UK
TRADE &
INVESTMENT

UK TRADE & INVESTMENT
RESOURCE ACCOUNTS 2009-10

HC 3

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RESOURCE ACCOUNTS
2009-10

(FOR THE YEAR ENDED 31 MARCH 2010)

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Contents

1 Annual Report

Introduction

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

1.2 UKTI provides expert advice and support to UK-based businesses wishing to trade internationally, as well as support to businesses based overseas wishing to locate in the UK. A detailed description of services and how to access them are set out in Annex N under three headings:

- Developing your International Trade Potential
- Accessing International Markets
- Maximising Foreign Direct Investment

Basis of Accounts

1.3 The accounts set out the resources voted to, and used by UKTI. To arrive at the total resources used, the resources of BIS and the FCO allocated for UKTI activity also need to be added. These have been included by way of Memorandum Notes providing an estimate of the total resources used by UKTI to deliver its activity. This reflects the shared governance arrangements between BIS, the FCO and UKTI for the delivery of their shared departmental strategic objectives for trade promotion and foreign direct inward investment.

1.4 These accounts show UKTI voted resource only, have been prepared in accordance with directions given by HM Treasury in pursuance of Section 5(2) of the Government Resources and Accounts Act 2000. (2008-09 figures are shown in brackets). The Memorandum Notes have been prepared on a consistent basis and are drawn from BIS and FCO audited resource accounts -see Section 3.3 for further details.

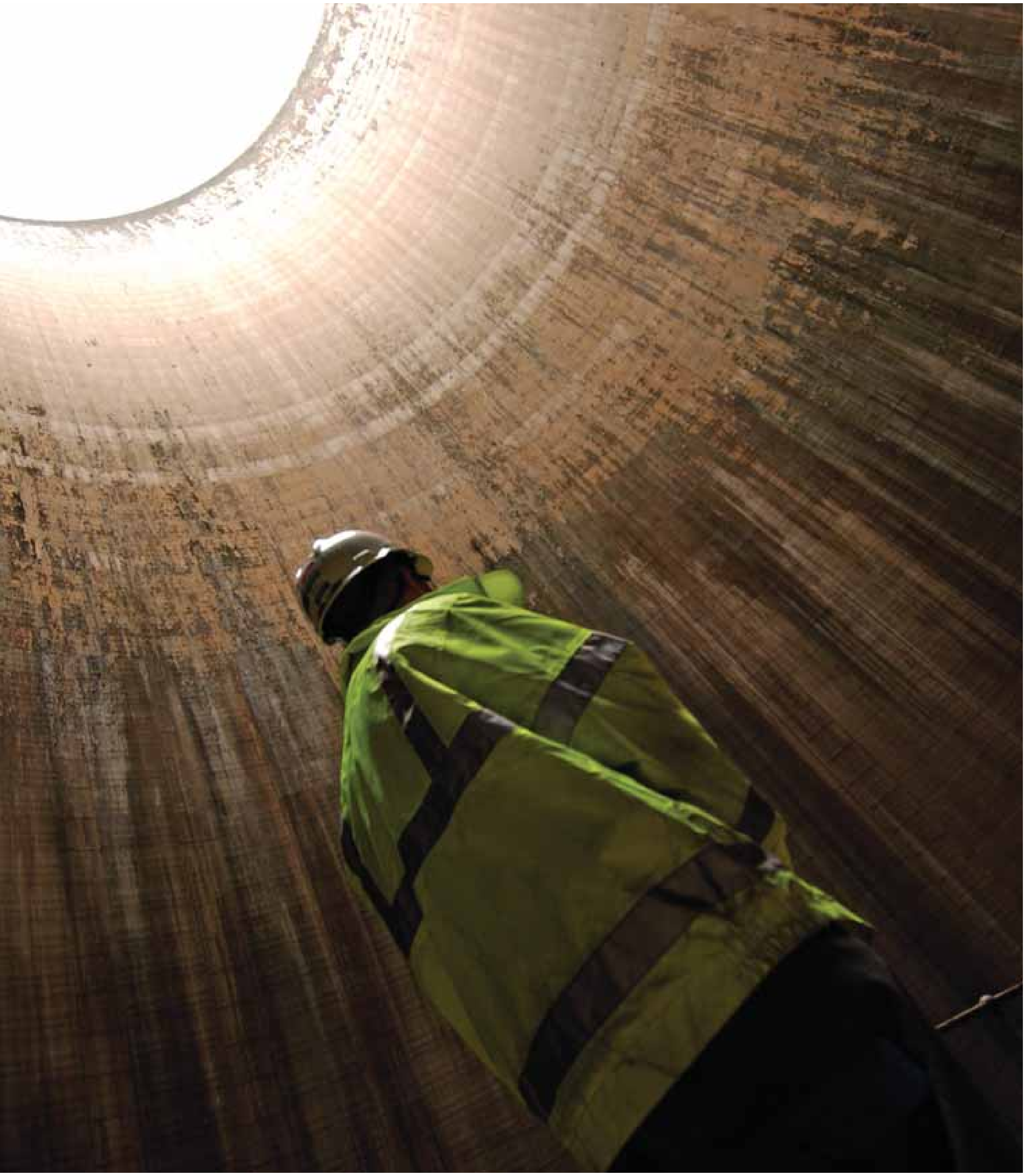
First time Adoption of International Financial Reporting Standards (IFRS)

1.5 These financial statements have been prepared in accordance with the 2009-10 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply 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 UK Trade & Investment for the purpose of giving a true and fair view has been selected.

1.6 The changes to the prior year accounts as a result of the first-time adoption of IFRS are shown in Note 2 of the Notes to the Accounts.

1.7 The adoption of IFRS has resulted in a number of presentational changes to the Accounts. Many of these are changes in name, e.g. receivables and payables instead of debtors and creditors and the Statement of Financial Position instead of the Balance Sheet. There is a new primary statement - the Statement of Taxpayers' Equity, which combines the previous notes, showing the movements and balances on reserves. The previous Notes to the Cash Flow Statement are incorporated into the Statement of Cashflows and the Statement of Recognised Gains and Losses is no longer required.

1.8 In addition to the primary statements prepared under IFRS, the FReM also requires UKTI to prepare two additional primary statements. The Statement of Parliamentary Supply and supporting notes show, Outturn against Estimate in terms of the Net Resource Requirement and the Net Cash Requirement. The Statement of Operating Costs by Departmental Strategic Objectives and supporting notes analyse the Department's income and expenditure by the objectives agreed with Ministers.



2 UK Trade & Investment's Objectives

2.1 The following chart shows how UKTI delivers its targets and objectives, and contributes to its strategic objective which resulted from the 2007CSR settlement.

Achieving the Strategic Objective of the Organisation.

UKTI STRATEGIC OBJECTIVE
2008-09 TO 2010-11

By 2011, deliver measurable improvement in the business performance of UK Trade & Investment's international trade customers, with an emphasis on innovative and R&D-active firms; increase the contribution of foreign direct investment to knowledge-intensive economic activity in the UK, including R&D; and deliver a measurable improvement in the reputation of the UK in leading overseas markets as the international business partner of choice.

UKTI'S Targets

1. Attract high value foreign direct investment to the UK
2. Improve the performance of UK businesses by helping them internationalise
3. Increase the quantity of R&D activity in the UK through business internationalisation
4. Improve the UK's reputation as the international business partner of choice
5. Improve UKTI's operational performance:
   a: Increase professionalism
   b: Increase charging

3 Management Commentary

For a taxpayer funding of approximately £270m, UKTI helped our trade customers achieve an estimated £5.2 billion of additional profit.

Total Resources Deployed and Outputs/Outcomes

3.1 The Management Commentary covers UKTI total resource consumed in delivering its outputs/outcomes, as well as, the resource specifically voted to UKTI.

3.2 Details of the total resource deployed by UKTI can be found in the Memorandum Notes on pages 65 to 69. The table below shows the total resources used during 2009-10 with comparators together with key outputs/outcomes.

3.3 The resources, voted to BIS (HC211) and the FCO (HC 74), are shown in their respective resource accounts. These can be obtained from The Stationery Office (TSO) quoting the relevant HC number.

3.4 The illustration below sets out what UKTI achieved for the resources it consumed.

3.5 The Statement of Net Operating Costs by Departmental Strategy Objectives, on page 44, indicates the net programme expenditure voted directly to UKTI and incurred in delivering against each of UKTI's two sub-objectives.

3.6 Note 2 in the Memorandum Notes, on page 66, indicates the total resource consumed in delivering against each of UKTI's two sub-objectives.

UKTI IS IN 96 MARKETS COVERING 98% OF GLOBAL GDP

3.7 The table below sets out the total resources UKTI consumed and outcomes/outputs achieved with comparative figures.

Objective	2009-10			2008-09		
	Resource £m		Outputs/Outcomes	Resource £m		Outputs/Outcomes
To enhance the competitiveness of companies in the UK through overseas trade and investments	UKTI	£62.0	23,600 business assists	UKTI	£58.9	20,700 business assists
	BIS	£42.3	£5.2bn additional profit for UK business	BIS	£48.8	£3.6bn additional profit for UK business
	FCO	£165.9	£6.0m income	FCO	£147.8	£4.6m income
		£270.2	Over £7bn defence sales		£255.5	Over £4bn defence sales
To attract a continuing high level of quality foreign direct investment	UKTI	£32.3	759 inward investment decisions	UKTI	£31.9	600 inward investment decisions
	BIS	£9.9	(significant assists)	BIS	£6.9	(significant assists)
	FCO	£38.0	32,557 new jobs created	FCO	£35.9	10,678 new jobs created
		£80.2	14,661 jobs safeguarded		£74.7	18,600 jobs safeguarded
Total		£350.4			£330.2	

3.8 UKTI continues to market the unique selling points of the UK as a springboard to global growth and in the tough economic climate of 2009-10 met the challenges by delivering more for the same unit of resource.

- For a taxpayer funding of approximately £270m, UKTI helped our trade customers achieve an estimated £5 billion of additional profit. In other words, for every pound spent by UKTI on trade services in 2009-10, it helped generate an additional £19 profit for UK businesses who used our services. This is a 19% increase over the last 12 months. These trade figures exclude the support provided by UKTI Defence & Security Organisation (UKTI DSO) for defence export promotion this year, which with £7 billion of sales is a 75% increase over 2008-09, placing the UK as the world's second most successful defence exporter after the United States.
- For taxpayer's funding of £350m, UKTI helped 23,600 UK businesses exploit opportunities overseas; was directly involved in 759 inward investment projects which created 32,557 new jobs and safeguarded a further 14,661; and increased its income for chargeable services to £6.0m – our highest performance figures ever.

£19 additional profit generated for every pound spent on UKTI trade services.

UKTI helped 23,600 UK businesses during 2009–10, up from 20,700 the previous year.

- UKTI directly contributed to the inflow of foreign direct investment through involvement in 759 projects, a 26% increase on last year.
- The 2009 Budget confirmed an additional £10 million for UKTI. Over the past year UKTI used this funding to increase our presence at a number of strategically important international trade events.

3.9 In 2010, the Business, Innovation and Skills Committee published a report "Exporting out of recession" which described UKTI as "a highly adept organisation whose services are valued by business" and added that "UKTI is a highly successful government agency which is well respected by business... UKTI will need to continue its vital role of bringing together the best of both the public and private sectors".
This report can be found at www.publications.parliament.uk

UKTI's Objectives

3.10 UKTI's objective is broken down into two sub-objectives:
- Trade Support, and
- Foreign Direct Investment.

Trade Support

3.11 In order to assess the outcome of its support UKTI asks, through its independent market researchers, 1000 businesses who have received its services each quarter in the previous four to seven months, about their experience of quality, satisfaction and the outcome of our service. They are asked specifically whether the help resulted in financial benefit and if so can they quantify it. Some 30% report significant additional profit. A third of these report additional profit over £100k.

3.12 The independent researchers then take these amounts reported by UKTI's customers and test them against other answers given for consistency, discounting any that are inconsistent. They then apply a discount rate of eight percent for any amounts attributed to future years, up to five years. Amounts more than five years in the future are usually excluded. This provides an average benefit return which is applied statistically across the total number of businesses assisted. Around a year after the completion of the survey, a sample of 400 companies from the original 4,000 companies are again contacted to see how their overseas business has been developing, and to confirm or otherwise the benefit figures they previously supplied.

3.13 In 2009-10 British companies attributed an additional £5bn to their bottom-line profits as a result of working with UKTI, up from £3.6bn the previous year. This represents £19 for each £1 spent on UKTI trade services, up from £16:£1 for 2008-09. This increase reflects rising productivity, as UKTI helped 23,600 UK businesses during 2009-10, up from 20,700 the previous year, while increasing average impact. See Annex A for full details.

3.14 Approximately 67% of UKTI's clients report significant benefits to their productivity and competitiveness because of UKTI's support.

3.15 Evidence from UKTI's performance measurement system and evaluation programme shows that benefits, both quantitative and qualitative, result from helping businesses to overcome barriers to business in new overseas markets, and gain the knowledge and contacts they need to up-grade their approach to international business. Many of UKTI's customers report that they have improved their products and services as a result of gaining exposure to new contacts and new ideas through UKTI trade services. Over 2000 report additional investment in R&D. These benefits have lasting positive impact on business performance in both domestic and overseas markets.

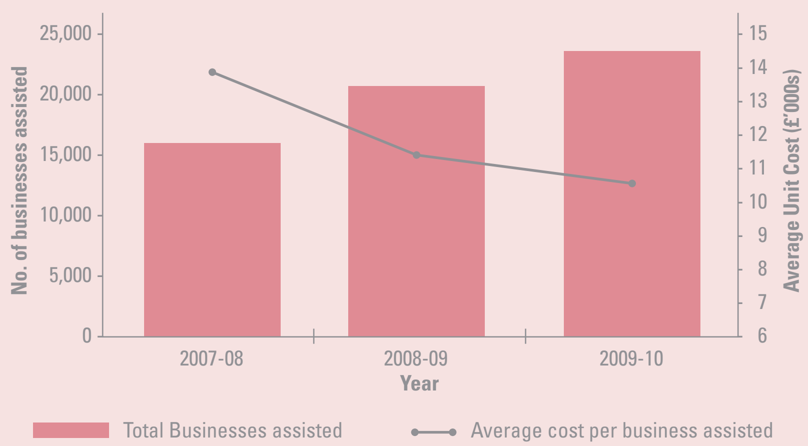
3.16 Expansion into new export markets will be a key route to growth for many British businesses over the coming years, and a key factor which will contribute to returning the UK economy to stronger growth. Three-quarters of UKTI trade service customers see exporting as a means of achieving a level of growth not otherwise possible, with 38% expecting substantial growth over the next five years, as compared with only 18% of other UK exporters.

3.17 UKTI is assisting more businesses than ever at a diminishing cost to the taxpayer. Over the last three years UKTI has cut the average cost of assisting business by 25%, from around £14k to around £10.5k now. Over this same period the quality of our work and the satisfaction of our trade customers have remained steady, demonstrating that UKTI is becoming more efficient by delivering more for less, but not to the detriment of our trade customers. See Performance Framework and Resources as set out in Annex C. A 12-month rolling measure of the number of businesses helped to export by UKTI over the last three years is demonstrated in the diagram below:

3.18 The performance measurement system which underpins these results is widely recognised as world-leading. NAO also confirmed the performance measurement system as fit for purpose in a recent review.

UKTI is assisting more businesses that ever at diminishing cost to the taxpayer.

MORE INWARD INVESTMENT/LESS AVERAGE UNIT COST OVER THE LAST THREE YEARS



UKTI directly assisted 759 inward investment projects, a 26% increase on last years figures.

3.19 The additional profit gained by UK businesses as a result of UKTI's assistance has doubled from £2.5 billion to £5 billion over the last four years. This has been achieved by working to clear targets with detailed and rigorous measurement of our services.

