public sector comprises any organisation that is sitting within a Health Trust, a NDPB or a Government Department.

¹ Funding received from BIS on behalf of Co-Sponsors.

² Funding received from QCA, representing the balance of NOS Levy funds transferred to the UK Commission.

³ Income due from QCDA in respect of the NOS levy that was received by the UK Commission post year end.

6. Delivery Activity Costs

	For the year ended 31 March 2011	For the year ended 31 March 2010
	£	£
Due Diligence	98,186	29,110
Legal and Professional	51,483	150,553
Quality Assurance	94,300	132,105
IT Consultancy	842,727	894,801
Research & Evaluation	4,494,915	2,505,147
Communications, Public Affairs & Events	390,226	1,380,443
Publications	293,853	393,371
Policy Development	83,544	369,022
Project Management	374,136	1,054,756
	6,723,370	6,909,308

7. Organisations Costs – Pay

	For the year ended 31 March 2011	For the year ended 31 March 2010
	£	£
Permanent Staff	7,145,858	5,540,625
Temporary Staff	128,858	464,244
	7,274,716	6,004,869

8. Depreciation and Amortisation

	For the year ended 31 March 2011	For the year ended 31 March 2010
	£	£
Amortisation	57,566	30,062
Depreciation	271,668	229,250
	329,234	259,312

9. Organisation Costs – Non-Pay

	For the year ended 31 March 2011	For the year ended 31 March 2010
	£	£
Staff Development & Other Staff Costs	252,423	258,176
Travel & Subsistence	654,966	621,207
Meetings, Conferences & Events	91,284	75,923
Printing, Stationery & Advertising	101,915	80,836
Equipment & Systems	257,858	130,939
Communication Charges	208,550	136,442
Professional & Recruitment Fees	277,234	555,361
Accommodation & Facilities	700,425	729,758
Fixed assets written off	44,412	-
Financing & Bank Charges ¹	11,745	3,416
	2,600,812	2,592,058

¹ Included in Financing & Bank charges are fruitless payments of £10,014. Refer to Note 33 Losses and Special Payments.

10. Net expenditure

Net expenditure is stated after charging:

	For the year ended 31 March 2011	For the year ended 31 March 2010
	£	£
Amortisation	57,566	30,062
Depreciation	271,668	229,250
Fixed assets written off	44,412	-
Auditors remuneration – external audit	29,000	50,000 ¹
Redundancy costs	572,441	-
Operating lease rentals – buildings	474,190	398,543
Operating lease rentals – other	17,787	11,597

11. Taxation

	For the year ended 31 March 2011	For the year ended 31 March 2010
	£	£
Taxation due brought forward	277	31,421
Taxation paid during the year	(208)	(23,449)
Net expenditure charge during the year	(69)	(7,695)
Taxation due carried forward	-	277

Taxation relates to tax on interest received, calculated at the standard rate of corporation tax of 28% of the interest received during the period.

12. Interest Receivable

	For the year ended 31 March 2011	For the year ended 31 March 2010
	£	£
Interest received	1	991

13. Directors and Employees

	For the year ended 31 March 2011	For the year ended 31 March 2010
	£	£
Salaries	5,762,266	4,446,771
Social security costs	420,746	378,240
Other pension costs	939,643	784,495
Inward Seconded, loan and temporary staff	152,061	395,363
	7,274,716	6,004,869

Average number of employees during the year were as follows:

	For the year ended 31 March 2011	For the year ended 31 March 2010
	£	£
Company Directors (Chair and Chief Executive)	1.1	1.1
Direct employees	119.4	96
Agency staff	5.0	9.4
Inward Seconded staff	2.0	3.3
Outward Seconded staff	-	0.3
	127.5	110.1

¹ This is made up of £11,500 additional cost of prior year audit, £10,000 to audit the restatement of prior year figures under IFRS and £28,500 to cover the 2009-10 audit.

13. Directors and Employees (continued)

Directors' Emoluments

	For the year ended 31 March 2011	For the year ended 31 March 2010
	£	£
Sir Mike Rake (Chair) ¹	50,932	83,250
Charlie Mayfield (Chair) ²	12,258	-
Chris Humphries (Chief Executive) – Salary and performance pay ³	139,252	203,973
Chris Humphries (Chief Executive) – Partnership Pension	31,473	41,750
Michael Davis (Interim Chief Executive) – Salary	35,489	-
Liz Sayce ⁴	5,288	5,175
Sarah Anderson CBE	-	3,130

Voluntary Exit Scheme

In the last quarter of 2010-11 the UK Commission embarked on a voluntary exit scheme in order to reduce the cost base of the UK Commission for 2011-12 and beyond in light of the funding available. The terms of this scheme were in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. The total exit package cost (the severance cost, 3 month's compensation in lieu of notice and the relevant national employers insurance) was accrued for in 2010-11 in relation to those staff who had applied to exit in 2010-11 and the organisation had accepted their offer.

Voluntary redundancy exit costs for those who applied in 2010-11 and were accepted amounted to £572,441 (2009-10: £Nil). The total number exit packages (cost excludes employers NI) were as follows:

Exit package cost £000's	Number of staff
0-10	2
10-25	4
25-50	4
50-100	4
Total	14

14. Cost of Capital

	For the year ended 31 March 2011	For the year ended 31 March 2010
	£	£
Cost of Capital charge	-	294,427

As from 1 April 2011, the UK Commission no longer discloses the cost of capital charge. This change in the accounting policy relating to the cost of capital charge is in accordance with the FReM. The amounts involved are not considered material to warrant the adjustment of prior year figures.