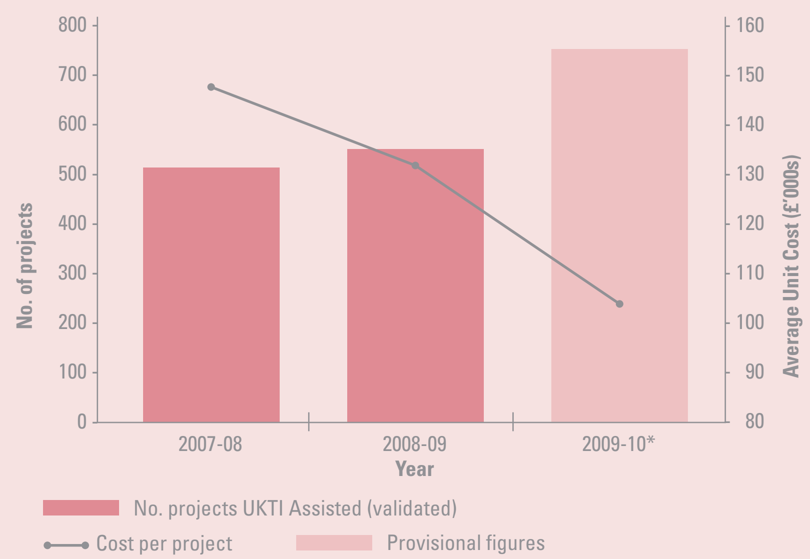
Foreign Direct Investment

3.20 For expenditure of £80m on inward investment, UKTI directly assisted 759 inward investment projects, a 26% increase on last year's figures. The average cost of each inward investment project that UKTI has assisted has greatly reduced over the last three years and is demonstrated in the diagram below.

3.21 Over the last three years the average cost of securing inward investment projects has dropped by 27% from around £147k to £107k. The UK remains the number one recipient for inward investment projects, across a range of measures.

For further information on UKTI efficiency, see Annex D which covers UKTI funding and the Value for Money Efficiency savings.

MORE INWARD INVESTMENT/LESS AVERAGE UNIT COST OVER THE LAST THREE YEARS



Inward Investment and the Effect on Jobs

3.22 The table below sets out the number of jobs created as a result of UKTI intervention.

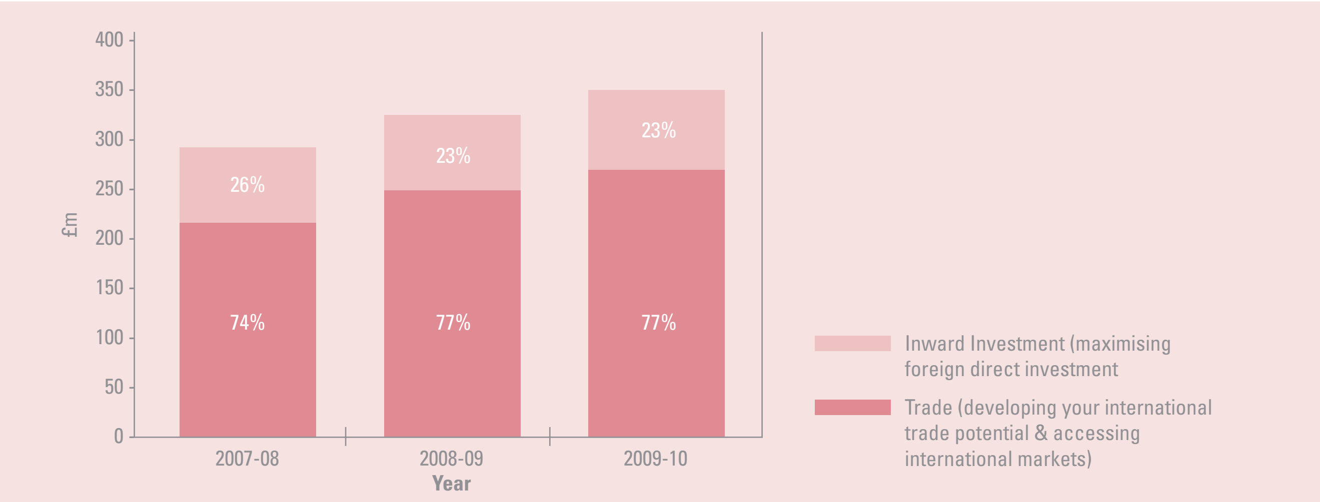
	2007-08	2008-09	2009-10 (Provisional)
UKTI figures*			
Number of inward investment decisions in which UKTI was significantly involved	549	600	759
Number of new jobs created	14,274	10,678	32,557
Number of jobs safeguarded	9,824	18,600	14,661

* UKTI figures: This information is based on details provided by companies at the time of their announcement to invest in the UK. The figures are based on the company's best estimate of jobs created/safeguarded by their investment in the first four years. The figures take no account of subsequent developments.

In 2009–10 UKTI helped create over 32,000 jobs and safeguard over 14,000.

UKTI Split Between Trade Support and Inward Investment.

3.23 The table below sets out total resources by the sub-objectives covering the Comprehensive Spending Review 2007 period. These figures have been restated as a result of the implementation of IFRS.



UKTI has a clear strategy of helping UK businesses develop their international trade potential and access new markets

Main Estimates

3.24 Estimates are the means by which the Government seeks authority from Parliament for its spending each year. Main Estimates are set at departmental level with one or more Requests for Resources (RfR) and one Net Cash Requirement (NCR) presented to Parliament by the Chief Secretary to the Treasury around the start of the financial year to which they relate. The UKTI Estimate has one RfR with an associated NCR. This covers expenditure on specified services for which the Accounting Officer is accountable to Parliament. Further details can be found at www.hm-treasury.gov.uk.

3.25 The annual Appropriation Act, passed before the summer Parliamentary recess each year, authorises the issue of Supply and appropriates resources to particular RfRs in the Main Estimates.

Financial Structure

3.26 The Chief Executive, as Accounting Officer, is responsible for all UKTI's programme expenditure, including any capital items (assets) purchased out of UKTI's programme budget. The controls exercised over these resources are reported on by the Accounting Officer in the Statement on Internal Control. All expenditure items other than those purchased from UKTI's budget during 2009-10 that were funded by BIS or the FCO remain the responsibility of the Accounting Officers for those Departments. The controls BIS and the FCO exercised over these resources are reported on in the individual Statements on Internal Control in their respective accounts.

3.27 The Accounting Officers for BIS and the FCO have provided UKTI's Accounting Officer with details of expenditure and capital items for inclusion as Memorandum Notes in these accounts. These Memorandum Notes are not covered by the Comptroller and Auditor General's (C&AG's) Opinion on pages 36 to 37.

Taxpayers Equity

3.28 The Statement of Financial Position as at 31 March 2010 shows negative taxpayers' equity of £9.3m (£10.4m). This reflects the inclusion of liabilities falling due in future years which are to be financed by drawings from the UK Consolidated Fund (the Fund). Such drawings will be from grants of Supply approved annually by Parliament to meet UKTI's net cash requirement (NCR). Under the Government Resources and Accounts Act 2000, no money may be drawn from the Fund other than required for the service of the specified year or retained in excess of that need. All unspent monies, including those derived from UKTI's income, are surrenderable to the Fund.

Going Concern

3.29 In common with other government departments, the future financing of UKTI's liabilities is accordingly to be met by future grants of Supply and the application of future income, both to be approved annually by

Parliament. There is no reason to believe that future approvals will not be forthcoming. Accordingly, it has been considered appropriate to adopt a going concern basis for the preparation of these financial statements.

Future Development

3.30 UKTI has a clear strategy of helping UK businesses develop their international trade potential and access new markets, and of winning foreign direct investment. The existing strategy runs until spring 2011. The new Coalition Government has emphasised that exports and investment will be key drivers of growth in the next few years. This provides a clear platform for UKTI to develop a new strategy for the rest of this Parliament, which is currently planned for early 2011.

Liquidity and Currency Risks

3.31 UKTI has no borrowings and relies primarily on voted funds from Parliament for its cash requirements. It is therefore not exposed to liquidity risk. It has no material deposits and all material assets and liabilities are denominated in sterling so it is not exposed to interest rate risk or to material currency risk. Further disclosures are provided in note 21 to these accounts.

FINANCIAL REVIEW

Outturn Against Resource Estimate

3.32 In 2009-10, UKTI's net RfR was £96.4m (£91.5m) and net resource outturn was £94.4m (£90.9m) – a 2.1% (0.7%) underspend. The net RfR includes an estimate exclusion adjustment of £0.5m which UKTI is precluded from spending bringing the underspend down to £1.5m – a 1.6% underspend.

3.33 The UKTI Programme underspend of £1.5m is mainly due to lower demand than anticipated on events activity, delays in IT projects resulting in less non-cash costs than expected, lower costs than expected for the global investment conference, a scaling down of planned events and postponements of Ministerial visits towards the year end.

Reconciliation of resource expenditure between Estimates, Accounts and Budgets

	2009-10 (£000)	2008-09 (£000)
Net Resource Outturn (Estimates)	94,384	90,927
Less Operating Income – Excess A-in-A	(105)	(112)
Net Operating Cost (Accounts)	94,279	90,815
Resource Budget Outturn (Budget)	96,384	91,527
Of which:		
Departmental Expenditure Limits (DEL)	96,363	91,506
Annually Managed Expenditure (AME)	21	21

There is one adjusting item between Net Resource Outturn and Net Operating Costs (for details see note 3).

3.34 During the financial year, the Budget 2009 confirmed an additional £10m allocation channelled into UKTI, to be spent on events to support and to promote UK sector expertise both in the UK and abroad. The funds are for a two-year period with £5.5m allocated for 2009-10 and £4.5m in 2010-11.

Resource Spend Against Budget

3.35 The resource accounts only show the resource voted directly to UKTI to deliver programme activity (e.g. grants/marketing). Financial performance of UKTI is reported in the financial statements and supporting notes to the accounts, which can be found on pages 39 to 64. Other resources relating to UKTI are included within the audited accounts of BIS and FCO respectively.

3.36 Resources consumed by major programmes in enhancing the competitiveness of companies in the UK through overseas trade and investments during 2009-10, which include the additional expenditure are compared against the original budget allocation as follows:

- £18.3m (£17.3m) was spent on funding customer-facing activity (International Trade Teams) delivering international trade support in the English regions. The budget for the year was £18.4m,
- £11.2m (£8.8m) was spent on sector-specific activities in markets and sectors with strong potential for British business. The budget for the year was £8.9m. The difference includes the additional expenditure on high profile sector focussed events,
- £8.4m (£7.7m) was spent to support new and inexperienced exports through overseas exhibitions, seminars and mission support schemes. The budget for the year was £8.2m,
- £2.8m (£3.9m) was spent on the Passport to Export programme, aimed at providing practical advice and support to small- and medium-sized enterprises (SMEs), which are new to or inexperienced in exporting. The budget for the year was £3.2m. There were lower than expected Business Development Credit claims during the year, and some events were cancelled or postponed at the year end,
- £7.2m (£5.4m) was spent on trade marketing events and publicity. The budget for the year was £4.9m. The additional spend was mainly as a result of additional funding, including the "Take It to the World" marketing campaign to encourage UK businesses to explore new opportunities,
- £2.3m (£1.9m) was spent on major defence and security events. The budget for the year was £2.7m. There was an underspend in a major UK event and a reduction in costs of a number of other events,
- £2.4m was spent on the Fiscal Compass Programme (FCP) which supersedes the High Growth Market Programme. The FCP is part of UKTI's response to the global economic downturn, and seek to provide help to UK based business gain access to Foreign Governments' fiscal stimulus programmes. The budget for the year was £2.4m,
- £4.2m (£3.6m) was spent on business specialists who help deliver our key programmes. The budget for the year was £4.4m, and
- £6.0m income (£4.6m) earned against an initial budget of £4.7m. This is mainly due to an increase in price of OMIS and a strategic push to increase our income generating activities. The income received is from OMIS of £4.7m, and from defence, marketing and other cost recovery activity totalling £1.3m.

To attract a continuing high level of quality foreign direct investment, resources consumed by major programmes during 2009-10 were as follows:

- £16.4m (£16.8m) ring-fenced Grant in Aid for RDAs. This was in-line with the budget.
- £15.9m (£15.1m) was spent on inward investment programmes. This included marketing the UK abroad, production of publicity materials and advertising. The budget for the year was £15.0m. The additional spend was mainly related to the Global Investment Conference, which was announced during the financial year and funded by the additional budget.

See Annex G for financial performance tables covering UKTI's major programme expenditure and plans (2006-07 to 2010-11). Also see Annex H for budgets against actuals (2009-10).

Capital Spend Against Budget

3.37 UKTI's capital budget for the year was increased from £0.25m to £4.0m. This was as a result of IFRS changes and the need to capitalise IT developments. Outturn was £3.9m (£58k) compared to budget of £4.0m (£78k restated), spent on developing replacement business critical systems, both customer-facing and internal knowledge sharing (2008-09 figures are shown in brackets).

Risk Management

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

3.39 The framework for the management and control of corporate activities has been developed to ensure that significant risks to the attainment of UKTI's objectives are identified, well managed and monitored. A corporate risk register provides a focus for identified risks and includes "risk owners" at senior management level. Group level operational risk registers are also in place, covering the risks to delivering Group business objectives and the controls in place to reduce the likelihood of these risks occurring and their impact. The corporate risk register uses a traffic-light system to highlight areas of concern to senior management.

- Risk registers are reviewed regularly to ensure that any new risks are identified and any significant changes to the assessment of likelihood/impact of existing risks are captured.

3.40 During 2009-10 UKTI's main risks were:

- the global economic downturn impacts on UKTI's ability to deliver,
- failure to deliver an updated website that meets stakeholder requirements,
- loss of sensitive data, and
- non-compliance with procurement guidelines.

Further detail is available in the Statement on Internal Control (see pages 32 to 35).

Strategic Planning

3.41 UKTI's 2006 Strategy, "Prosperity in a Changing World", gives UKTI an enhanced role across both trade development and inward investment, for leading and joining up the marketing of the UK economy internationally, as a place to do business in and with. It commits the organisation to working in partnership across Government and with business to deliver maximum value, and focuses UKTI resources on the customers and markets with the greatest potential, where its services add the most value.

Excellent Leadership and Management

3.42 During 2009-10, UKTI focused on leadership and management to help maintain and drive up further performance across UKTI. These twin approaches – leadership and management – build on the successful global re-accreditation of UKTI under Investors in People (IiP). IiP is one of the important ways that UKTI measures how well it is doing in leading and developing its staff. UKTI will continue to work on those things it is doing well in and will work even harder in those areas where further improvement is required, such as learning and development in 2009.

3.43 In 2009 in further support of continuous improvement, a series of three short "pulse" staff surveys ran across the global network. The purpose was to test engagement and progress against the action plan drawn up following the last UKTI staff survey in autumn 2007. Positive progress was recorded against all areas of the action plan and 94% of those responding felt the work of UKTI is valuable and makes a real contribution to the UK economy.

Diversity

3.44 UKTI's status means that while it does not employ staff itself but draws on staff mainly from BIS and the FCO, it can call on the expertise of the Diversity and Equality Units of both BIS and the FCO. While the two Departments develop and promote diversity and equal opportunities policies affecting UKTI, the organisation supplements these where necessary with its own policies.

3.45 UKTI does not discriminate against staff or eligible applicants for posts on the grounds of gender, marital status, race, colour, nationality, ethnic origin, religion, disability, age or sexual orientation. Every possible step is taken to ensure that staff are treated equally and fairly and that decisions on recruitment, selection, training, promotion and career management are based on objective and job-related criteria. UKTI actively pursues arrangements for flexible working patterns and is committed to creating a culture where individual differences are valued and respected. It does not tolerate any form of discrimination, harassment or victimisation. It is committed to providing a working environment where no one is disadvantaged.

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

3.47 With staff in London, Glasgow, the English regions and around 100 countries around the world, UKTI is by its nature a very diverse organisation. To ensure that it can benefit fully from the talents of its people, UKTI works closely with its parent Departments to ensure that diversity is embedded in all aspects of its work, both internally and externally.

3.48 UKTI contributes to the Equality Duty statements and plans for both parent Departments, and while it undertakes diversity training and development within the organisation, it also participates in the diversity training and development opportunities available from BIS and the FCO.

3.49 UKTI monitoring of performance against organisational targets and other performance measures through the Performance and Impact Monitoring Survey (PIMS), includes data relating to the ethnicity and gender of company directors UKTI has assisted. These results were first available in June 2006 and they are reported on an annual basis. This will allow UKTI to monitor the extent to which there is an increase in the number of under-represented groups accessing its services. This, in turn, will provide a robust evidence base to inform future policy direction.

3.50 UKTI monitors the use of its services through PIMS, which is carried out by an independent specialist market research company (see Annex E). Annually, PIMS also provides information about the use of its services by minority groups focused on whether businesses have owners, partners or directors who are women, or from ethnic minority groups, or have any longstanding illnesses or disabilities. This allows data to be reported on the percentage of businesses using the services that have one or more owner, partner or director in each, or in any of these categories and the percentage of businesses using the services that have a majority of owners, partners or directors in each, or in any of these categories.