¹ 2010-11 figure reflects compensation up to November 2010.

² Paid to John Lewis Partnership, not Charlie Mayfield directly.

³ 2009-10 figure includes £35k bonus paid in respect of performance in period to 31 March 2009. 2010-11 figure includes £13k bonus in respect of 2009-10. No bonus has yet been paid for the year ended 31 March 2011. Chris Humphries left at 31 December 2010 in line with the end of his fixed term contract. He has not received any termination payment.

⁴ Paid to The Royal Association for Disability and Rehabilitation, not Liz Sayce directly.

15. Non-current assets

Property, plant and equipment

For the year ended 31 March 2011

	Equipment £	Information Technology £	Furniture and Fittings £	Total £
Cost				
At 1 April 2010	4,030	780,777	241,886	1,026,693
Additions	-	125,521	9,697	135,218
Assets written off	-	(115,161)	-	(115,161)
At 31 March 2011	4,030	791,137	251,583	1,046,750
Depreciation				
At 1 April 2010	1,140	268,300	71,714	341,154
Charge for the year	736	237,940	32,992	271,668
Eliminated on assets write off	-	(70,749)	-	(70,749)
At 31 March 2011	1,876	435,491	104,706	542,073
Net book amount				
At 31 March 2011	2,154	355,646	146,877	504,677

For the year ended 31 March 2010

	Equipment £	Assets Under Construction £	Information Technology £	Furniture and Fittings £	Total £
Cost					
At 1 April 2009	4,030	260,661	265,033	204,382	734,106
Transfer	-	(260,661)	260,661	-	-
Additions	-	-	255,083	37,504	292,587
At 31 March 2010	4,030	-	780,777	241,886	1,026,693
Depreciation					
At 1 April 2009	409	-	77,828	33,667	111,904
Change for the year	731	-	190,472	38,047	229,250
At 31 March 2010	1,140	-	268,300	71,714	341,154
Net book amount					
31 March 2010	2,890	-	512,477	170,172	685,539

15. Non-current assets (continued)

Intangible assets	At 31 March 2011
	£
Cost	
At 1 April 2010	149,042
Additions	184,333
Assets written off	(6,490)
At 31 March 2011	<u>326,885</u>
Amortisation	
At 1 April 2010	55,689
Provided in the year	57,566
Eliminated on Assets write off	(6,490)
At 31 March 2011	<u>106,765</u>
Closing net book amount at 31 March 2011	<u>220,120</u>
Intangible assets	At 31 March 2010
	£
Cost	
At 1 April 2009	59,723
Additions	89,319
At 31 March 2010	<u>149,042</u>
Amortisation	
At 1 April 2009	25,627
Provided in the period	30,062
At 31 March 2010	<u>55,689</u>
Closing net book amount at 31 March 2010	<u>93,353</u>

16. Other current assets

	At 31 March 2011	At 31 March 2010
	£	£
Prepayments	40,315	218,294
Trade, VAT & other receivables	147,717	-
Owing From Other Government Bodies	22,113	43,560
	<u>210,145</u>	<u>261,854</u>

17. Trade and other payables

Amounts falling within one year

	At 31 March 2011	At 31 March 2010
	£	£
Trade payables	1,990,147	190,658
Owing to Other Government Bodies ¹	267,724	427,804
Accruals – Sector Skills Councils & Other Standard Setting Bodies ²	2,561,485	4,613,612
Accruals – Untaken leave	117,021	82,689
Accruals – Other	2,851,209	2,900,242
	<u>7,787,586</u>	<u>8,215,005</u>

Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade payables is 11 (2009-10: 9). The Commission has financial risk management policies in place to ensure that all payables are paid within the internal credit timeframe.

Accruals for untaken leave are calculated based on employee leave days outstanding as at 31 March 2011.

18. Other liabilities – corporation taxation

	At 31 March 2011	At 31 March 2010
	£	£
Corporation Tax	-	277

The corporation taxation liability relates to tax on interest received. The calculation is based on 28% of the interest received during the period.

19. General Reserves

Clause 5 of the Memorandum of Association of the company requires that the income of the company be applied solely towards the promotion of the objectives of the company and prohibits its distribution directly or indirectly, by way of a dividend, bonus or otherwise by way of profit to the members of the company provided that nothing shall prevent the company from making payment in good faith at a reasonable proper rate to any member, officer or servant of the company in respect of remuneration for services rendered, interest on monies lent, rent for premises demised or reimbursement of out-of-pocket expenses.

¹ Includes £90,747 pension contribution owing to Cabinet Office Civil Superannuation (2009-10: Nil).

² Accruals in relation to Sector Skills Councils and Standard Setting Bodies are for contracted milestones with a delivery date on or before 31 March 2011.

20. Net cash outflow from operating activities

	At 31 March 2011	At 31 March 2010
	£	£
Net Expenditure after interest, taxation and cost of capital	(70,985,501)	(89,078,108)
Adjustment for cost of capital credit	-	(294,427)
Interest received	(1)	(991)
Tax credit recognised in Statement of Comprehensive Net Expenditure	(69)	(7,695)
Grant-in-Aid receivable after 31 March 2011	1,759	-
Fixed assets written off	44,412	-
Amortisation	57,566	30,062
Depreciation	271,668	229,250
Tax paid	(208)	(23,449)
Decrease in debtors	51,709	55,537
Decrease in creditors excluding capital liabilities	(427,419)	(2,333,568)
Payments made in relation to SSDA liabilities transferred	-	(366,422)
Net cash outflow from operating activities	(70,986,084)	(91,789,811)

21. Reconciliation of net cash flow to movement in net funds

	At 31 March 2011	At 31 March 2010
	£	£
Net cash at the beginning of period	332,456	82,612
(Decrease)/ Increase in cash in the period	(328,167)	249,844
Net cash at end of period	4,289	332,456

22. Analysis of changes in net cash

	At beginning of period	Cash flow	At end of period
	£	£	£
Cash at bank and in hand	332,456	(328,167)	4,289

23. Contingent liabilities disclosed under IAS 37

The company had no contingent liabilities at 31 March 2011 or 31 March 2010.

24. Financial instruments

As a NDPB with no borrowings and wholly funded by BIS, the UK Commission confirms that it is not exposed to any risks relating to financial instruments.

Generally, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body. The majority of financial instruments relate to contracts to buy non-financial items in line with the UK Commission's expected purchase and usage requirements and the UK Commission is therefore exposed to little liquidity, interest, credit, price or foreign currency risk as explained below.

Liquidity risk

The UK Commission receives funding monthly on the basis of a payment schedule agreed annually with the Department for Business Innovation and Skills (BIS). By ensuring that expenditure is maintained within the budgetary allocation, the UK Commission faces minimal liquidity risk.

Interest rate risk

At 31 March 2011 all the UK Commission's financial liabilities were non-interest bearing. The UK Commission's only interest bearing financial asset is its current account held with the Government Banking Service. £1 was received as interest from that account during the period to 31 March 2011.

24. Financial instruments (continued)

Therefore, interest income is immaterial to the UK Commission's operations and the UK Commission faces no significant interest rate risk.

Foreign currency risk

The UK Commission has negligible foreign currency transactions and is, therefore, not exposed to any material foreign currency risk. As the UK Commission does not trade in financial instruments, those that it does hold are accounted for at book value which represents a reasonable approximation to fair value, any difference in these values is immaterial to the UK Commission's accounts.

Credit and Other Price Risk

Exposure to credit and other price risks is not significant. The UK Commission does not carry any long outstanding debt and all of the amount receivable is from Government agencies.

All contracts are agreed at a fixed price and the UK Commission has no exposure to any other price risks.

A review of all contracts was made at year end and no known derivative elements embedded were identified.

25. Capital commitments

There has been no capital expenditure committed and contracted as at 31 March 2011 (2009-10: £87,150).

26. Pension contributions

Principal Civil Service Pension Scheme (PCSPS)

The PCSPS is an unfunded multi-employer defined benefit scheme. Contributions on a "pay as you go" basis are credited to the exchequer under arrangements governed by the Superannuation Act 1972. The company is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the company has accounted for its contributions as if it were a defined contribution scheme.

The pensions cost is assessed every four years in accordance with the advice of the Government actuary.

The assumptions and other data that have the most significant effect on the determination of the contribution levels as follows:

Latest actual Valuation	31 March 2007
Investment returns per annum	6.0% per annum
Salary scale increases per annum	3.9% per annum

Further information can be obtained from www.civilservice-pensions.gov.uk.

Total contributions to the scheme in the year were £907,833 (2009-10: £739,699).

Partnership Pension Account

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 10 per cent and 25 per cent (depending on the terms of their employee contract agreements) into a stakeholder pension product chosen by the employee.

Total contributions to the scheme in the year were £31,810 (2009-10: £45,246).

27. Insurance

With the exception of third party insurance required by the Road Traffic Acts and any others which are statutory or contractual obligations, the company follows the usual rules for public bodies of non-insurance.

27. Insurance (continued)

The company is indemnified by the Department for Business, Innovation and Skills, (BIS) in respect of the Employer's Liability Insurance.

28. Commitments under leases

Operating lease payments amounting to £491,977 (2009-10: £410,140) were recognised as an expense during the year. Total future minimum lease payments under operating leases are given in the table below for each of the following periods.

	Buildings 2011 £	Other 2011 £	Buildings 2010 £	Other 2010 £
In one year or less	317,454	7,640	402,505	14,961
Between two and five years	7,875	-	783,984	7,481
Greater than five years	-	-	-	-
	325,329	7,640	1,186,489	22,442

The lease for the Wath Office located on 3 Callflex Business Park, Wath-upon-Deane relates to the building only and does not include the land on which the premises are built. Rental charges are reviewed annually and may be increased on agreement by both the Landlord and the UK Commission.

The tenancy for 3 Callflex Business Park runs up to 18th April 2012 on which date there is a lease break. The figures above include rentals for the London Office space in 28-30 Grosvenor Gardens, London. The London Office is rented by way of a license arrangement that gives the Commission the right of usage and control of the premises. The arrangement does not take the legal form of a lease but is recognised and disclosed on these financial statements as an operating lease in accordance with IFRIC 4. The license arrangement for the London Office relates to the building only and does not include the land on which the premises are built.

The license agreement for the London Office ran until 31st March 2011. On 1 April 2011 the UK Commission entered into a new license arrangement which runs up to 30 September 2011 on which date there is a service break. The license is extendable by mutual agreement to 31st December 2011 or until ended by either party by giving due notice as outlined on the license agreement.

29. Service Concession Arrangements

(a) – talentmap™ Phase 3

The UK Commission for Employment and Skills entered into an agreement with Serco for the talentmap™ Phase 3 programme. The terms of the contract are that Serco would provide services for project initiation and development of a version for publicly funded employer support, as well as the provision for website interim support.

The contract was awarded under HMRC Business Link framework and approved by the multi agency Project Steering Group (refer to Note 32 – transactions with related parties).