4 The Organisational Structure

4.1 Full details of UKTI Ministerial Appointments and Board Structure can be found on pages 20 to 21.

4.2 As mentioned previously, UKTI is not an employer in its own right. For the majority of its human resource requirements it draws on civil service staff employed by one or other of its two parent Departments. In the UK most of its staff are drawn from BIS while overseas most of its staff are from the FCO. UKTI also draws on its parent Departments for some business support functions including certain aspects of HR and related IT support systems.

4.3 UKTI focuses the work of its people, both in the UK and overseas, on delivering the organisation's Strategy and targets. As a result of the restructuring in 2006, and smaller restructures since, significantly more of UKTI's staff resources are being targeted at the front line that are in direct contact with business customers.

4.4 At 31 March 2010, approximately 2,330 people were working for UKTI. Of these, some 1,279 – mainly FCO – staff were working in Posts in 96 markets that are the highest priority in terms of the UK's economic interests. Some 627 people, mostly BIS staff, were based mainly in London and Glasgow. These include operational, customer-facing staff as well as those in corporate support functions. Some 425 people were based in the English regions. These are mainly international trade advisers, people with business experience who are under contract to deliver UKTI services.

4.5 A map demonstrating the staffing and location of UKTI's national reach is available at Annex L.

4.6 A map demonstrating our global network and the staffing levels is available in Annex M.

UKTI – the organisation by numbers...

- 2,331 people, of whom:
  - 1,279 are overseas, in 96 markets, 162 locations, covering 98% of global GDP.
  - 627 are UK-based posts (approximately 544 in London, 47 in Glasgow, and the rest throughout the UK), and
  - 425 are in the nine English regions (of whom 307 are private sector ITA partners).

90% are frontline delivery Posts.

Income

4.7 In view of the economic situation UKTI did not raise charges in 2009-10 but did add five extra, higher, price levels to offer a more efficient service to those customers who want more help than the previous top price-band could offer, and make it easier for customers to commission help across several markets.

4.8 Charging acts as a test of economic value, enabling customers to make informed choices about which services they value and how frequently they use them. Charging also helps to drive up UKTI's professionalism, improving the quality and consistency of delivery to customers and ensuring they receive value for money. It also deters less serious enquiries and informs resource allocations.

Sponsorship

4.9 UKTI discloses all private sector sponsorship exceeding £5,000 for a single event. Full details can be found at Annex I.

5 Corporate Responsibility

5.1 UKTI takes an integrated approach to its environmental and social responsibility, pursuing the Government's agenda on environmental, economic and social objectives.

Sustainability in our Work

5.2 Work that began in 2008 on promoting the low-carbon economy, continued over the year building on the launch of the Low-Carbon International Marketing Strategy in March 2009. This strategy positions the UK as a leader in low-carbon solutions and, as such, the destination of choice for low-carbon trade and investment. Work on developing the UK low-carbon international marketing strategy will continue with individual sector and market messaging, more case studies and the delivery of activities for UK companies to promote their low-carbon solutions.

Sustainability in our Operations

5.3 UKTI's people are based in buildings under the management of either of our parent Departments. Both Departments have strategies in place to deliver sustainable estates and ICT, and UKTI corporately is a part of these strategies. These initiatives include activities to improve energy efficiency, facilitate recycling and using double–sided printers to reduce paper use. UKTI also actively encourages ways of working that can help to reduce the carbon footprint of a globally diverse organisation – reducing travel costs and CO2 emissions by greater use of tele- and video-conferencing and by encouraging home and flexible working and some carbon offsetting.

Engaging with the Community

5.4 Both UKTI's parent Departments support staff in carrying out a variety of voluntary public duties. These include activities such as trusteeships for national charities; various roles as school governors and membership of audit committees. Both Departments also operate salary sacrifice schemes whereby staff can give tax efficiently to their chosen charities. During 2009, UKTI people actively contributed to this agenda through their respective parent Departments.

Reporting of Personal Data Related Incidents

5.5 No incidents concerning the loss of "Protected Personal Data" were reported to the Information Commissioners Office in 2009–10.

5.6 UKTI continues to take a proactive role in developing and implementing measures to meet Information Assurance requirements. During the year all UKTI personnel were required to undertake data handling training, with our Information Assurance Officers (IAOs) completing more in-depth training. In addition IAOs are required to report new information risks on a quarterly basis. Refresher training will continue throughout 2010-11.

5.7 UKTI's security and information management teams continue to work together to ensure the requirements (and associated guidance issued by the Cabinet Office) are clearly understood by users and key stakeholders across UKTI (e.g. Senior Information Risk Owners/IAOs).

Complaints to the Department

5.8 During the year, UKTI received no complaints. The table at Annex F sets out UKTI complaints policy.

6 The Role of HRH The Duke of York

HRH The Duke of York

6.1 HRH The Duke of York has been the UK Special Representative for International Trade and Investment since 1 October 2001. His role includes promoting UK business internationally, marketing the UK to potential inward investors, and building relationships in support of UK business interests.

6.2 The Duke of York undertakes a wide range of activities in this role supporting UKTI's objectives including overseas visits to promote UK business internationally and to market the UK to potential inward investors.

6.3 In the year 2009-10, HRH The Duke of York's UKTI funded overseas programme comprised 12 overseas visits, taking in 18 markets, including India, Mexico, Russia, Singapore, China, Thailand, Vietnam, Qatar, the UAE and USA. The Duke undertook an extensive programme of engagements during the visits promoting UK trade across the globe, through discussions with heads of state and government ministers.

6.4 In addition to overseas visits, The Duke undertakes a programme of business-related engagements in the UK including visits to the UK regions, meetings, addressing conferences and hosting business events.

6.5 The Duke's unique position gives him unrivalled access to members of royal families, heads of state, government ministers and chief executives of companies. He is able to reaffirm the importance the UK attaches to bilateral relationships at the very highest level, to lobby on behalf of British business; to open doors for British business; to bring together groups of senior business people to raise the profile of British business and to promote the UK as an attractive destination for inward investment.

6.6 Further details of the engagements undertaken by HRH The Duke of York in this role can be found at www.thedukeofyork.org and www.ukti.gov.uk

7 Senior Business Support

7.1 UKTI is supported by over 40 senior business people. This support includes our non-executive Board members, as detailed in the non-executive members section.

Details of the business ambassadors' network and sector advisory groups and Chairs are set out at Annex K and J respectively.

8 Corporate Governance

GOVERNANCE

Ministers

8.1 During 2009-10, joint ministerial responsibilities were as follows:

Secretary of State for Foreign and Commonwealth Affairs
The Rt Hon. William Hague MP (from 12 May 2010)
The Rt. Hon. David Miliband MP (from 28 June 2007 to 11 May 2010)

Secretary of State for BIS
The Rt Hon. Vince Cable MP (from 12 May 2010)
Lord Mandelson (from 3 October 2008 to 11 May 2010)

Portfolio responsibility

Minister of State for Business and Enterprise (interim Trade and Investment Minister)
Mark Prisk (from 14 June 2010 to present)

Minister for Trade, Investment and Small Business
Lord Davies of Abersoch CBE (from 14 January 2009 to 11 May 2010)

Accounting Officer
Sir Andrew Cahn KCMG (to 27 March 2009 and from 11 May 2009 to present)
Dominic Jermey OBE (from 28 March 2009 to 10 May 2009)

Sir Andrew Cahn KCMG was UKTI's Accounting Officer until the 27 March 2009. He then took up responsibility as the Permanent Secretary for BERR until the appointment of Simon Fraser and returned to UKTI on the 11 May 2009. There was an interim UKTI Accounting Officer, Dominic Jermey OBE, during the period 28 March 2009 to 10 May 2009, when the responsibility reverted back to Sir Andrew Cahn.

Executive Board

This section sets out the membership, role and structure of UKTI's Executive Board as at 31 March 2010.

The role of the UKTI Executive Board is to provide strategic and operational leadership in UKTI. The Board is led by the Chief Executive and comprises six Executive Directors and five non-executive Board Members in addition to the Chief Executive.

Chair

Sir Andrew Cahn KCMG
Chief Executive (to 27 March 2009 and from 11 May 2009 to present)

Dominic Jermey OBE
Acting Chief Executive (from 28 March to 10 May 2009)

Deputy Chair

Susan Haird CB
Deputy Chief Executive

Executive Members

Dominic Jermey OBE
Managing Director, Sectors Group (from 11 May to 18 December 2009)

Danny Lopez
Managing Director, Marketing Group (until 31 December 2009)

Caoimhe Buckley
Managing Director, Marketing Group (from 1 January 2010)

Brian Shaw
Managing Director, Business Group

Curtis Juman
Director of Finance & IT

Richard Paniguian CBE
Head, UKTI DSO

Michael Ward
Acting Managing Director, Sectors Group (from 30 March to 10 May 2009)
Acting Managing Director, Sectors Group (from 19 December 2009)

Since the 31st March 2010, two new Executive Board members have been appointed; details appear in the note 22, events after the accounting period.

Non-Executive Members

Claire Ighodaro CBE
(until 30 September 2009)
Chair of UKTI, Lloyd's of London, the Banking Code Standards Board (BCSB) and the Open University Audit Committees. Non-executive Director of Lloyd's of London and the Banking Code Standards Board (BCSB), a Member of BIS Operating Committee, Council Member of the Open University, the National Learning and Skills Council (LSC), and Trustee of the British Council and Shell Nigeria Pension Fund. Previously Executive at BT plc and President of CIMA.

Barry Stickings CBE
(until 30 September 2009)
Chairman of BioCity Nottingham Ltd, Promethean Particles Ltd and East Midlands Innovation, the Regional Science and Industry Council. Director, Vitalize Health Products Ltd. Trustee, Industry and Parliament Trust. Vice-President, German-British Chamber of Commerce and Industry. Until 2005 was Chairman of BASF plc.

Tim Robinson
Tim is Chief Executive of Xafinity, a pensions and financial services company. He is also an independent non-executive Director of Camelot; a member of the Association and on the Audit Committee of Oxfam; a Fellow of the Royal Society of Arts; and a Freeman of the Worshipful Company of Information Technologists.

Chris Fitzpatrick
(from 1 October 2009)
Chris is Chief Executive of Elements Of Sherwood Ltd and a Director of Renewable Energy East Midlands Ltd. He is also a member of the Yorkshire, Humberside & East Midlands Industrial Development Board; the Interim Nottinghamshire Economic Development Partnership; Board Trustee of Think Children (a Nottinghamshire children's charity) and Rural Community Action Nottinghamshire; and a member of the Enterprise Loan Panel for Lincolnshire.

Alan Jenkins
(from 1 October 2009)
Alan is a Partner and until May 2010 was Chairman of the Board at Eversheds LLP. He is also Chairman of Lattitude, Chairman of the Board of Trustees of Mencap Trust Company Limited, a Trustee and Vice-Chairman of the International Institute for Environment and Development; the Foundation for International Environmental Law and Development; and a trustee of Latitude Global Volunteering. He is Chairman of Business Europe – India Network and a Fellow of the Royal Society of Arts.

Mark Gostick
(from 1 October 2009)
Mark is a senior commercial executive with extensive experience in the commercialisation of early-stage technologies. Until April 2009 he was CEO of Liquivista, and prior to that of Kindertec Ltd. He was the first employee at Cambridge Display Technology, which was ultimately NASDAQ listed. He has extensive experience of strategic corporate development, sales, licensing and marketing of innovative technologies, managing exits in venture-backed environments and developing working relationships across a variety of cultures. Much of his work has involved developing partnerships in the Far East.

Sir Eric Peacock CMG DL
(from 1 October 2009)
Eric is a serial entrepreneur with wide experience of growing businesses by internationalising their trade and attracting inward investment. He currently chairs Baydonhill FX plc, Stage Technologies Ltd, Buckley Jewellery and Stevenage Packaging Ltd. He is President of the Institute of Sales and Marketing Management and chairs the Academy for Chief Executives. He chairs the Peacock Foundation and Uniqueness (charities operating in the children's field) and is a past member of the DTI and BERR Enterprise Boards.

8.2 The composition of the Board provides the organisation with the right mix of skills required to deliver the organisation's strategy and is well balanced to support objective decision making.

The Board has determined that all Non Executive Board Members are independent in character and judgment and that there are currently no relationships which could affect a member's judgment when participating in Board decisions.

The Board operates within written terms of reference which are reviewed regularly. It meets regularly and is supported by a dedicated secretariat.

8.3 The role of the UKTI Board is to provide strategic and operational leadership. It contributes to the delivery of the organisation's objectives by:

- providing leadership and strategic direction,
- advising on the allocation of resources against priorities for the delivery of objectives,
- managing departmental resources, monitoring the achievement of performance objectives,
- setting the organisation's standards and values,

- assessing and managing the principal risks facing UKTI,
- helping to strengthen planning, performance and change management in UKTI and encouraging innovation,
- ensuring the operation of a transparent system of prudent and effective controls (including internal controls), and
- advising on and contributing towards stakeholder management.

8.4 There are two sub-committees of the Board. They are the:

- Audit Committee, and
- Resources and Evaluation Panel (REP).

The Board's terms of reference are available at www.ukti.gov.uk.

Audit Committee

8.5 The Audit Committee met four times during 2009-10. The Committee acts in an advisory capacity and brings an independent element into the consideration of audit, risk and other corporate governance matters within the organisation. Two of the four Non Executive Board Members are members of the Committee.

8.6 The Committee's role is to promote confidence in UKTI's systems of governance and internal control by bringing an independent element into consideration of audit and related matters. The Committee acts in an advisory capacity, providing independent advice to the Board on:

- issues concerning the risk, control and governance of the organisation and the associated assurances, and
- adequacy and appropriateness in the light of both known and emerging risks, of the work plans of bodies - including internal audit - which conduct audit and assurance work.

8.7 During 2009-10 the composition of the UKTI Audit Committee was as follows:

Alan Jenkins (Chair from 1 October 2009 to present).
Non Executive Board Member

Claire Ighodaro CBE (Chair to 30 September 2009).
Non Executive Board Member

Barry Stickings CBE (to 30 September 2009).
Non Executive Board Member

Tim Robinson
Non Executive Board Member

Stephen French
Independent Member and Director International Acquisition Policy, Ministry of Defence (MOD).

Sam Sharpe (from 15 February 2010)
Independent Member and Director of Finance Department for International Development (DfID).

8.8 As with previous years, the following will also normally be present at meetings:

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

The Committee's terms of reference are available at www.ukti.gov.uk.

Resources and Evaluation Panel (REP)

8.9 The REP is an advisory committee whose role is to:

- ensure that all decisions in relation to spending or savings on programmes are supported by adequate prior appraisal, and
- implement a rolling programme of evaluation to identify the achievements of UKTI's programmes and to provide the evidence base for future decision making.

8.10 The REP maximises the input of the Board to the evaluation of programmes and projects and strengthens the role of evaluation evidence in the policy process. Susan Haird CB, UKTI's Deputy Chief Executive, chairs the REP and is supported by the organisation's Senior Economist, Heather Booth Di Giovanni and Managing Directors.

PUBLIC INTEREST

Payment of Suppliers

8.11 UKTI's policy is to comply with the Better Payment Practice Code, which includes the Late Payments of Commercial Debts (Interest) Act 1988.

8.12 In October 2008 the then Prime Minister, Gordon Brown announced the commitment that the Government will pay all SME invoices within ten days. BIS is leading on this across Government and has applied the new policy to all suppliers rather than just SMEs. UKTI has followed BIS's policy, which is to change our prompt payment performance for all invoices to be paid within ten days, from the previous target of 30 days.

8.13 UKTI standard terms and conditions for the supply of goods and services specify payment within ten days (or other agreed credit terms) of receipt of goods or services or valid invoice, whichever is the later.

The payment performance for 2009-10 was between April 2009 and March 2010, 98.7% (96.7%) of invoices were paid within ten days.

The proportion of trade creditors compared to amounts invoiced expressed in days is seven days (eight days).

Auditors

8.14 These financial statements have been audited, under the Government Resources and Accounts Act 2000, by the C&AG, who is appointed under statute and reports to Parliament. The audit opinion is on pages 36 to 37. The notional cost to UKTI of the external audit of its resource account by the NAO for the C&AG was £46.0k (£48.5k), which was split between the administration costs of BIS and the FCO. See Memorandum Notes for further details. A further notional charge of £6.5k was made in relation to the audit work to implement International Financial Reporting Standards (IFRS). There was no auditor remuneration (actual or notional) for non-audit work.