The **talentmap™** is a framework and web-service for employers and their advisers which in the first instance would help them to navigate the complex public sector employment and skills landscape and find publicly funded advice and support.

Development work commenced in early 2008 and the service was launched, as planned, in the summer 2009. Its development and operation was to be funded by UK Government until the end of 2010-11.

Discontinuation of talentmap™ Phase 3 project

During 2010-11 a review was undertaken to provide a sustainable future for talentmap in the light of current expenditure constraints. This led to the discontinuation of Talent map in its present form.

29. Service Concession Arrangements (continued)

As agreement had not been reached for expenditure for 2010-11 with SERCO/HMRC, UKCES agreed to end development of the web tool following consultation with BIS and a review of options by SSCs. Scotland and Wales gained Ministerial approval for this approach in January and Northern Ireland in December.

A decision was taken by the UK Commission in consultation with stakeholders to make the talentmap™ Framework and associated documentation available publicly under a light licence to benefit employers and other users through a revised talentmap™ website until end March 2011. From April 2011 references to talentmap™ are included in the UKCES website to signpost users to external sources using talentmap™.

(b) – National Occupational Standards (NOS) Directory

The National Occupational Standards Directory is a web accessed database covering the content and provision of National Occupational Standards across the UK. It is accessible by the public, education establishments and trainers, employers, Sector Skills Councils and Standard Setting bodies.

The UK Commission for Employment and Skills entered into an agreement with Transmedia Gateway Ltd for hosting, technical maintenance and helpdesk support for the National Occupational Standards (NOS) Directory. The Directory had been developed under the Sector Skills Development Agency and

the decision to include the continued provision of this service within the remit of the UK Commission was only made in February 2008. As the current contract was due to expire, the UK Commission made an award of contract under single tender in order to ensure continued provision whilst a period of consultation was entered into about the long term future of this service.

Duration of Contract: 01/04/2008 – 31/03/2011

Value during 2010-11 financial year: £18,720

Changes in the arrangement occurring during the period

The stakeholder consultation identified that this service needed to continue but in a refreshed format and in early September 2010 the UK Commission went out to open tender for the development of a new NOS Directory and three separate contracts for design, development and data transfer were awarded to Core Technology Systems (UK) Ltd commencing October 2010. To cover provision during the period of development the contract with Transmedia Gateway Ltd was extended to March 2011 and has now been completed.

Terms of arrangement affecting the amount, timing and certainty of future cash flows

Significant terms of arrangement relating to this contract are as follows:

- Any failure to provide the services as detailed in the Service Level Agreement will result in free support and maintenance by Transmedia Gateway Ltd at no charge, up to a maximum of 16 hours per month. There are no terms of arrangements that would be expected to materially affect the amount, timing and certainty of future cashflows beyond those noted above.

Rights and Obligations

Transmedia Gateway Ltd will provide hosting, maintenance and help desk support in line with the Service Level Agreement in the contract. This includes maximum response times for any technical fault or access to the system.

Transmedia Gateway Ltd have granted to the UK Commission and the Government a non-exclusive, perpetual, irrevocable and transferable license to use exploit and/or adapt the Intellectual Property subsisting in any documents, materials and outputs whatsoever arising from the performance of the Company of its duties under this contract. A copy of all code, backups and other materials has been lodge under escrow with a separate supplier and will be transferred to the UK Commission on completion of the contract.

Classification

The National Occupational Standards Directory was developed and completed by the Sector Skills Development Agency. The expenditure incurred by the UK Commission was for maintenance and has been charged to the Statement of Comprehensive Net Expenditure.

30. Commitments under Service Concession Arrangements

Total commitments relating to service concession arrangements, analysed by the period during which the commitment expires, comprise:

	Serco 2011 £	NOS Directory 2011 £	Serco 2010 £	NOS Directory 2010 £
In one year or less	-	9,360	-	15,250
Between one and five years	-	-	-	-
Greater than five years	-	-	-	-
	-	9,360	-	15,250

31. Liabilities of members

Under Clause 7 of the Memorandum of Association all members undertake to contribute to the assets of the company such an amount as may be required, not exceeding £1, in the event of it being wound up during the period of membership and within one year afterwards.

32. Transactions with related parties

The UK Commission is a NDPB funded by BIS and is regarded as a related party. During the year the UK Commission also entered into transactions with other organisations that can be considered as related because of the nature of the involvement of Commissioners. The table below details the most material transactions and the relationship of the organisations to the UK Commission. All were arms length transactions carried out in the normal course of business and were competitively tendered in respect of non-Sector Skills Council funding transactions, and were procured in accordance with the UK Commission's conflict of interest policy. The procurement route and involvement of Commissioners for each relationship is noted against each party where relevant.

For the year ended 31 March 2011

Director	UK Commission Role/ Relationship	Related Organisation Role/ Relationship	Related Organisation	Transaction	Value included in accounts	Amount yet to be paid at 31 March 2011
					£	£
Sir Mike Rake	Chairman	Chairman	BT Landline	Telephone services ¹	38,301	
Sir Mike Rake	Chairman	Chairman	BT Openworld	Internet service charges ¹	2,553	
Chris Hyman	Director	Chief Executive	Serco	Evaluation and policy development of the Universal Services project ²	87,984	52,296
Jeremy Anderson	Director	Chief Executive	KPMG	KPMG provided internal audit services to the UKCES ³	35,839	
Larry Hirst	Director	Chairman ⁵	e-skills UK	Funding for programme costs ⁴	2,463,088	30,000
Larry Hirst	Director	Chairman	IBM	Licenses and support for IBM SPSS custom tables	8,952	

32. Transactions with related parties (continued)

Transactions with other Government Bodies

Related Government Body	Relationship	Transaction	Value £	Amount yet to be paid at 31 March 2011 £
Cabinet Office: Civil Superannuation	Government Body	Pension contributions	939,643	90,747
ESRC	Government Body	Joint working partnership on research	300,000	-
Learning and Skills Improvement Service (LSIS)	Government Body	Meeting costs for a Policy Expert Group member	4,690	-

The UK Commission sponsors the following Sector Skills Councils which are considered to be related parties. Details of the most material transactions made with the related party Sector Skills Councils during the period to 31 March 2011 are shown below.

Related Sector Skills Council	Relationship	Transaction	Value £	Amount yet to be paid at 31 March 2011 £
Government Skills	Government Body	Funding for programme delivery	448,510	23,999
Skills For Health	Government Body	Funding for programme delivery	1,983,494	25,710
Construction Skills ⁶	Government Body	Funding for programme costs	2,392,842	127,268

¹ Awarded under OGC Catalist Framework.

² Awarded through OGC pan-Government framework. There was no involvement of Commissioners in award.

³ Open advertised tender. No influence from Commissioners with regard to proposed supplier selection.

⁴ e-skills UK is a Sector Skills Council. Larry Hirst was excluded from any Commission decisions effecting Sector Skills Councils whilst he was Chair of e-Skills UK.

⁵ Larry Hirst Resigned as Chair of e-Skills UK during 2010-11.

⁶ There is a related party relationship as a Government body as well as in relation to having common Directorship James Wates is the Chairman of CITB-Construction Skills and was appointed as a Commissioner 1 April 2009 and is excluded from any Commission decisions effecting Sector Skills Councils.

32. Transactions with related parties (continued)

For the year ended 31 March 2010

Director	UK Commission Role/ Relationship	Related Organisation Role/ Relationship	Related Organisation	Transaction	Value included in accounts £	Amount yet to be paid at 31 March 2010 £
Sir Mike Rake	Chairman	Chairman	BT Landline	Telephone services ¹	34,106	5,348
Sir Mike Rake	Chairman	Chairman	BT Openworld	Internet service charges ¹	2,321	147
Sir Mike Rake	Chairman	Chairman	BT Openworld	Internet service connection charges for London Office ¹	3,931	-
Sir Mike Rake	Chairman	Chairman	BT INET		19,125	-
Chris Hyman	Director	Chief Executive	Serco	Strategic advice on Talent Map long term plan ⁶	254,485	-
Jeremy Anderson	Director	Chief Executive	KPMG	KPMG provided internal audit services to the UKCES ²	-	34,539
Larry Hirst	Director	Chairman ⁴	e-skills UK	Funding for programme costs ³	2,800,545	84,306

The UK Commission sponsors the following Sector Skills Councils which are considered to be related parties. Details of the most material transactions made with the related party Sector Skills Councils during the period to 31 March 2009 are shown below.

Related Sector Skills Council	Relationship	Transaction	Value £	Amount yet to be paid at 31 March 2010 £
Government Skills	Government Body	Funding for programme delivery	2,009,393	61,343
Construction Skills	Government Body ⁵	Funding for programme delivery	3,381,206	303,754
Skills For Health	Government Body	Funding for programme delivery	2,397,842	62,707

The UK Commission's procurement process ensures there is no influence with Commissioners in the provision of the tender or in the delivery of the service.

A review of all SSC board of directors was made and no known UK Commission representative, senior manager or director was identified as a member other than those mentioned in these financial statements.

¹ Awarded under OGC Catalist Framework.

² Open advertised tender. No influence from Commissioners with regard to proposed supplier selection.

³ e-skills UK is Sector Skills Council. Larry Hirst was excluded from any Commission decisions effecting Sector Skills Councils whilst he was Chair of e-Skills UK.

⁴ Larry Hirst Resigned as Chair of e-Skills UK during 2010-11.

⁵ There is a related party relationship as a Government body as well as in relation to having common Directorship James Wates is the Chairman of CITB-Construction Skills and was appointed as a Commissioner 1 April 2009 and is excluded from any Commission decisions effecting Sector Skills Councils.

⁶ Awarded through OGC pan-Government framework. There was no involvement of Commissioners in award.

33. Losses and special payments

**For the 12 months
to 31 March 2011**

Losses and special payments total value	£ 10,014
Transactions included in the figure above exceeding £1,000:	
Cancellation of Summer reception event	9,341

34. Performance targets

For the period ended 31 March 2011 the company was not set any specific financial performance targets by Sponsors.

35. Transfer of Investors in People function

On 1 April 2010 the UK Commission took over the Investors in People (IiP) business from IiP UK Ltd by way of a business transfer following a machinery of Government change. IiP UK Ltd was an Arms Length Body sponsored by BIS. IiP UK Ltd was principally engaged in the development, quality assurance and promotion of the Investors in People standard.

The UK Commission is a registered company under regulations of the Companies Act 2006 and this transfer of the strategic ownership of IiP standard has been accounted for using the acquisition method in accordance with IFRS 3 Business Combination.