Disclosure of Audit Information

8.15 As far as the Accounting Officer is aware, there is no relevant audit information of which the entity's auditors are unaware.

The Accounting Officer has taken all the steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the entity's auditors are aware of that information.

Events After the Accounting Period

8.16 For events after the accounting period see note 22.

9 Departmental Remuneration Report

Remuneration Policy

9.1 A Remuneration Report has been included for reasons of transparency. UKTI has no Remuneration Committee, because the remuneration of BIS and FCO staff working for UKTI is met from the administration resource controlled by these sponsoring Departments and both have remuneration committees. Staff costs are reported under Memorandum Note 3 on page 67.

The remuneration of senior civil servants is set by the Prime Minister following independent advice from the Review Body on Senior Salaries.

9.2 The Review Body has also advised the Prime Minister from time to time on the pay and pensions of Members of Parliament and their allowances; on Peers' allowances; and on the pay, pensions and allowances of Ministers and others whose pay is determined by the Ministerial and Other Salaries Act 1975.

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

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

The Review Body takes account of the evidence it receives about wider economic considerations and the affordability of its recommendations.

Further information about the work of the Review Body can be found at www.ome.uk.com.

Senior Official Appointments

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

9.5 Civil service appointments are made in accordance with the Civil Service Commissioners' Recruitment Code. The Code requires appointment to be on merit on the basis of fair and open competition, but also includes the circumstances when appointments may be made otherwise.

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

- Sir Andrew Cahn KCMG (Chief Executive) was appointed on a four-year contract commencing 27 March 2006. His appointment has since been extended by a further year. The notice period for the employee is three months. For the employer the notice period is six months or a period, if less, equal to the unexpired part of the fixed-term contract.
- Brian Shaw was appointed on a four-year contract commencing 3 July 2006. His appointment has since been extended by a further year. The notice period for the employee is three months. For the employer the notice period is six months or a period, if less, equal to the unexpired part of the fixed-term contract.
- Danny Lopez was appointed on a three-year contract commencing 2 April 2007. He left the department on 31 December 2009.
- Richard Paniguian CBE was appointed on a three-year contract commencing 11 August 2008. The notice period for the employee is three months. For the employer the notice period is six months or a period, if less, equal to the unexpired part of the fixed-term contract.
- Caoimhe Buckley was appointed on a three-year contract commencing 3 December 2009. The notice period for the employee is three months. For the employer the notice period is six months or a period, if less, equal to the unexpired part of the fixed-term contract.

Further information about the work of the Civil Service Commissioners can be found at www.civilservicecommissioners.gov.uk.

Salary and Pension Entitlements

9.7 The following sections provide details of the remuneration and pension interests of the Ministers and most senior management (i.e. Board members) of the department.

Ministerial Appointments

9.8 During 2009-10 joint ministerial responsibilities were as follows:

Secretary of State for Foreign and Commonwealth Affairs

The Rt Hon. William Hague MP (from 12 May 2010)

The Rt. Hon. David Miliband MP (from 28 June 2007 to 11 May 2010)

Secretary of State for BIS

The Rt Hon. Vince Cable MP (from 12 May 2010)
Lord Mandelson (from 3 October 2008 to 11 May 2010)

Portfolio Responsibility: Minister of State for Business and Enterprise (interim Trade and Investment Minister)

Mark Prisk (from 14 June 2010 to present)

Portfolio Responsibility: Minister for Trade, Investment and Small Business

Lord Davies of Abersoch CBE (from 14 January 2009 to 11 May 2010)

9.9 Lord Davis of Abersoch did not receive a salary or pension benefits for his work as a Minister.

9.10 Other Ministers' salary, pension and benefits are not disclosed in these accounts, and their details can be found in the respective 2009-10 resource accounts of BIS or FCO.

Remuneration Report

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

Ministers' salaries, allowances, taxable benefit in kind, pension and benefits entitlements in 2009-10 were as follows:

	2009-10 Salary (2008-09 Salary) (in bands of £5,000)	2009-10 Benefits in Kind (2008-09 Benefits) (to nearest £100)	Accrued pension at age 65 as at 31/3/10 (£000)	Real increase in pension at age 65 (£000)	CETV at 31/3/10 (£000)	CETV at 31/3/09 (£000)	Real increase in CETV (£000)
Lord Davies of Abersoch[1] (from 14 January 2009) Full year equivalent	–	–	–	–	–	–	–

This table has been subject to audit.

1. Received no salary and no pension benefits.

Salary

9.12 "Salary" includes gross salary; performance pay or bonuses; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation.

9.13 This report is based on payments made by the department and thus recorded in these accounts. In respect of Ministers in the House of Commons, departments bear only the cost of the additional ministerial remuneration; the salary for their services as an MP (£64,766 from 1 April 2009, £63,291 from 1 April 2008, £61,820 from 1 November 2007) and various allowances to which they are entitled are borne centrally. However, the arrangement for Ministers in the House of Lords is different in that they do not receive a salary but rather an additional remuneration, which cannot be quantified separately from their ministerial salaries. This total remuneration, as well as the allowances to which they are entitled, is paid by the department and is therefore shown in full in the figures above.

Senior Management salaries, allowances, taxable benefit in kind and pension entitlements in 2009-10 were composed of the following:

	2009-10 Salary including Performance Pay (in bands of £5,000) (2008-09 Salary)	2009-10 Benefits in Kind (to nearest £100) (2008-09 Benefits)	Accrued pension at pension age as at 31/3/10 and related lump sum (£000)	Real increase in pension and related lump sum at pension age (£000)	CETV at 31/3/10 (£000)	CETV at 31/3/09 (£000)	Real increase in CETV (£000)
Sir Andrew Cahn KCMG[2,4,5,6]	245-250 (245-250)	0 (0)	60-65 Plus n/a lump sum	7.5-10.0 Plus n/a lump sum	1,189	975	145
Susan Haird CB[2,3,5]	125-130 (120-125)	0 (0)	45-50 Plus 140-145 lump sum	0-2.5 Plus 5.0-7.5 lump sum	1,068	963	54
Dominic Jermey OBE[1,3,5] (to 18/12/09) Full year equivalent	75-80 100-105 (95-100)	0 (0)	15-20 Plus 50-55 lump sum	0-2.5 Plus 2.5-5.0 lump sum	252	216	15
Michael Ward[1,3,5,7] (see dates below) Full year equivalent (from 28/03/09) (Full year equivalent)	35-40 75-80 (0-5) (65-70)	0	20-25 Plus 65-70 lump sum	0-2.5 Plus 2.5-5.0 lump sum	414	367	22
Richard Paniguian CBE[2,3,5] (from 11/08/08) (Full year equivalent)	210-215 (105-110) (190-195)	0 (0)	5-10 Plus n/a lump sum	2.5-5.0 Plus n/a lump sum	121	46	67
Brian Shaw[2,3,5]	145-150 (140-145)	0 (0)	5-10 Plus n/a lump sum	0-2.5 Plus n/a lump sum	123	80	33
Caoimhe Buckley[2,3] (from 01/01/10) Full year equivalent	20-25 80-85	0	0-5 Plus n/a lump sum	0-2.5 Plus n/a lump sum	13	10	3
Danny Lopez[2,6] (to 31/12/09) Full year equivalent	85-90 115-120 (105-110)	0 (0)	n/a Plus n/a lump sum	n/a Plus n/a lump sum	n/a	n/a	n/a
Curtis Juman[2,3,5]	90-95 (85-90)	0 (0)	15-20 Plus 50-55 lump sum	0-2.5 Plus 2.5-5.0 lump sum	258	224	19

This table has been subject to audit.

1 Salary paid by the FCO.
2 Salary paid by BIS.
3 There were no employer contributions to partnership pension account.
4 Has a supplementary pension agreed by the Cabinet Office from 1 July 2007 with a double accrual rate. Aggregated service prior to this date is at a single rate.
5 Salary includes performance pay paid during the year
6 Opted out of Civil Service Pension arrangements.
7 Appointed Acting Director 28 March 2009 to 11 May 2009 and 19 December 2009 to 16 April 2010

Benefits in Kind

9.14 The monetary value of benefits in kind covers any benefits provided by the department and treated by HM Revenue & Customs as a taxable emolument.

Ministerial Pensions

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

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

9.17 Benefits for Ministers are payable at the same time as MPs' benefits become payable under the PCPF or, for those who are not MPs, on retirement from ministerial office from age 65. Pensions have been re-valued annually in line with changes in the Retail Prices Index. From 1 April 2009 members pay contributions of 5.9% of their ministerial salary if they have opted for the 1/60th accrual rate, 7.9% of salary if they have opted for the 1/50th accrual rate or 11.9% of salary if they have opted for the 1/40th accrual rate. There is also an employer contribution paid by the Exchequer representing the balance of cost as advised by the Government Actuary. This is currently 28.7% of the ministerial salary.

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

The Cash Equivalent Transfer Value (CETV)

9.19 This is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the pension benefits they have accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total ministerial service, not just their current appointment as a Minister. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

The Real Increase in the Value of the CETV

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

Civil Service Pensions

9.21 Pension benefits are provided through the Civil Service pension arrangements. From 30 July 2007, civil servants may be in one of four defined benefit schemes; either a final salary scheme (classic, premium or classic plus); or a whole career scheme (nuvos). These statutory arrangements are unfunded, with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus and nuvos have been increased annually in line with changes in the Retail Prices Index (RPI). Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a "money purchase" stakeholder pension with an employer contribution (partnership pension account).

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

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

9.24 The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus and 65 for members of nuvos.

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

Cash Equivalent Transfer Values

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

9.26 The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out within the guidelines and framework prescribed by the Institute and Faculty of Actuaries and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real Increase in CETV

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

Compensation for Loss of Office

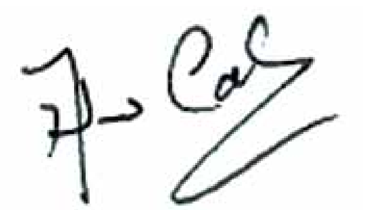
9.28 No compensation for loss of office was paid to any senior manager.

Fees Paid to Non-Executive Board Members

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

Name	2009-10 (£000)	2008-09 (£000)	Note
Tim Robinson	0	0	Receives no fees; the sum of between £0-£5k (£5k-£10k) is paid direct to a charity, on the same basis as BIS's salary sacrifice scheme.
Chris Fitzpatrick	0-5	0	From 1 October 2009
Mark Gostick	0-5	0	From 1 October 2009
Alan Jenkins	0-5	0	From 1 October 2009
Sir Eric Peacock	0-5	0	From 1 October 2009
Claire Ighodaro CBE	0-5	0-5	To 30 September 2009
Barry Stickings CBE	0-5	0-5	To 30 September 2009
Peter Hill	0	0-5	To 31 March 2009

This table has been subject to audit



Sir Andrew Cahn KCMG
Accounting Officer 13 July 2010


UK TRADE & INVESTMENT
he thing about show business is that if you're not at the show, there's no business.
Fast track to the world UK

10 Statement of Accounting Officer's Responsibilities

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

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

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

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

11 Statement on Internal Control

INTRODUCTION

11.1 This statement is given in respect of the Annual Report and Resource Accounts for UK Trade & Investment (UKTI), which incorporates the programme transactions and assets and liabilities, which fall within the boundary for resource accounting purposes.

11.2 UKTI is not an employer in its own right but draws on staff from its two parent Departments the Department for Business, Innovation & Skills (BIS) and the Foreign and Commonwealth Office (FCO). UKTI also draws on staff seconded from the Ministry of Defence. For a complete view of the internal control environment in which UKTI operates this Statement on Internal Control should also be read in conjunction with those for BIS and the FCO. These can be found in their respective published 2009-10 Annual Report and Resource Accounts.

Scope of Responsibility

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

11.4 UKTI brings together the work of BIS and the FCO in supporting companies in the UK trading internationally, and overseas enterprises seeking to locate in the UK. I am accountable to the Secretary of State for Business, Innovation & Skills and the Secretary of State for Foreign & Commonwealth Affairs and ensure that both parent departments are kept fully informed and involved in risk management processes within UKTI. I involve Ministers in the management of risk at a strategic level, considering major factors that could prevent objectives being achieved through my membership of the Management Boards of BIS and the FCO.

11.5 In supporting Ministers in pursuit of this, I am supported by the:

- Executive Board (which I chair),
- Audit and Risk Committee,
- Executive Team,
- Resources and Evaluation Panel, and
- IT Programme Board.

11.6 I work with Ministers and the organisation's top management through the UKTI Executive Board, weekly Executive Team meetings, Director Forums, and through meetings and correspondence.

The Purpose of the System of Internal Control

11.7 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 organisational policies, aims and objectives,
- evaluate the likelihood of those risks being realised and their impact should they be realised, and
- manage risks efficiently, effectively and economically.

11.8 The system of internal control has been in place in UKTI for the year ended 31 March 2010 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

Capacity to Handle Risk

11.9 During 2008-09 UKTI revised its risk management framework to take account of the Boards desire for a more strategic approach. The corporate risk register is reviewed at each Executive Board and Audit Committee meeting. In addition, discussions around specific risks take place when the cause for concern increases. Each risk is rated for its impact, probability, movement and relative positioning. As Accounting Officer, I take risk management extremely seriously and ensure that senior management focus attention on those risk areas which could prevent the achievement of my organisation's objectives (see below for details provided under the risk and control framework).

11.10 In May 2010 the National Audit Office (NAO) issued a management letter following their review of the adequacy of UKTI's key assurances and controls supporting the statements made in UKTI's Statement on Internal Control (SIC). They recommended that the Audit Committee be provided with a summary of the assurance statements completed by each Group Director that underlie the SIC so that the Committee may access the underlying evidence supporting the statements. This has been implemented with immediate effect. In addition to this review the NAO published a "Good Practice Guide to the Statement on Internal Control" which we have used as a framework to develop arrangements.

11.11 Work is ongoing to embed risk management into the organisational culture including its incorporation into business plans at all levels; project plans; business programmes and the procurement process. Risk management is referenced in induction and procurement training courses and staff are encouraged to take an active part in informing and updating operational level risk registers. Guidance for all staff is made available on the organisation's intranet as well as the material made available by our parent departments. Membership of HM Treasury's Risk Improvement Management Network and BIS's Agencies Risk Management Network ensure that we keep up to date with best practice on risk management.

The Risk and Control Framework

11.12 UKTI's risk management framework has been constructed through the development of risk registers for each business group within UKTI, in order to ensure that the risks are identified and managed at the operational level, in the first instance. Procedures are in place for ensuring that all aspects of risk management and internal control are regularly reviewed and reported on and for incorporating best-practice techniques when reporting risks and identifying appropriate mitigation strategies. Initial evaluations, which are carried out at the operational level, are ratified by senior management.

11.13 Group registers are formally reviewed and updated at least bi-monthly to inform the corporate level risk register which reflects all higher level risks. The corporate risk register is formally presented and discussed at each Executive Board and Audit Committee meeting. A designated senior manager has responsibility for risk ownership. A traffic light system (red, amber, green) is used to assess the status of each risk. The type of risk is also assessed e.g. whether the impact is operational, financial, reputational or a combination.

11.14 UKTI's current strategic risks focus on the following:

- The impact of the global economic downturn, its impact on business and the effect this has on UKTI's ability to meet its objectives. UKTI continues to monitor resource and move it to where it expects to get best Value for Money through active business planning.
- Security of sensitive data (see data handling),
- Compliance with procurement guidelines leading to poor VfM and the potential for legal challenge. The Audit Committee sought and received assurance from management that action was being taken to address the issues identified. UKTI is ensuring all our people have the right skills. To date UKTI has run 16 training courses attended by 217 delegates to ensure corporate compliance. In addition to this UKTI issued updated guidelines covering the revised expenditure limits at which authorisation is now required.

11.15 UKTI's risk management policy which forms part of its internal control and corporate governance arrangements was designed to be consistent with best practice and forms the basis of UKTI's risk control framework. Risk assessment and management are built into all operational activities and into the governance arrangements for project and programme management. Senior managers have agreed to the levels of risk that are reported in the corporate risk register and this is communicated to staff.

11.16 The internal auditors report regularly on risk management processes to ensure that UKTI keeps abreast of current developments in the field of corporate governance. Internal auditors have carried out a programme of work which helps provide assurance that control processes are working effectively within UKTI. Internal Audit's Annual Report stated that, in their opinion,"the system of internal control that has operated within UKTI during the financial year 2009-10 was satisfactory".

11.17 The Executive Board and the Audit Committee have also provided valuable advice and guidance on the appropriateness of risk management processes operating within the organisation.