The effect of the transfer of the IiP strategic ownership to the UK Commission following a review of the assets was as follows:

	Transferred from IiP UK Ltd (net book values using UK GAAP)¹	Adjustment in value following assessment of capitalisable value under IFRS	Transferred from IiP UK Ltd (net book values using IFRS)	Assets written off following impairment review	Write down of residual values assessed to be immaterial	Net effect on the opening balances
Non-Current Assets						
Property, plant and equipment ²	49,595		49,595	(23,073)	26,522	-
Intangible Assets ³	155,009	(155,009)	-			-
Current assets						
Prepayments and other receivables	15,490		15,490		(15,490)	-
Non-current liabilities						
General reserves	(220,094)	155,009	(65,085)	23,073	(11,032)	-

¹ These values equate the balance sheet values in IiP UK Ltd before being written down to nil on transfer to the UK Commission.

² A review of tangible assets transferred identified some impaired assets that were subsequently written off during the year. The main reason for the impairment was the reduction in their useful economic life due to nature, age or condition. The remaining assets were of a low residual value and were deemed not material to recognise on the Statement of Financial Position.

³ This relates to the IiP web tools (IiP Interactive - £82,136 and Learn & Compare - £72,873) that are not capitalised under IFRS because they do not fulfil the Framework's asset recognition criteria. The web tools fall short in the interactive public service test of SIC 32 Intangible Assets – Website Costs. IiP brand and trademarks assets transferred were not capitalised because they do not meet the asset recognition criteria under IAS 38 Intangible Assets. The trademarks and copyrights relating to IiP were assigned to the UKCES from BIS for £1 and continued ownership is conditional upon certain conditions and events not occurring in accordance with the Intellectual Property Assignment contract with BIS.

36. Events after the balance sheet date

There were no material events after the balance sheet date to be disclosed.

Authorised for issue

The financial statements were authorised for issue on 5 July 2011.

Legal and Administrative Details

Company registration number:	6425800
Registered office:	3 Callflex Business Park, Golden Smithies Lane, Wath-upon-Deerne, South Yorkshire S63 7ER
Company secretary:	Kay Dickinson
Bankers:	H M Paymaster General
Auditors:	Comptroller and Auditor General National Audit Office 157-197 Buckingham Palace Road Victoria, London, SW1W 9SP

Register of Directors interests

The Register of Directors interests are available at the company's registered office.

Directors

The directors in office during the year are listed below:

Name	Date of appointment	Actual resignation date
Executive Directors		
Sir Mike Rake ¹	13/11/07	16/11/10
Chris Humphries ²	01/01/08	31/12/10
Michael Davis	03/01/11	
Charlie Mayfield	16/11/10	
Non Executive Directors		
Prof. Alan Gilbert	01/04/08	02/02/10
Brendan Barber	01/04/08	
Charlie Mayfield	01/04/08	16/11/10
Chris Hyman CBE	01/04/08	
David Brennan	01/04/08	10/12/10
David Prentis	01/04/08	
Dr Bill McGinnis CBE, DL	01/10/08	
Grahame Smith	01/04/08	
Ioan Morgan CBE	01/04/08	30/09/09
Jeremy Anderson CBE	01/04/08	
James Wates	01/04/09	
Julie Kenny CBE, DL	01/04/08	
Larry Hirst CBE	01/04/08	
Liz Sayce	01/04/08	
Lord Victor Adebawale	01/04/08	
Nigel Whitehead	01/04/09	
Philip Green	01/04/08	10/12/10
Richard Lambert	01/04/08	10/12/10
Sarah Anderson CBE	01/04/08	10/12/09
Sir Adrian Webb	01/04/08	
Sir Robert Kerslake	01/04/08	10/12/09
Valerie Todd	01/04/08	
Willy Roe CBE	01/04/08	

¹ End of chairmanship was due to be 1 July 2010, however, appointment was extended to ensure orderly transition to the next chair – this transition took place on 16 November 2010.

² Chris Humphries fixed term contract expired on 31 December 2010.

Our Commissioners



Charlie Mayfield – Chairman

Charlie Mayfield was appointed the UK Commission Chairman in November 2010. Charlie became the John Lewis Partnership's fifth Chairman in March 2007. He joined the Partnership in 2000 as Head of Business Development, responsible for business strategy and development for both John Lewis and Waitrose. Charlie joined the Board as Development Director in 2001 and was responsible for developing the Partnership's online strategy. He became Managing Director of John Lewis in January 2005 prior to taking up his appointment as Chairman of the Partnership in March 2007.

Charlie began his career as an officer in the army. He joined SmithKline Beecham in 1992 and became Marketing Manager for the Lucozade brand, before moving to McKinsey & Co in 1996, where he worked with consumer and retail organisations.



Michael Davis - Interim Chief Executive

Michael Davis has been appointed as Interim Chief Executive of the UK Commission, he was the Commission's Director for Strategy and Performance. There will be a public recruitment for the permanent post during the first half of 2011. Additionally, Michael is Chairman of Lastolite Ltd who is the world's leading manufacturer of backgrounds and lighting control systems for the photo, video and cinema industry. Michael is also Chairman of Leicester College.

Before joining the UK Commission Michael was the Managing Director of CFE. Michael led CFE from a start up to becoming an independent, not for profit, national specialist in public policy for skills, employment and economic development. Michael holds a BA (Hons) in Economics from Lancaster University.



Lord Victor Adebowale
Chief Executive, Turning Point

Victor joined Turning Point as Chief Executive in September 2001. Turning Point is one of the UK's leading health and social care organisations providing services to people with complex needs.

Victor is on the Board of the Audit Commission, the Board of the National School of Government and is a Fellow of the Sunningdale Institute. He is President of the International Association of Philosophy and Psychiatry, Chairs the Positive Change Advisory Group and is Honorary President of the Community Practitioners and Health Visitors Association.