Review of Effectiveness

11.18 As Accounting Officer, I also 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 UKTI 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. I have been advised by the Executive Board and the Audit Committee on the implications of the result of my review of the effectiveness of the system of internal control, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

11.19 The system of internal control in UKTI comprises of a framework of financial regulations, administrative procedures (including segregation of duties), regular management information and a system of delegation and accountability. This is kept under constant review and when specific weaknesses are identified an action plan is drawn up to address them. Immediate action is taken where the risks are considered to be unacceptable. Action plans are in place to address all the weaknesses identified during the accounting period, and up to the date of the signing of the 2009-10 Annual Report and Accounts. During the accounting period, risk management was supported by the following processes:

- An Executive Board which consists of our six Directors, five non-executive Board Members and me. The Board meets at least six times a year and collectively provides leadership and strategic direction including the assessment and management of the principal risks to the organisation and review of key financial data.
- An Audit Committee, which met four times during the year. The committee includes two of the non-executive Board Members, with one as chair, and two independent members, one from the Department for International Development and the other from the Ministry of Defence. In addition, representatives from the National Audit Office, Internal Audit and senior finance managers from UKTI, BIS and the FCO also attend. The Audit Committee regularly reviews the risk management framework and seeks assurance from management on the appropriateness of mitigation strategies.
- The organisation has the services of the Internal Audit units of BIS and the FCO, which operate to the Government Internal Audit Standards. They submit reports after each assignment, which include recommendations for improvement. The Head of Internal Audit for UKTI issues a report, which includes an independent opinion on the adequacy and effectiveness of UKTI's system of internal control, based on their work for the year.
- The Executive Team, which consists of all the Managing Directors and me, meet regularly to discuss performance against targets.
- The Resources and Evaluation Panel's role is to scrutinise proposals for competitive and single tender spending to ensure that resource allocation, business planning and expenditure proposals are supported by sound, robust business cases.
- The ICT Programme Board's role is to define UKTI's Information Communication Technology (ICT) strategy. They provide the link between business objectives and ICT investments and ensure that ICT project governance processes and best practice are applied across UKTI.
- Attendance at meetings of HM Treasury's Risk Improvement Management Network and BIS's Agencies Risk Management Network in order to keep in touch with best practice.

- Formal monthly Management Unit Finance Officer meetings with my Central Finance Team to discuss any financial issues arising.
- Positive assurance provided by my Directors who each consider the significant risks they manage, and provide me annually, at the year-end, with a written formal assertion covering the effectiveness of the internal controls operating in each of their business groups.

11.20 Together, these processes provide me with assurance that appropriate risk management strategies are in place throughout UKTI.

Data Handling

11.21 Following the Cabinet Office's review of data handling and security, UKTI has made good progress in implementing the requirements now expected of it. All the key actions have now been implemented.

11.22 UKTI assesses data handling risks on a quarterly basis. During 2009-10 UKTI had no reportable data losses.

11.23 UKTI has a designated Information Technology Security Officer (ITSO) and a Board level Senior Information Risk Owner (SIRO). UKTI has identified all the personal data sets across the organisation and confirmed that no personal sensitive datasets are stored or processed. UKTI's security and information management teams continue to work together to ensure the requirements and associated guidance issued by Cabinet Office are clearly understood by users and key stakeholders.

11.24 The cross-government review of data handling procedures has resulted in UKTI taking a number of steps to ensure best practice is understood and embedded across the organisation. Data governance arrangements have been strengthened so that all identified data systems have a suitable senior identified data owner in place to ensure the security of data.

11.25 BIS has taken the following steps that directly affect UKTI HQ:

- Installed desktop encryption across BIS's IT systems.

11.26 In addition, UKTI has taken the following specific actions:

- Loaded approved encryption software onto all laptops used in UKTI HQ and in UKTI Regional Teams.
- Issued to UKTI Regional Teams details on the installation of approved encryption products on any locally sourced non-encrypted laptops,
- Worked with the FCO to encrypt all laptops used by UKTI's teams overseas where this does not contravene local laws on the use of encryption software.

11.27 During 2009-10 UKTI, through BIS and the FCO, introduced mandatory training for all data users and key stakeholders. All staff completed the Cabinet Office-sponsored e-learning package released by the National School of Government.

11.28 There were no significant internal control issues during the course of 2009-10. Where weaknesses in the control environment were identified, action to strengthen control has taken place or is planned.

Sir Andrew Cahn KCMG
Accounting Officer
13 July 2010

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

I certify that I have audited the financial statements of UK Trade & Investment for the year ended 31 March 2010 under the Government Resources and Accounts Act 2000. These comprise the Statement of Parliamentary Supply, the Operating Cost Statement and the Statement of Financial Position, the Statement of Cashflows, the Statement of Changes in Taxpayers' Equity, the Statement of Net Operating Costs by Departmental Strategic Objectives and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective Responsibilities of the Accounting Officer and Auditor

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

Scope of the Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Department's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Department; and the overall presentation of the financial statements.

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 Department's affairs as at 31 March 2010 and of its net cash requirement, net resource outturn, net operating cost, net operating costs applied to departmental strategic objectives, changes in taxpayers' equity and cash flows for the year then ended and
- the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

Opinion on Other Matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000 and
- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on Which I report by Exception

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

- adequate accounting records have not been kept or
- the financial statements are not in agreement with the accounting records or returns or
- I have not received all 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
16 July 2010

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

Accounts 2009–10
Primary Statements

13 Statement of Parliamentary Supply

Summary of Resource Outturn 2009-10

		Estimate			Outturn			2009-10 £000 Net Total Outturn compared with Estimate: saving/ (excess)	2008-09 £000 Outturn
Request for Resources	Note	Gross Expen-diture	A-in-A	Net Total	Gross Expen-diture	A-in-A	Net Total		Net Total
RfR 1 Trade development and promotion and inward investment	4	102,284	(5,900)	96,384	100,284	(5,900)	94,384	2,000	90,927
Total Resources		102,284	(5,900)	96,384	100,284	(5,900)	94,384	2,000	90,927

Explanations of variances between Outturn against Estimate are given on page 13.

Net Cash Requirement 2009-10

	Note	Estimate	Outturn	2009-10 £000 Net total outturn compared with Estimate: saving/ (excess)	2008-09 £000 Outturn
Net Cash Requirement	5	101,177	95,705	5,472	92,034

13.1 The saving can be further analysed as £3.47m cash at bank and £2.00m undrawn supply. The "saving" relates to an underspend in resource, late additional unforeseen cash receipts and a larger than expected increase in payables.

Summary of Income Payable to the Consolidated Fund 2009-10

13.2 In addition to appropriations-in-aid, the following income relates to the department and is payable to the Consolidated Fund (cash receipts being shown in italics):

		Forecast 2009-10 £000		Outturn 2009-10 £000	
	Note	Income	*Receipts*	Income	*Receipts*
Total income payable to the Consolidated Fund	3	–	–	105	*112*

13.3 UKTI earned £6,005k (£4,570k). This was £105k (£112k) more than the Parliamentary Estimate of £5,900k (£4,458k) and represents an accuracy of within 1.8% (2.5%) of Estimate.

The notes on pages 45 to 64 form part of these accounts.

14 Operating Cost Statement

For the Year Ended 31 March 2010

Programme Costs: Request for Resources 1	Note	2009-10 £000	2008-09 £000 (restated)
Staff costs	6	686	557
Expenditure	7	99,598	94,828
Income	8	(6,005)	(4,570)
Net Operating Cost		94,279	90,815

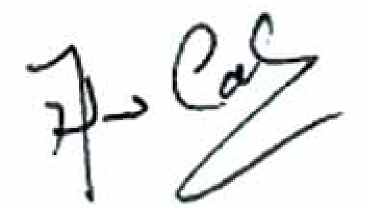
All income and expenditure are derived from continuing operations.

The notes on pages 45 to 64 form part of these accounts.

15 Statement of Financial Position

As at 31 March 2010

	Note		2010 £000		2009 £000 (restated)		2008 £000 (restated)
Non-current Assets							
Property, plant and equipment	9	266		244		392	
Intangible assets	10	3,651		914		2,257	
Trade and other receivables	11	–		–		203	
Total non-current assets			3,917		1,158		2,852
Current Assets							
Trade and other receivables	11	3,005		4,299		2,659	
Cash and cash equivalents	12	3,472		1,349		4,313	
Total current assets			6,477		5,648		6,972
Total assets			10,394		6,806		9,824
Current Liabilities							
Trade and other payables	13	(19,702)		(17,231)		(20,262)	
Total current liabilities			(19,702)		(17,231)		(20,262)
Total Assets less net current liabilities			(9,308)		(10,425)		(10,438)
Non-current Liabilities							
Trade and other payables	13	–		–		(935)	
Total non-current liabilities			–		–		(935)
Assets less Liabilities			(9,308)		(10,425)		(11,373)
Taxpayers' Equity							
General fund	14		(9,308)		(10,425)		(11,373)
Total Taxpayers' Equity			(9,308)		(10,425)		(11,373)



Sir Andrew Cahn KCMG
Accounting Office
13 July 2010

The notes on pages 45 to 64 form part of these accounts.

16 Statement of Cash Flows

For the year ended 31 March 2010

	Note	2009-10 £000	2008-09 £000 (Restated)
Cash flows from operating activities			
Net operating cost		(94,279)	(90,815)
Adjustments for non-cash transactions	7	910	1,390
(Increase)/Decrease in trade and other receivables	11	1,294	(1,437)
Less movements in receivables relating to items not passing through the OCS	8.2 & 13	(105)	(112)
(Increase)/Decrease in trade payables	13	2,471	(3,966)
Less movements in payables relating to items not passing through the OCS	15	(2,459)	2,964
Net cash outflows from operating activities		(92,168)	(91,976)
Cash flows from investing activities			
Purchases of property, plant and equipment	9	(171)	(26)
Purchases of intangible assets	10	(3,366)	(32)
Net cash outflows from investing activities		(3,537)	(58)
Cash flows from financing activities			
From the Consolidated Fund (Supply) – Current year	14	97,828	89,070
Advances from the Contingencies Fund		–	–
Repayments to the Contingencies Fund		–	–
Net financing		97,828	89,070
Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund			
Receipts due to the Consolidated Fund which are outside the scope of the department's activities	3	–	5
Payments of amounts due to the Consolidated Fund	3	–	(5)
Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund		2,123	(2,964)
Cash and cash equivalents at the beginning of the period	12	1,349	4,313
Cash and cash equivalents at the end of the period	12	3,472	1,349

The notes on pages 45 to 64 form part of these accounts.

17 Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2010

	Note	General Fund £000	Total Reserves £000s
Balance at 31 March 2008		(11,373)	(11,373)
Changes in accounting policy on first time adoption of IFRS	2	–	–
Balance at 1 April 2008		(11,373)	(11,373)
Changes in taxpayers' equity for 2008-09			
Non-cash charges – cost of capital	7 & 14	(159)	(159)
Net operating cost for the year	OCS	(90,815)	(90,815)
Total recognised income and expense for 2008-09		(90,974)	(90,974)
Net Parliamentary Funding – drawn down	14	89,070	89,070
Net Parliamentary Funding – deemed	12 &14	4,313	4,313
Supply payable/(receivable) adjustment	12 &14	(1,349)	(1,349)
CFERs payable to the Consolidated Fund	8.2, 13 & 14	(112)	(112)
		91,922	91,922
Balance at 31 March 2009		(10,425)	(10,425)
Changes in taxpayers' equity for 2009-10			
Non-cash charges – cost of capital	7	(204)	(204)
Net operating cost for the year	OCS	(94,279)	(94,279)
Total recognised income and expense for 2009-10		(94,483)	(94,483)
Net Parliamentary Funding – drawn down	14	97,828	97,828
Net Parliamentary Funding – deemed	14	1,349	1,349
Supply payable/(receivable) adjustment	14	(3,472)	(3,472)
CFERs payable to the Consolidated Fund	3	(105)	(105)
		95,600	95,600
Balance at 31 March 2010		(9,308)	(9,308)

The notes on pages 45 to 64 form part of these accounts.

18 Statement of Net Operating Costs by Departmental Strategic Objectives

For the year ended 31 March 2010

Objective

To enhance the competitiveness of companies in the UK through overseas trade and investments, and to attract a continuing high level of quality foreign direct investment

			2009-10 £000			2008-09 £000 (restated)
	Gross	Income	Net	Gross	Income	Net
Sub-objective 1: To enhance the competitiveness of companies in the UK through overseas trade and investments	68,003	(6,005)	61,998	63,516	(4,570)	58,946
Sub-objective 2: To attract a continuing high level of quality foreign direct investment	32,281	–	32,281	31,869	–	31,869
Net operating costs	100,284	(6,005)	94,279	95,385	(4,570)	90,815

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

The notes on pages 45 to 64 form part of these accounts.

19 Notes to the 2009-10 Accounts

1.1 Statement of Accounting Policies

These financial statements have been prepared in accordance with the 2009-10 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of UK Trade & Investment for the purpose of giving a true and fair view has been selected. The particular policies adopted by UK Trade & Investment are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

1.2 Estimates and Judgements

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

In accordance with IAS 8, revisions to the accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

1.3 Accounting Convention

These accounts have been prepared on a going concern basis under the historical cost convention modified to account for the fair value revaluation of property, plant and equipment, intangible assets as described in paragraphs 1.13 to 1.16.

1.4 Basis of Accounting

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

Because AO responsibility for the cost of administering UKTI's programmes currently remains with one or other of its two parent Departments, these accounts report only on the programme activities and resources of UKTI in the primary statements and related notes. Indicative administration expenditure and the cost of the associated assets used are included by way of memoranda notes to the accounts (pages 65 to 69).

1.5 Changes to IFRS and the FReM

1.5.1 Changes to IFRS

The following new standards were adopted by UKTI before their effective date:

- IAS 24: Related Party Disclosures (Revised), which is effective for accounting periods beginning on or after 1 January 2010, and
- IAS 7: Statement of Cash Flows, which is effective for accounting periods beginning on or after 1 January 2010.

The following Standards have been issued or are due to be issued but do not impact on UKTI's financial statements:

- IFRS 9 and IAS 32 & 39 relating to Financial Instruments,
- IFRS 2 Group Cash-settled Share-based Payment Transactions,
- IFRS 3 Business Combinations, and

- IAS 27 Consolidated and Separate Financial Statements.

1.5.2 Changes to FReM

From 2010-11, the FReM will no longer permit the inclusion of notional cost of capital charges when calculating the Department's Operating Costs. As this is an administrative change it will not be treated as a prior period adjustment in the 2010-11 Accounts.

1.6 Capital Charge

A charge, reflecting the cost of capital utilised by UKTI, is included in operating costs. The charge is calculated at the real rate set by HM Treasury (currently 3.5%) on the average carrying amount of all assets less liabilities, except for:

i. cash balances with the Office of the Paymaster General, where the charge is nil, and

ii. balances owed to or due from the Consolidated Fund, where the charge is nil.

As per note 1.5.2 above, this will be the last year capital charges are included in the account.

1.7 Operating Income

Operating income is income which relates directly to the operating activities of UKTI. Income is recognised when the work or service has been provided. Income principally comprises fees and charges for services provided to external customers. It includes not only income appropriated-in-aid of the Estimate but also any income payable to the Consolidated Fund [known as Consolidated Fund Extra Receipts (CFERs)] which in accordance with the FReM should be treated as operating income. Operating income is stated net of VAT.

1.8 Administration and Programme Expenditure

The Operating Cost Statement shows programme costs only. Programme costs are non-administration costs including payments of grants and other disbursements by UKTI, as well as certain staff costs where they relate directly to frontline service delivery. Administration costs are the costs of running UKTI as defined under the administrative cost-control regime. UKTI is not, however, reporting on its administration costs in its primary statements.

1.9 Grants Payable

Grants payable are recorded as expenditure in the period that the underlying event or activity giving entitlement to the grant occurs. Grants related to activity occurring over a specific time period (usually a financial year) are recorded as expenditure for that period.

1.10 Research and Development

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

1.11 Pensions

Staff working for UKTI are employees of either BIS or the FCO. Past and present employees are covered by the provisions of the Civil Service Pension Schemes. BIS and the FCO recognise the relevant costs for the year in their respective annual reports and accounts. The amounts incurred in respect of those staff working for UKTI are shown in the Memorandum Notes to these accounts.

1.12 Value Added Tax

Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of non-current assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

1.13 Property, Plant and Equipment

Property, plant and equipment purchased by UKTI, and where the risks and rewards of ownership lie with UKTI, are stated at the lower of replacement cost or recoverable amount.

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

In accordance with the FReM, UKTI has opted to value property, plant and equipment on a depreciated historical cost basis, as a proxy for fair value. Therefore, with effect from 1 April 2008, UKTI ceased to use indices to restate property, plant and equipment to current cost.

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

1.14 Depreciation

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

Assets under construction	Not depreciated until assets have gone live
IT assets	three to five years
Office machinery	five years

1.15 Intangible Assets

The minimum level of capitalisation of an intangible asset is £1,000. Intangible assets are reviewed annually for impairment and are stated at the amortised historic cost as a proxy for fair value. Software licences are amortised on a straight-line basis over the shorter of the term of the licence and the useful economic life (three to five years). Intangible assets are normally depreciated over the following periods:

Developments costs	Not depreciated until assets have gone live
Software licences	three to five years
Website	four to five years
IT assets	three to five years

1.16 Impairments

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

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

An impairment loss is reversed if there has been a change in the estimates resulting in the recoverable amount rising above the impaired carrying value of the assets. An impairment loss is reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.17 Trade and Other Receivables

Trade receivables include amounts billed to external customers for services provided and work in progress where profit has been recognised to date, less a provision for foreseeable losses. Trade and other receivables are stated at fair value less any provision for impairment.

1.18 Trade and Other Payables

Trade and other payables represent liabilities for goods and services provided to UKTI prior to the financial year end which are unpaid. Trade and other payables include amounts issued from the Consolidated Fund for Supply not spent during the year. Also included within Trade and other payables is UKTI's liability in respect of the PFI Elgar contract which is measured at fair value excluding interest and service charges which are expensed annually to the Operating Cost Statement. Trade and other payables are non-interest bearing and are usually paid within ten working days, thus their carrying value approximates their fair value.

1.19 Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and in hand. UKTI does not have any short-term deposits.

1.20 Foreign Exchange

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

1.21 Private Finance Initiative (PFI) Transactions

PFI transactions that meet the definition of a Service Concession arrangement are accounted for in accordance with the FReM which interprets IFRIC 12, Service Concession Arrangements for the public sector. As a result of applying this guidance, UKTI has recognised the ELGAR PFI contract as being on the Statement of Financial Position for the first time, as the arrangement contractually obliges the private sector operator to provide the services related to the infrastructure to the public on behalf of UKTI. More details on the effect on the financial statements can be seen in note 17.

1.22 Comparative Amounts

Comparative amounts are restated where necessary to conform to current presentation. As a result of the implementation of International Financial Reporting Standards (IFRS), UKTI prepared Shadow 2008-09 IFRS based Resource Accounts which were audited by the National Audit Office. This provided the basis for the 2008-09 restated comparative figures, details of which can be seen in Note 2.

2. FIRST-TIME ADOPTION OF IFRS

The date of transition to IFRS was the 1st April 2008.

As a result of the first-time adoption of IFRS there was a net £nil impact on UKTI's Statement of Financial Position. The application of IFRIC 12 has meant that PFI assets have been recognised in the Statement of Financial Position but this is matched with a corresponding PFI liability, the details of which appear in note 13.

The impact of the Operating Cost Statement has been £nil in overall terms; however, depreciation, amortisation, PFI service charges and finance charges have been affected as a result of recognising the assets. The values by which these have changed are shown opposite:

	General Fund £000
Taxpayers' equity at 31 March 2008 under UK GAAP	(11,373)
PFI Assets	2,372
PFI Liability	(2,372)
Taxpayers' equity at 1 April 2008 under IFRS	(11,373)
Taxpayers' equity at 31 March 2009 under UK GAAP	(10,425)
PFI Assets	965
PFI Liability	(965)
Taxpayers' equity at 1 April 2009 under IFRS	(10,425)

	£000
Net operating cost for 2007-08 under UKTI GAAP	90,167
Finance charge	269
Depreciation	68
Amortisation	1,350
PFI charges	(1,687)
Net operating cost for 2007-08 under IFRS	90,167
Net operating cost for 2008-09 under UKTI GAAP	90,815
Finance charge	161
Depreciation	68
Amortisation	1,369
PFI charges	(1,598)
Net operating cost for 2008-09 under IFRS	90,815

2.1 IFRS 1 – First-Time Adoption

In line with HM Treasury advice, Prior Period Adjustments (PPAs) arising from the adoption of IFRS were not included in Spring Supplementary Estimates for 2009-10 on the basis that the PPA numbers could have been misleading, particularly where transactions pre-date the 2001-02 cut-off point for reporting PPAs, as only part of an obligation would have been included. PPAs arising from a change in accounting policy related to other than IFRS were included in the Estimates in line with conventional arrangements.

First-time adoption of International Financial Reporting Standards allows entities adopting IFRS to take certain exemptions from the full requirements of IFRS in the year of transition (ie 2008-09). UK Trade & Investment elected not to take any exemptions.

3. ANALYSIS OF INCOME PAYABLE TO THE CONSOLIDATED FUND

In addition to appropriations-in-aid the following income relates to UKTI and is payable to the Consolidated Fund (cash receipts being shown in italics).

	Forecast 2009-10 £000		Outturn 2009-10 £000	
	Income	*Receipts*	Income	*Receipts*
Excess Appropriations in Aid	–	–	105	*112*
Other amounts collectable on behalf of the Consolidated Fund	–	–	–	–
	–	–	105	*112*

4. ANALYSIS OF NET RESOURCE OUTTURN BY SECTION

					Outturn		2009-10 £000 Estimate	2008-09 £000
	Other current	Grants	Gross resource expend–iture	A-in-A	Net total	Net total	Net total outturn compared with Estimate	Prior year outturn (restated)
RfR 1: To enhance the competitiveness of companies in the UK through overseas trade and investments; and attract a continuing high level of quality foreign direct investment								
Central Government spending								
A Trade development and promotion and inward investment								
	83,883	16,401	100,284	(5,900)	94,384	96,384	2,000	**90,927**
Resource outturn	83,883	16,401	100,284	(5,900)	94,384	96,384	2,000	**90,927**

Explanations of variances between Outturn against Estimate are given on page 13.

5. RECONCILIATION OF NET RESOURCE OUTTURN TO NET CASH REQUIREMENT

	Note	Estimate	Outturn	2009-10 £000 Net total Outturn compared with Estimate: saving/(excess)
Net resource outturn		96,384	94,384	2,000
Less operating income excess A-in-A		–	(105)	105
Net operating Cost		96,384	94,279	2,105
Capital				
Acquisition of non current assets	9 & 10	3,988	3,873	115
Accruals adjustments				
Non-cash items	7	(1,154)	(910)	(244)
Changes in working capital other than cash	15	1,959	(1,537)	3,496
Net cash requirement		101,177	95,705	5,472

The difference between the estimated change in working capital and the outturn was due to additional cash requested in anticipation of paying trade payables, which will now materialise in 2010-11.

6. NUMBERS AND COSTS OF PEOPLE ENGAGED IN DELIVERING UKTI'S OBJECTIVE

Most personnel engaged on UKTI business are employees of either BIS or the FCO and details are shown in Memorandum Note 3. Contributions to the costs of employing international business specialists – seconded from private-sector organisations for periods of up to five years – are made to the seconding organisations. The organisation also uses other short-term contracted staff for specialist tasks. These are not charged under consultancy in accordance with the financial reporting guidelines. Details are:

	2009-10	2008-09
Sub-objective 1: To enhance the competitiveness of companies in the UK through overseas trade and investments	10	7
Sub-objective 2: To attract a continuing high level of quality foreign direct investment	5	3
Average full time equivalent number of international business specialists and consultants	15	10

	2009-10 £000	2008-09 £000
Staff costs	686	557

7. NON-STAFF PROGRAMME COSTS

			2009-10 £000			2008-09 £000 (restated)
Current grants			16,401			16,810
PFI service charges		1,273			2,151	
Finance charge		77			161	
Consultancy		9,741			8,530	
External services		25,420			25,115	
Customer grants		11,282			10,292	
Promotions and publications		11,258			10,587	
Events		16,228			12,728	
Other costs		7,008			7,064	
Non-cash items						
Depreciation	148			173		
Amortisation	965			1,375		
Revaluation of fixed assets	–			–		
Loss on disposal of fixed assets	1			1		
Cost of capital (credit)	(204)			(159)		
		910			1,390	
			83,197			78,018
Non-staff programme expenditure			99,598			94,828

External services consist mainly of costs for International Trade Teams, Passport, High Growth Markets (new programme) and the Export Market Research Scheme.

7.1 Provision of Specialist Help Directly to UK Business (Consultancy)

The outturn for consultancy in 2009-10 was £9.7m (£8.5m). In accordance with HM Treasury rules, UKTI classifies the procurement of external business specialists who directly support UK businesses as consultancy. This includes payment to suppliers of frontline specialists for UKTI's Research & Development, Fiscal Stimulus, Sectoral and Global Entrepreneur programmes.

The specialists' role is to:

- provide commercial and technical expertise in their specific sectors, overseas market or R&D area,
- assist UK business to compete for export orders,
- help identify target companies and credibly engage with them on their business planning and prospects on specific sub sectors,
- provide opportunities for trade and inward investment and bring experience from successful commercial careers, deep knowledge of their sectors and extensive national and international networks, and
- discuss R&D issues credibly with companies and potential UK partners – universities, companies and other research institutions

8. INCOME

8.1. Operating Income

	2009-10 £000	2008-09 £000 (restated)
Fees and charges to external customers for market information reports	4,712	3,634
Other charges	1,293	936
	6,005	4,570

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

			2009-10 £000			2008-09 £000
Service	Income	Full cost	Deficit	Income	Full cost	Deficit
Provision of Overseas Market Information to UK Exporters	(4,712)	7,226	2,514	(3,634)	5,593	1,959

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

8.2. Reconciliation of Income Recorded within the Operating Cost Statement to Operating Income Payable to the Consolidated Fund

	Note	2009-10 £000	2008-09 £000
Operating income	8.1	6,005	4,570
Less income authorised to be appropriated-in-aid		(5,900)	(4,458)
Operating income payable to the Consolidated Fund		105	112

9. PROPERTY, PLANT AND EQUIPMENT

2009-10

	Information technology £000	Office machinery £000	Total £000
Cost or valuation (restated)			
At 1 April 2009	950	84	1,034
Additions	170	1	171
Disposal	(22)	–	(22)
At 31 March 2010	1,098	85	1,183
Depreciation (restated)			
At 1 April 2009	737	53	790
Charge in year	140	8	148
Disposal	(21)	–	(21)
At 31 March 2010	856	61	917
Net book value at 31 March 2010	242	24	266
Asset financing			
Owned	242	24	266
On PFI	–	–	–
Net book value at 31 March 2010	242	24	266
Net book value at 31 March 2009	213	31	244

2008-09

	Information technology £000	Office machinery £000	Total £000
Cost or valuation (restated)			
At 1 April 2008	1,068	119	1,187
Additions	–	26	26
Disposals	(118)	(61)	(179)
At 31 March 2009	950	84	1,034
Depreciation (restated)			
At 1 April 2008	(686)	(109)	(795)
Charge in year	(168)	(5)	(173)
Disposals	117	61	178
At 31 March 2009	(737)	(53)	(790)
Net book value at 31 March 2009	213	31	244
Asset financing			
Owned	213	31	244
On PFI	–	–	–
Net book value at 31 March 2009	213	31	244
Net book value at 31 March 2008	382	10	392

10. INTANGIBLE ASSETS

2009-10

	Development costs £000	Software licences £000	Website £000	Information technology £000	Total £000
Cost or valuation (restated)					
At 1 April 2009	–	2,411	2,147	2,058	6,616
Additions	2,994	13	–	695	3,702
At 31 March 2010	2,994	2,424	2,147	2,753	10,318
Amortisation (restated)					
At 1 April 2009	–	1,970	1,916	1,816	5,702
Charge in year	–	432	231	302	965
At 31 March 2010	–	2,402	2,147	2,118	6,667
Net book value at 31 March 2010	2,994	22	–	635	3,651
Asset financing					
Owned	1,784	22	–	635	2,441
PFI	1,210	–	–	–	1,210
Net book value at 31 March 2010	2,994	22	–	635	3,651
Net book value at 31 March 2009	–	441	231	242	914

2008-09

	Development costs £000	Software licences £000	Website £000	Information technology £000	Total £000
Cost or valuation (restated)					
At 1 April 2008	–	2,409	2,147	2,028	6,584
Additions	–	2	–	30	32
At 31 March 2009	–	2,411	2,147	2,058	6,616
Amortisation (restated)					
At 1 April 2008	–	(1,540)	(1,454)	(1,333)	(4,327)
Charge in year	–	(430)	(462)	(483)	(1,375)
At 31 March 2009	–	(1,970)	(1,916)	(1,816)	(5,702)
Net book value at 31 March 2009	–	441	231	242	914
Asset financing					
Owned	–	16	–	–	16
PFI	–	425	231	242	898
Net book value at 31 March 2009	–	441	231	242	914
Net book value at 31 March 2008	–	869	693	695	2,257

11. TRADE RECEIVABLES AND OTHER CURRENT ASSETS

Analysis by type

	31 March 2010 £000	31 March 2009 £000	31 March 2008 £000
Amounts falling due within one year			
Trade receivables	1,878	1,750	371
VAT	831	799	490
Other receivables	–	1	1
Current part of PFI prepayment	–	1,532	1,690
Prepayments and accrued income	296	217	107
	3,005	4,299	2,659

Included within trade receivables is £105k (£112k – 2009, £nil 2008), which will be paid to the Consolidated Fund on receipt.

	31 March 2010 £000	31 March 2009 £000	31 March 2008 £000
Amounts falling due after more than one year			
PFI prepayments	–	–	203
	–	–	203

Intra-government balances

	Amounts falling due within one year £000			Amounts falling due after more than one year £000		
	31 March 2010	31 March 2009	31 March 2008	31 March 2010	31 March 2009	31 March 2008
Balances with other central government bodies	2,430	2,187	798	–	–	–
Balances with other local government bodies	201	250	–	–	–	–
Intra-government balances	2,631	2,437	798	–	–	–
Balances with bodies external to government	374	1,862	1,861	–	–	203
	3,005	4,299	2,659	–	–	203

12. CASH AND CASH EQUIVALENTS

	2009-10 £000	2008-09 £000	2007-08 £000
Balance at 1 April	1,349	4,313	2,405
Net change in cash and cash equivalents	2,123	(2,964)	1,908
Balance at 31 March	**3,472**	**1,349**	**4,313**
The following balances at 31 March were held at			
Office of HM Paymaster General	2,876	976	3,994
Commercial banks	596	373	319
Balance at 31 March	**3,472**	**1,349**	**4,313**

13. TRADE PAYABLES AND OTHER CURRENT LIABILITIES

Analysis by type

	31 March 2010 £000	31 March 2009 £000	31 March 2008 £000
Amounts falling due within one year			
Trade payables	1,294	1,627	3,457
PFI liability	1,210	965	1,437
Accruals and deferred income	13,621	13,178	11,054
Amounts issued from the Consolidated Fund for Supply but not spent at year end	3,472	1,349	4,313
Consolidated Fund Extra Receipts due to be paid to the Consolidated Fund:			
Received	–	–	–
Receivable	105	112	1
	19,702	17,231	20,262

Included within trade payables is £91k (£Nil 2009 & 2008) for capital transactions.

	31 March 2010 £000	31 March 2009 £000	31 March 2008 £000
Amounts falling due after more than one year			
PFI liability	–	–	935
	–	–	935

Intra-government balances

	Amounts falling due within one year £000			Amounts falling due after more than one year £000		
	31 March 2010	31 March 2009	31 March 2008	31 March 2010	31 March 2009	31 March 2008
Balances with other central government bodies	6,463	3,084	6,814	–	–	–
Balances with local authorities	51	3	17	–	–	–
Balances with public corporations and trading funds	26	124	119	–	–	–
Intra-government balances	6,540	3,211	6,950	–	–	–
Balances with bodies external to government	13,162	14,020	13,312	–	–	935
	19,702	17,231	20,262	–	–	935

14. GENERAL FUND

The general fund represents the total assets less liabilities to the extent that the total is not represented by other reserves and financing items.