In 2000, Victor was awarded the CBE in the New Year's Honours List for services to the New Deal, the unemployed and homeless young people. In 2001 he was appointed a cross bench member of the House of Lords.



Jeremy Anderson
Chairman, Global Financial Services KPMG LLP

Jeremy Anderson is Chairman of KPMG's Global Financial Services Practice and Head of Industries and Markets for KPMG in Europe Middle East and Africa. He works extensively with global banks and insurance companies on the business and regulatory challenges that they face. He was previously a Chairman of the National Employment Panel and a member of the Ministerial Ethnic Minority Employment Task Force.



Brendan Barber
General Secretary of the TUC

Brendan joined the TUC in 1975, becoming Head of the Press Department in 1979 and the Industrial Relations Department in 1987 before being appointed Deputy General Secretary in 1993. He was elected General Secretary in 2003 and has served on a number of public bodies, including the ACAS Council. He is currently a member of the Court of Directors of the Bank of England.



Larry Hirst CBE
Former Chairman of IBM Europe, Middle East and Africa (EMEA)

Prior to retirement in 2010 as Chairman of IBM Europe, Middle East and Africa, Larry held Executive positions within IBM for 33 years. Larry was also Chairman of e-skills Sector Skills Council and led them through successful relicensing by the Government and was given a performance rating of outstanding. In 2007 Larry was asked to take up the role of Chairman of the UK Trade and Investment Executive Board responsible for driving the UK's trade and investments objectives in the telecommunications and IT sectors. Other roles currently held include Independent Non-Executive of MITIE Group plc, UK Business Ambassador, Chairman of the UK Trade and Industry Board for ICT, Chairman of transition to Teaching Council, Patron of the Institute for Education Business Excellence, Independent Non-Executive Director of ARM Group Holdings, and Adjunct Professor and Chairman of Digital Advisory Board to Imperial College.

In the 2007 New Years Honours list, Larry was awarded the CBE in recognition of services to the IT Industry.



Chris Hyman CBE
Chief Executive, Serco Group Plc

Chris has been Chief Executive of Serco since 2002. In addition to this role, Chris is the Chairman of the Prince of Wales's charity In Kind Direct and a Trustee on the boards of the Africa Foundation and Business in the Community.

Chris was awarded a CBE for services to business and charity in the Queen's 2010 Birthday Honours List.



Julie A Kenny CBE, DL
Managing Director, Pyronix Limited of Rotherham, South Yorkshire

Julie Kenny is Chairman and Chief Executive of award winning Pyronix Limited, which she founded in 1986 and Chairman, Chief Executive and majority shareholder of parent company Secure Holdings Limited. Based in Rotherham, Pyronix manufactures an extensive range of electronic security equipment for intruder alarms focussing on innovation and quality.

In addition to her role as Commissioner with UK Commission for Employment and Skills, Julie Kenny is Board Member and Chair of Yorkshire Forward and the British Security Industry Association, an Intervention Commissioner with Doncaster Metropolitan Borough Council, Chair of Governors at Maltby Academy and Governor at Mount St Mary's College.

Julie is also a Deputy Lieutenant and has an Honorary Doctorate from Sheffield Hallam University in recognition of her 'outstanding contribution to industry and to the life of the region'.

In recognition of her contribution to the region's business and industry, Julie was awarded a CBE in 2002.



Dr Bill McGinnis CBE, DL
Northern Ireland Adviser on Employment and Skills

Bill McGinnis was appointed as the Northern Ireland Adviser on Employment and Skills in October 2008. He is Chair of the McAvoy Group Limited (off-site building solutions). Currently, he is also a board member of Tourism Ireland, Chair of Air Route Development Ltd and Non-executive Director of a number of public limited companies.

Bill began his business career in export marketing with Sperrin Metal Products, the County Londonderry based manufacturer of racking, shelving, and storage systems. He represented Sperrin Metal in the Arabian Gulf and subsequently held a number of the most senior posts in the company, including Chairman and Managing Director, before setting up his own business in 2000. During his career with Sperrin, the Company won three Queens Awards for Export Achievement, the DTI Export Award for Small Businesses and the Netherlands-UK Award for Enterprise.

Bill has been a board member for a number of public and private organisations including, Invest Northern Ireland, the National Employment Panel and the Sector Skills Development Agency. He is a former president of the Northern Ireland Chamber of Commerce. He was awarded an OBE in 1997 and a CBE in the 2004 for his services to Northern Ireland Industry. In 2005 he was honoured as Marketer of the year at the Chartered Institute of Marketing Awards. In 2008, he received an honorary doctorate from the University of Ulster. Bill holds an MSC from the University of Ulster.



Dave Prentis
General Secretary, Unison

Dave was UNISON's deputy general secretary from its formation in 1993 and drove through a strategic review of the union, aimed at delivering key reforms, to bring union services closer to the members. He became General Secretary of UNISON in 2000. Dave is a member of the TUC general council, TUC executive committee and the Trade Union Labour Party Liaison Committee. He is also a member of the Labour Party's Prosperity in Work and the Labour Party Joint Policy Committee and is also a member of various joint working parties with the Government and the CBI. Dave is a Director of the Institute of Public Policy Research (IPPR). He is also an adviser to the Warwick Institute of Governance and Public Management and a visiting fellow of Nuffield College, Oxford and President of Unity Trust Bank.