		2009-10 £000		2008-09 £000 (restated)		2007-08 £000
Balance at 1 April		(10,425)		(11,373)		(15,421)
Net Parliamentary funding						
Drawn down	97,828		89,070		96,303	
Deemed Supply	1,349		4,313		2,405	
		99,177		93,383		98,708
Year end adjustment:						
Supply payable		(3,472)		(1,349)		(4,313)
CFER Excess A-in-A		(105)		(112)		–
Net transfer from operating activities: net operating cost		(94,279)		(90,815)		(90,167)
Non-cash charges: cost of capital credit		(204)		(159)		(180)
Balance at 31 March		(9,308)		(10,425)		(11,373)

15 CHANGE IN WORKING CAPITAL

	Note	2009-10 £000	2008-09 £000
(Decrease)/Increase in receivables	11	(1,294)	1,437
(Increase)/Decrease in payables	13	(2,471)	3,966
Add movements in trade payables relating to items not passing through the operating cost statement			
Amounts issued from Consolidated Fund for Supply	13	2,123	(2,964)
Excess Appropriations in Aid	13	105	112
		(1,537)	2,551
PFI on balance sheet liability	13	245	–
Capital trade payables	13	91	–
Net cash (inflow)/outflow from operating activities		(1,201)	2,551

16. NOTE TO STATEMENT OF NET OPERATING COSTS BY DEPARTMENTAL STRATEGIC OBJECTIVES

All programme costs of UKTI have been directly attributed to sub-objectives where possible. Central overheads, eg relating to the cost of Finance and Human Resources has been apportioned on a pro-rata basis. Cost of capital has been apportioned on the basis of capital employed where known, or the proportion of expenditure where not known.

17. COMMITMENTS UNDER PFI CONTRACTS

UKTI has entered into the following on Statement of Financial Position PFI contracts.

ELGAR

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

UKTI's agreement under the contract for its e-business projects started during 2000-01 and is due to expire in 2013-14.

The public-facing elements of UKTI's new portal and customer relationship management (CRM) system went live on a pilot basis during 2004-05. Managed service charges in respect of these services became payable from October 2004. The service charges for the portal (provision of system, hosting, development and support) and CRM (provision of system, hosting and support) were paid annually in advance. As a result, £240,000 was transferred to the Statement of Financial Position in 2008-09 as a prepayment for services due to be received in the first six months of 2009-10. Payments for the initial development of the CRM application are being made monthly in arrears. No charges were incurred for the final six months of 2009-10 as Fujitsu agreed to continue the service to 31 March 2010 at no additional cost due to initial issues with the system.

During 2009-10 further enhancements were made to the public-facing element of the Portal and CRM applications for which £488,237 was recorded in the accounts as paid or payable.

The current estimated total capital value for the original public web-based services provided under the agreement is £6.99 m (2008-09 £6.99 m). This is now fully depreciated.

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

Charge to the Operating Cost Statement and Future Commitments

The total amount charged to the operating cost statement in respect of the managed service element of PFI transactions was £1,273k (2008-09 £2,151k); and the charges to which UKTI is committed during 2010 -11, analysed by the period during which the commitment expires, are as follows:

	2010-11 £000	2009-10 £000
Expiry within 1 year	1,183	1,975
Expiry within 2 to 5 years	–	–
	1,183	1,975

18. LOSSES AND SPECIAL PAYMENTS

During 2009-10 UKTI made no special payments and had no reportable losses.

19. FINANCIAL INSTRUMENTS

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

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

20. EMBEDDED DERIVATIVES

UKTI evaluates contracts for embedded derivatives, and considers whether any embedded derivatives have to be separated from the underlying host contract and accounted for separately in accordance with IAS 39 requirements. Where embedded derivatives have terms that are not closely related to the terms of the host contract in which they are included, they are accounted for separately from the host contract as derivatives, with changes in the fair value recorded in the income statement on the unrealised net gains or losses on the derivative financial instruments and commodity contracts line, to the extent that the hybrid instrument is not already accounted for at fair value.

If the fair value cannot be determined reliably based on the terms and conditions of the embedded derivatives, the fair value of the embedded derivatives is calculated as the difference between the value of the hybrid instrument and the host contract (excluding the derivative element).

21. LIQUIDITY, INTEREST RATE AND FOREIGN CURRENCY RISK

Resources voted annually by Parliament finance UKTI's net resource and capital requirements. UKTI is not therefore exposed to significant liquidity risks. It does not access funds from commercial sources and so is not exposed to interest rate risk. UKTI's exposure to foreign currency risk is not significant. Foreign currency income is negligible and foreign currency expenditure accounts for less than 1% of total expenditure.

There is no material difference between the fair values and book values of UKTI's financial instruments.

22. EVENTS AFTER THE ACCOUNTING PERIOD

22.1 General Election

On the 6 May 2010 the General Election returned a new administration and on 11 May 2010, the then Prime Minister, Gordon Brown, resigned. David Cameron formed a new Government and new Ministers were appointed on 12 May.

22.2 Appointment of Interim Minister

On the 14th June 2010 Mark Prisk the Minister of State for Business and Enterprise was appointed interim Trade and Investment Minister.

22.3 Appointment of Managing Directors

Edward Oakden, a new Board member, was appointed as Managing Director of Sectors Group on 19 April 2010. He replaced Michael Ward who was Acting Managing Director.

Rosa Wilkinson, a new Board member, was appointed as Managing Director of Marketing Group on 10 May 2010. She is currently covering for Caoimhe Buckley.

23. RELATED PARTY TRANSACTIONS

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

In addition, UKTI has had a small number of transactions with other government departments, central government bodies or trading funds. Most of these transactions have been with the Advantage West Midlands, Yorkshire Forward, East Midlands Development Agency, North West Development Agency, London Development Agency, the Ministry of Defence, the Government Car & Despatch Agency and COI Communications.

Alan Jenkins, a non-executive Board Member and Chair of the Audit Committee is a Partner at Eversheds LLP and was until May 2010 Chairman of the Board. During the year, in the course of normal business, UKTI trade advisers held meetings/discussions with staff from Eversheds regional offices. No financial transactions took place between UKTI and Eversheds.

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

24. CONTINGENT LIABILITIES DISCLOSED UNDER IAS 37

UKTI has no contingent liabilities.

25. DATE OF AUTHORISATION FOR ISSUE OF THE RESOURCE ACCOUNTS

The certification by the Comptroller and Auditor General is considered to be the issue date of the entity's resource accounts. For these 2009-10 UKTI Resource Accounts the issue date is 16 July 2010; the accounts do not reflect any consideration of events after the accounting period after this date.

Memorandum Notes on Total Resources Used to Deliver UKTI's Services

These Memorandum Notes are not covered by the Comptroller and Auditor General's opinion.

This section sets out the resources voted to, and used by, UKTI. It also includes an estimate of the total BIS and FCO resources allocated to UKTI activity. This reflects the shared governance arrangements between BIS, the FCO and UKTI for the delivery of their shared departmental strategic objectives for trade promotion and foreign direct investment.

UKTI's total estimated resource and the cost of the associated assets used are shown in the following Memorandum Notes.

The FCO 2008-09 figures have been restated as a result of the adoption of IFRS. The BIS 2008-09 figures required no restatement as a result of the adoption of IFRS.

1. OPERATING COST STATEMENTS

The operating cost statements show a further breakdown of the total estimated resources consumed in the meeting of UKTI's sub-objectives.

		UKTI Programme		BIS Administration		FCO Admin and Programme		Total	
	Note	2009-10 £000	2008-09 £000	2009-10 £000	2008-09 £000	2009-10 £000	2008-09 £000	2009-10 £000	2008-09 £000
Staff cost	3	686	557	30,317	30,519	50,467	51,724	81,470	82,800
Expenditure	4	99,598	94,828	21,927	25,206	153,366	131,980	274,891	252,014
Income	5	(6,005)	(4,570)	-	-	-	-	(6,005)	(4,570)
Net operating cost		94,279	90,815	52,244	55,725	203,833	183,704	350,356	330,244

2. STATEMENT OF NET OPERATING COSTS BY DEPARTMENTAL STRATEGIC OBJECTIVES

The Statement of Operating Costs by Departmental Objective shows programme resources consumed in the meeting of UKTI's sub-objectives (see page 7).

Within both BIS and the FCO's "Statement of Operating Costs by Departmental Objective" UKTI is included under Departmental Strategic Objective 2.

	UKTI Programme		BIS Administration		FCO Admin and Programme		Total	
	2009-10 £000	2008-09 £000	2009-10 £000	2008-09 £000	2009-10 £000	2008-09 £000	2009-10 £000	2008-09 £000
Sub-objective 1: To enhance the competitiveness of companies in the UK through overseas trade and investments	61,998	58,946	42,296	48,801	165,862	147,777	270,156	255,524
Sub-objective 2: To attract a continuing high level of quality foreign direct investment	32,281	31,869	9,948	6,924	37,971	35,927	80,200	74,720
Net operating costs	94,279	90,815	52,244	55,725	203,833	183,704	350,356	330,244

The costs attributed to UKTI by the FCO have increased by £20.1m. The majority of this increase was as a result of an increase in the apportionment of central overheads attributed to UKTI activities. The main reason for this increase was as a result of the devaluation of the pound over the financial period of which UKTI's share was approximately £13m. A further £4.4m credit relates to a proportion of impairment charges received in 2008-09, which did not occur in 2009-10.

3. STAFF NUMBERS AND RELATED COSTS

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

	UKTI Programme				BIS Administration				FCO Admin and Programme				TOTAL	
			2009-10 £000	2008-09 £000			2009-10 £000	2008-09 £000			2009-10 £000	2008-09 £000	2009-10 £000	2008-09 £000
	Per-manent staff	Other	Total	Total	Per-manent staff	Other	Total	Total	Per-manent staff	Other	Total	Total	Total	Total
Wages and salaries	–	686	686	557	22,518	1,546	24,064	24,368	13,753	–	13,753	15,337	38,503	40,262
Social security costs	–	–	–	–	1,869	–	1,869	1,838	403	–	403	465	2,272	2,303
Other pension costs	–	–	–	–	4,633	–	4,633	4,578	1,905	–	1,905	2,189	6,538	6,767
Locally employed staff costs	–	–	–	–	–	–	–	–	34,406	–	34,406	33,733	34,406	33,733
	–	686	686	557	29,020	1,546	30,566	30,784	50,467	–	50,467	51,724	81,719	83,065
Less recoveries for outward secondments	–	–	–	–	(249)	–	(249)	(265)	–	–	–	–	(249)	(265)
Total net costs	–	686	686	557	28,771	1,546	30,317	30,519	50,467	–	50,467	51,724	81,470	82,800

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

	UKTI				BIS				FCO				TOTAL	
			2009-10	2008-09			2009-10	2008-09			2009-10	2008-09	2009-10	2008-09
	FTE			FTE	FTE			FTE	FTE			FTE	FTE	FTE
	Per-manent staff	Other	Total	Total	Per-manent staff	Other	Total	Total	Per-manent staff	Other	Total	Total	Total	Total
Sub-objective 1: To enhance the competitiveness of companies in the UK through overseas trade and investment	–	10	10	7	379	58	437	436	1038	–	1038	1045	1485	1488
Sub-objective 2: To attract a continuing high level of quality foreign direct investment	–	5	5	3	178	26	204	231	241	–	241	257	450	491
	–	15	15	10	557	84	641	667	1,279	–	1,279	1,302	1,935	1,979

In addition to the 1,935 FTE shown, some 425 private sector people work in the nine English regions delivering for UKTI.

4. NON-STAFF COSTS

	UKTI Programme		BIS Administration		FCO Admin and Programme		TOTAL	
	2009-10 £000	2008-09 £000	2009-10 £000	2008-09 £000	2009-10 £000	2008-09 £000	2009-10 £000	2008-09 £000
Expenditure								
Current grants	16,401	16,810	–	–	–	–	16,401	16,810
PFI service charges	1,273	2,151	–	–	–	–	1,273	2,151
Finance charge	77	161	–	–	–		77	161
Consultancy	9,741	8,530	–	–	–	–	9,741	8,530
External services	25,420	25,115	–	–	–	–	25,420	25,115
Customer grants	11,282	10,292	–	–	–	–	11,282	10,292
Promotions and publications	11,258	10,587	–	–	–	–	11,258	10,587
Events	16,228	12,728	–	–	–	–	16,228	12,728
Rentals under operating leases	–	–	24	14	–	–	24	14
Accommodation	–	–	3,808	3,920	20,958	20,678	24,766	24,598
Other costs	7,008	7,064	9,905	12,914	15,262	9,622	32,175	29,600
Non-Cash items								
Depreciation	148	173	1	3	5,153	7,122	5,302	7,298
Amortisation	965	1,375	–	–	–	–	965	1,375
Revaluation of Non-current assets	–	–	–	–	–	–	–	–
Loss on disposal of Non–current assets	1	1	–	–	–	–	1	1
Cost of capital (credit)	(204)	(159)	–	–	7,421	8,018	7,217	7,859
Apportionment of central overheads attributable to UKTI activities	–	–	8,166	8,327	104,549	86,512	112,715	94,839
Auditor’s remuneration and expenses	–	–	23	28	23	28	46	56
Non-staff expenditure	99,598	94,828	21,927	25,206	153,366	131,980	274,891	252,014

5. INCOME

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

6. CAPITAL EMPLOYED

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

	UKTI £000	BIS £000	FCO £000	Total £000
Net book value at 31 March 2010	**3,917**	**–**	**–**	**3,917**
Net book value at 31 March 2009	1,158	1	–	1,159

BIS and the FCO have no purchased property, plant and equipment or intangible assets for the sole purpose of delivering UKTI's objectives. The increase in UKTI's Net Book Value is as a result of the need to capitalise IT systems developed or in the course of being developed (see Property Plant and Equipment note).

Annexes

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

INTRODUCTION

1. An estimate of total financial benefits generated by UKTI trade services is published annually in reports by OMB Research on results from the Performance and Impact Monitoring Survey. Results published at the end of March 2009, based on data derived from surveys carried out during the financial year 2009-10, reported estimated total benefits of £5.25bn. This translates into a benefit-cost ratio for UKTI trade services for the period of some £19: £1. For briefing purposes, UKTI has reported this figure rounded down to £5.0bn.

2. The estimates reflect businesses' own judgments about the value of additional profits which they expect to achieve as a direct result of the help provided. Evidence from businesses is gathered through surveys carried out by OMB Research, an independent market research company specialising in business surveys. Interviews are conducted at two stages, the first being between 4-7 months of the support, and a follow-up, with a smaller sample, a year later. Interviews are designed to capture a rounded picture of the quality and impact of the support, taking into account the business context.

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

- Discounting: Expected future profits are discounted at 8% and counted over a limited period, normally up to five years, exceptionally up to a maximum of ten years. After this period, the discount rate is, in effect, increased to 100%.
- Additionality: Two separate additionality tests are applied. Benefits which are not explicitly attributed by the client directly to the support are excluded.
- Consistency: Additional profits attributed to UKTI by the client are not counted unless the client has also reported significant impact on one or more qualitative indicators, showing how the service had enabled the additional profits to be made.

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

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

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

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

Scope of Benefits Measured

7. The £19: £1 benefit-cost ratio counts only the additional profits attributable to UKTI trade services, net of the above adjustments. It does not include any allowance for wider economic benefits which are likely to occur through the following:

- Effects on jobs: Additional earnings are likely to accrue to staff in the supported firms, some of whom might otherwise be unemployed or earning lower wages elsewhere. These benefits are likely to be significant, as academic research shows that exporters have higher productivity and stronger financial performance than non-exporters. Exporting firms are also some 11.4% more likely to survive. Accordingly they are likely to be able to offer better paid and more secure jobs.
- Effects of knowledge transfer to other UK firms: Benefits are likely to occur through knowledge transfer from supported firms to other UK firms, either through business networks or through movement of staff, or both. Recent surveys of users and non-users of UKTI trade services show that nearly half report that they have taken on members of staff who had brought with them expertise in doing business overseas, or specific overseas contacts, or both, which had been acquired while employed by another firm.
- Effects on UK reputation in overseas markets: Promotional activity, which showcases UK capability and promotes the reputation of the UK business in overseas markets, is likely to benefit other UK firms, as well as those that take part directly in the promotional events. Although difficult to measure, these wider benefits are expected to be substantial.