Willy Roe CBE
Chair, Highlands and Islands Enterprise

Willy Roe CBE is Chair of Highlands and Islands Enterprise, the Scottish Government's regional economic and community development agency for the north-western half of Scotland. Willy also chairs the board of the DWP's Pension, Disability and Carers Service and is a non-executive member of the Department of Work and Pensions Board. Willy recently completed an independent review of post-16 education and vocational training in Scotland for the Scottish Government. Willy was awarded a CBE in 2010 in recognition of his public service.



Liz Sayce OBE
Chief Executive, Radar

RADAR is the UK's leading pan-disability organisation. Alongside her role as Commissioner at the UK Commission for Employment and Skills, Liz has recently completed an Independent Review for DWP on Disability Employment Programmes.

From 2000-2007 she was Director, Policy and Communications, for the Disability Rights Commission, where she led on creating a new Disability Agenda for policy for the next 2 decades, covering skills, employment, housing, health, social care and more. She also directed a Formal Investigation into physical health inequalities experienced by people with mental health problems and/or learning disabilities. Previously she was Director of Lambeth, Southwark and Lewisham Health Action Zone. She spent 8 years as Policy Director of Mind, and one year as a Harkness Fellow in the USA, studying the impact of the Americans with Disabilities Act and related policy initiatives. She was a member of the UK Government's Disability Rights Task Force (1997-99). With personal experience and knowledge of mental health issues, she has published widely on mental health, disability and social inclusion, including *From Psychiatric Patient to Citizen* (Macmillan-Palgrave 2000).

Liz was awarded an OBE in the 2008 in recognition of services to disabled people.



Grahame Smith

General Secretary of the Scottish Trades Union Congress

Grahame was appointed as the STUC's Deputy General Secretary in 1996. In that role he headed the STUC's Policy and Campaigns Department and had specific responsibility for the STUC's work on lifelong learning and public services. He was appointed as General Secretary in December 2005. Grahame is a member of the Scottish Union Learning Development and Learning Fund Advisory Committee and of the Board of Scottish Union Learning. He is also a member of the Board of SCDI. He was appointed to the Board of Scottish Enterprise in December 2008.



Valerie Todd

Director of Talent & Resources, Crossrail Ltd

Valerie joined Crossrail Ltd as Talent and Resources Director in January 2009. Previously, she was Managing Director for Group Services at Transport for London responsible for Procurement, Property & Facilities, Human Resources and Equality & Diversity for the whole of the organisation.

She is the founding President of the Women's Transportation Seminar London, which promotes gender equality in transport and is a member of the Employers' Forum on Disability President's Group. Valerie has also served as a trustee and Board Member of London's Transport Museum.



Sir Adrian Webb

Chair of the Wales Employment & Skills Board

Sir Adrian was First Vice-Chancellor, University of Glamorgan from 1992 to 2005 and previous to that was Deputy Vice-Chancellor and Director of the Centre for Research in Social Policy, Loughborough University. He began his academic career as a lecturer at London School of Economics. In addition to running large universities, in both Loughborough and Glamorgan, he was responsible for wholly owned companies involved in spin-out, knowledge transfer and training activities. He has also undertaken many public service roles in Wales and in Whitehall and Westminster.



James Wates

Deputy Chairman, Wates Construction Limited

James Wates has worked in the construction industry all his life, starting on site as a schoolboy during holidays. He read Estate Management at college after which he joined Wates Construction as a management trainee, progressing through line management to running sites before taking on a General Manager role in 1989. Since then he has progressed through the company to Deputy Chairman of the main Group Board.

Outside the Group, he is involved with several industry bodies. He is President of the Chartered Institute of Building, Chairman of CITB-Construction Skills, Chairman of the UK Contractors Group, a Vice Chairman of the CBI Construction Council, a Board Member of the British Council for Offices and a Commissioner for the UK Commission for Employment and Skills. In addition, he is a Trustee of the BRE (Building Research Establishment) Trust, a Governor of Emanuel School, Vice Chairman of Queen Elizabeth's Foundation for the Disabled and he also sits on the London Regional Council of The Prince's Trust. Finally, he is a patron of the Wates Family Enterprise Trust.



Nigel Whitehead

Group Managing Director Programmes & Support, BAE Systems

Nigel was appointed Group Managing Director of Programmes and Support, one of four Global Operating Groups in BAE Systems, in 2008. In this role he has responsibility for UK Businesses including Surface Ships, Submarines, Security, Systems Integration and Military Aircraft. These businesses deliver a £6bn turnover in predominantly engineering and manufacturing in the defence and security markets. Nigel undertakes a number of additional roles including Non Executive Director, Whitehall and Industry Group; Chairman, UK Council of Electronic Business; Council Member, A|D|S (Aerospace, Defence, Security), and Member, Apprentice Ambassador Network.

Nigel is a Chartered Engineer, a Fellow of the Royal Aeronautical Society and a Fellow of the Royal Academy of Engineering. Nigel's previous role was as Group Managing Director of the Military Air Solutions (MAS) business of BAE Systems, during which he was also a Supervisory Board Member of Eurofighter GmbH. With the exception of a brief period in charge of the BAE Systems team running the Astute Class submarine development and production, Nigel has been active in military aircraft design, development, production and support programmes for 25 years, working in the UK, Sweden and Australia. Prior to joining British Aerospace as an aerodynamicist, Nigel worked for Rolls-Royce for four years as a production engineering apprentice and graduated in mechanical engineering.

David Brennan

Chief Executive Officer of AstraZeneca Plc

(tenure ended December 2010)

Philip N Green

Chief Executive of United Utilities Plc

(tenure ended December 2010)

Richard Lambert

Director-General, Confederation of British Industry (CBI)

(tenure ended December 2010)

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