Other Possible Measures of Benefit

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

- Additional exports: This measure was commonly used in evaluations of trade services carried out in the UK prior to 2002 and featured in the Public Service Agreement Targets for British Trade International for the period 1999-2002[1]. For the Spending Review period 2002-04 it was replaced by a measure of improved business performance of users of the trade services, where performance was defined in terms of improved productivity and profitability [2]. This change reflects the fact that export activity is not an end in itself, but benefits the UK economy through enabling businesses to improve their performance. Focus on additional exports can potentially be misaligned with the business development needs of a company, whereas focus on a business performance improvement target ensures clear alignment with these needs.
- Gross value added (GVA): This measure can be seen as closer to the concept of improved business performance, and is often used in the context of evaluating other forms of publicly funded business support. However, as the measure includes wages, there is a need to take into account the likelihood that staff in the supported business might be able to earn similar wages in another company or sector, possibly in another UK region. The measure should therefore be reported net of displaced alternative wage earnings, either at regional or national level, as appropriate in context.

9. It should be noted that both these alternative measures would give much larger headline benefit numbers than the additional profit measure. In the case of additional exports, as the measure is gross of production costs, including purchased inputs, using it would substantially overstate the contribution to the UK economy.

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

2 The target was to "Deliver a measurable improvement in the business performance of UKTI customers".

10. Additional GVA would be a more complete measure of benefit to the UK economy, assuming it is reported net of displacement. However, UKTI has not identified examples of successful practical methodology for measuring GVA net of displacement. Experience from PIMS indicates that business surveys are not a suitable method for collecting GVA data, as respondents are generally not well placed to make the necessary assessments, and these lines of enquiry are perceived as burdensome by interviewees.

Calculation of Total Benefit

11. The method of calculation of the £5.25bn estimated total benefit generated by UKTI trade services is summarised below, in three parts:

- Estimation of mean benefit per business supported: For this period, the mean was £218k across all trade services, including web site users, and £222k excluding website users. The former figure has been used in the illustrative example in paragraph 2 below;
- De-duplication to count the number of businesses that received support during the year: De-duplication is necessary because some businesses will have used more than one service in the course of a year. For purposes of measuring performance against UKTI's CSR07 target, this figure is shown excluding web site users, and was 23,600. An alternative, 26,000, which includes website users, is also published in the PIMS results.
- Grossing up from the mean: The total de-duplicated number of businesses is multiplied by the mean. For all trade services excluding website users, this is £222k x 23,600 = £5,250m; including website users, this is £216k x 26,000 = £5,610m.

12. Calculation of the mean benefit, in terms of additional profit attributed specifically to the help provided by UKTI, follows the following steps:

- Stage 1 – Firms asked to estimate the expected benefit in terms of bottom-line profit £ (E9) – £286,000.
- Stage 2 – Estimates converted to profit for those indicating figure given is in terms of turnover (E10/E4) – £137,000.
- Stage 3 – Future expectations allowed for (using annual discounting rate of 8%); number of years in the future is normally capped at five years, for example when the respondent says the revenues will continue "indefinitely". Exceptionally up to ten years are counted, where the respondent is specific about the number of years (E11-13) – £486,000.
- Stage 4 – Allowance made for actions not taken as a result of support (E15-18) – £487,000.
- Stage 5 – Adjustment for non-additionality: Total profit is weighted by proportion "would have realised anyway"
- (E14) – £224,000.
- Stage 6 – Consistency check and further additionality check: Adjusted to zero if no impact has been recorded against at least one of two qualitative impact measures, namely: "change in behaviour (A83)" or "barriers to market access overcome" (A92) – £216,000. Impact is not counted in these qualitative measures if the firm has said it would have achieved similar results in any case.

13. To calculate the average benefit-costs ratio, the total additional profit generated by UK businesses is divided by the total costs of trade support

- £5,250m divided by £270.2m = £19 to £1.

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

15. While around 70% of businesses surveyed reported a qualitative benefit, the benefits figure above represents the average/mean forecast. The underlying survey data shows that 43% of those responding to the survey forecast some financial benefit and 57% forecast no financial benefit.

DISTRIBUTION OF BUSINESS BENEFITS FROM UKTI TRADE SERVICES

1. In order to inform targeting of its services, UKTI has undertaken extensive analysis of the distribution of the benefits reported by clients using its trade services, and has sought to identify characteristics of businesses most likely to benefit. Data collected through UKTI's Performance and Impact Monitoring Survey (PIMS) include information about client business characteristics, as well as details about the specific types of benefit experienced, using a range of different measures of impact. The PIMS dataset thus provides a robust basis for insightful analysis of these issues. Evidence from PIMS is complemented by evidence derived from UKTI's programme of in-depth economic impact evaluations.

2. Analysis of PIMS data has examined a range of measures of impact and business benefit, using both quantitative and qualitative techniques:

- Descriptive cross-tabulations: Cross-tabulations of the PIMS measures of impact by client characteristics such as size, export experience, and innovative activity, are used extensively in the published PIMS reports which are available on the UKTI website at www.ukti.gov.uk Breakdowns by type of overseas market are also included. This analysis provides insights into differences in the nature, incidence, and magnitude of business impact across client groups. Since PIMS results are reported quarterly and annually, the stability of correlations observed in these cross-tabulations is also tracked over time.
- Multivariate analysis and statistical modelling: These techniques allow deeper probing into the significance of the correlations which appear in descriptive cross tabulations. Analysis of PIMS data using these techniques is carried out for UKTI in the context of economic impact evaluations. For example, analysis by Aston University for a cross-cutting study of the impact of UKTI trade services on R&D found that these services generate substantial additional R&D, estimated to average £65k per client, and that innovative and growing companies are most likely to benefit.
- Qualitative studies: Qualitative interviews are undertaken with a number of clients who were previously interviewed through PIMS, to allow deeper probing into the business context behind the quantitative PIMS results.

3. Results of the analysis show some consistent differences between qualitative and quantitative measures of benefit in terms of the distribution of benefit across UKTI clients, which have been stable over the four years covered by PIMS:

- Qualitative measures show that business benefits are broadly distributed across UKTI clients, with around 67% reporting very significant business benefit on one or more measures [3], and just over 50% reporting improved medium-term business performance in terms of productivity and profitability as a result of using the services.

3 This qualitative measure is derived from questions in which the client is asked first about whether they experienced a particular effect, and, if so, to what extent was it a benefit to their business, using a 1-5 rating scale, where 1 = no benefit and 5= benefited the business to a critical extent. Only those giving ratings of 4-5 are included in the measure. Clients are also excluded from this measure if they then went on to say that they believed they could have achieved similar results without support.

- Quantified benefit, in terms of additional profit attributed to the service, by contrast, shows a highly skewed distribution. Around a quarter of UKTI clients find it too difficult to estimate quantified benefit, and choose to skip these survey questions. A further 30% report some positive financial benefit, with the top 3% of UKTI clients accounting for most of the total financial benefit reported.

4. Extensive analysis has been undertaken to try to identify characteristics of those clients most likely to benefit, on both qualitative and quantified measures. This shows that:

- The level of quantified financial benefit by client profile shows no consistent pattern, except that most of those reporting the largest benefits are classified as innovative. Table 1 shows the incidence of clients reporting exceptionally high financial benefit over the past four years, by size, export experience, and innovation. Analysis of financial benefit by type of overseas market also shows no consistent pattern.
- Analysis of qualitative measures by client profile, by contrast, does shows consistent patterns. Innovative firms, and those with fewer than 250 employees, are more likely to report benefit on most qualitative measures. For example, only 40% of large firms report improved business performance, as compared with 54% of clients with 50-99 employees, and 53% across all UKTI trade clients [4].
- The magnitude of differences in impact across client groups varies considerably across qualitative measures (Table 2). The difference is greatest with respect to impact on R&D, with the proportion of large firms reporting increased R&D (5%) only half that of smaller firms. By contrast, there is little difference by size or by other client profile characteristic in terms of the proportion reporting very significant benefit from overcoming barriers to accessing new markets, for example through gaining access to contacts or information not otherwise accessible.

5. Analysis of financial benefits over time indicates that individual firms are extremely unlikely to report exceptionally high benefit in successive years. Probing into the circumstances in which firms have reported large financial benefits shows that most of these firms are expecting substantial business growth. Qualitative research to follow the progress of some of these firms in further depth is currently in progress.

6. Thus, the bulk of the financial benefit reported by UKTI clients each year relates to a small proportion of clients who are on a high-growth trajectory, and in each year the highest impact cohort is likely to be different.

7. This high degree of skewness in financial benefit reported by UKTI clients is consistent with findings of research into patterns of business growth more generally. Recent research for NESTA found that a small minority of UK firms – some 6% - accounted for over half the employment growth in the economy over the periods studied.[5] Research also shows that international business often plays a critical role in enabling high-growth companies to achieve their potential.[6]

4 Figures refer to PIMS 15-18, interviews carried out during financial year 2009-10. The pattern is consistent with previous PIMS waves.

5 Anyadike-Danes, M., Bonnet, K., Hart, M., Mason, C. (2009) Measuring Business Growth. High-growth firms and their contribution to employment in the UK. Research report for NESTA. Evidence on the role of high-growth firms in the economy is reviewed in BERR Economics Paper No 3, High Growth firms in the UK: Lessons from an Analysis of Comparative UK Performance (2008)

6 Evidence on the role internationalisation plays in the development of innovative and high-growth firms is reviewed in BIS Economics Paper No 5, Internationalisation of Innovative and High Growth SMEs.

8. In summary, analysis of the distribution of benefit by client profile shows that targeting innovative and growing firms is likely to generate relatively high benefits. Clients with these characteristics are likely to benefit very significantly from UKTI trade services on qualitative measures. However, the evidence also shows that the outstanding minority likely to achieve highest financial benefit cannot easily be predicted, even within this group.

Table 1: Number of Firms Anticipating a 'Large Financial Benefit' – by Profile

		'Large Financial Benefit' (£3m+)			
		PIMS 4-7	PIMS 8-11	PIMS 12-15	PIMS 15-18
Base		12	26	33	27
Size (Number of Employees)	0-9	4	9	7	7
	10-99	8	7	16	7
	100-249	0	4	3	4
	250+	0	6	7	9
Innovative	Yes	12	23	29	25
	No	0	3	4	2
When Started Exporting	Not currently exporting	1	1	7	7
	Within last 2 years	5	5	10	4
	2-10 years ago	3	8	7	5
	Over 10 years ago	2	12	9	12

Table 2: Business Benefits by Firm Profile (Qualitative Measures)

PIMS 15-18		Business Size				Whether Innovative	
(April 2009-Mar 2010)	Total[7]	0-9	10-99	100-249	250+	Yes	No
Improved Business Performance (UKTI target = 50%)	53%	56%	54%	51%	40%	55%	44%
A83 – Changed Behaviour	50%	54%	51%	42%	39%	51%	46%
Increased R&D	9%	11%	10%	5%	5%	10%	4%
A92 – Barriers Overcome	59%	62%	58%	55%	56%	60%	54%
A06 – Improved Productivity & Competitiveness	67%	70%	65%	62%	62%	68%	62%

7 Totals exclude website users and participants in English Regions Events, not counted against UKTI targets.

Annex B
UKTI CSR2007 Performance Framework Agreement

TECHNICAL NOTE ON DEFINITIONS AND MEASUREMENT OF HIGH-LEVEL TARGETS

Note: The measurement mechanism for CSR2007 Target 1 includes a survey-based instrument which was tested through surveys of respondents from previous years' inward investment involved successes. Analysis of the findings has shown that the initial formulation of some of the detail was not fully capturing some aspects of the impact and influence of the support. The rating used for measuring influence of the support against the 70% target has been revised to take account of these Definitions and measurement mechanisms

Target 1: Attract high-value foreign direct investment to the UK.

(a) Number of involved inward investment successes:

Measurement mechanism: Project records on UKTI's CRM.

Definition: Criteria defining an involved inward investment success are set out by the International Business Development Forum (IBDF) Inward Investment Principles and Guidelines, and agreed by IBDF members including the RDAs, devolved administrations and UKTI. The IDBF was formerly known as the Committee on Overseas Promotion (COP).

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

Measurement mechanism: Via independent survey of a random sample of the reported involved successes. The survey collects data on project characteristics which are used to classify the projects as "high value", "good quality", or other. The fraction of projects classified in each category is then grossed up to provide estimates of the total number of involved successes which are "high value" and "good quality".

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

Background: Identification of project characteristics likely to be associated with positive impact on UK productivity and knowledge spillovers benefited from advice provided by Professor Richard Harris of the University of Glasgow. Professor Harris carried out a project for UKTI in this context to analyse characteristics of inward investment projects using data from the Community Innovation Survey, and made recommendations about indicators which should be used to classify projects as "high value" and "good quality". These indicators were then tested for practical use through a pilot survey of involved inward investment successes, carried out by OMB Research during 2006-07. Recommendations from the pilot were then used to refine details of the methodology, in particular to ensure that the required data could be captured without undue interview length. UKTI continues to monitor developments in the academic literature with respect to factors associated with productivity growth and knowledge spillovers, and would expect to review the set of value indicators periodically, to take account of relevant new evidence.

(c) Percentage agreeing that UKTI or its RDA delivery partner had significant favourable influence on the decision to locate or expand in the UK, or on the scale or scope of the project:

Measurement mechanism: Via the same independent survey of a random sample of the reported involved successes as is used to measure project value.

Definition: Respondents are asked about the extent to which the support provided had influenced the project with respect to decisions on a number of project features, including aspects of project scope such as increased the amount of R&D at the site, as well as the decision to go ahead with the investment at all. A 1 to 5 rating scale is used, where 1 = no influence, and 5 = very significant influence. Performance against the target is measured as the percentage rating the influence at 3, 4 or 5.

Background: A former UKTI Public Service Agreement (PSA) target on major projects focused on "the percentage of firms reporting that UKTI support was a significant factor in their performance". The target level was 70%. A higher level is not realistic, because experience of previous research has demonstrated that the extent to which businesses are willing to attribute influence to support reflects variable subjective judgments by individual business people about the relative significance of internal vs. external influences on their business's management decisions. In addition, performance against the target is likely to be influenced by UKTI's strategic policy focus on high-value projects, which means that lower priority projects are expected to receive less intensive forms of assistance, making recall by respondents for these projects more difficult. Given that decisions relating to inward investment projects are likely to be of substantial strategic importance to the company concerned, scores of 3-5 against this target as defined above could be seen as a challenging indicator of significant influence.

Target 2: Improve the performance of UK businesses by helping them to internationalise.

(a) Number of businesses helped to exploit overseas business opportunities

Measurement mechanism: Via independent analysis of data from UKTI's CRM and from the administrative records of businesses that have paid for trade development support under the Overseas Market Introduction Service (OMIS). The analysis is carried out by the market research specialist who also uses these data to conduct the PIMS for UKTI trade services.

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

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

Measurement mechanism: Via independent survey of a random sample of businesses who have received help from UKTI to exploit overseas business opportunities (PIMS).

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

Background: Details of the methodology for capturing data about R&D and other key indicators of innovation activity were tested through a number of waves of PIMS, seeking to ensure that the questions used would capture innovation activity in services sectors as well as in manufacturing. Analysis of responses by sector suggests that services sector respondents are somewhat less likely to be classified in PIMS as innovative. It is not clear whether this reflects a true picture, or perhaps a slight remaining bias in the methodology which may not fully capture innovation in services sectors. However, analysis of PIMS results has consistently shown that businesses classified as innovative are more likely to derive substantial benefit from UKTI support, as measured by the percentage reporting improved business performance. This is consistent with recent academic research which shows that innovative companies have greater capacity to identify and benefit from new ideas and knowledge from external sources, or "absorptive capacity".[8]

(c) Percentage improving business performance as a result of UKTI support

Measurement mechanism: Via independent survey of a random sample of businesses that have received help from UKTI to exploit overseas business opportunities (PIMS).

Definition: The definition used for this measure was developed by a team of academic researchers at the University of Reading, and focuses on capturing medium-term impact on overall business productivity and profitability, rather than on additional sales or exports. In order to be counted against the measure, the respondent must report impact on both productivity and profitability. In addition, as a robustness and consistency check, the respondent must also have reported evidence of new business having been won as a direct result of the support.

Background: This definition has remained unchanged from the previous Spending Review period, in order to ensure continuity and comparability of results over time. Details of the data collection methodology changed on 1 January 2006, when OMB Research took over responsibility for the survey from the University of Reading, and the scale of the survey was also substantially increased. Prior to the change, a large-scale pilot survey was carried out to test details of the new methodology; full details are described in the report on the pilot, available on the UKTI website at www.ukti.gov.uk As another approach to testing the validity of the measure, analysis has been carried out to investigate the specific mechanisms through which the support leads to impact on business performance. For each trade service, the most frequently reported mechanisms of impact are reported regularly in the PIMS results. These show that impact on business performance results from enabling the client to overcome key barriers to overseas markets, and/or to upgrade their approach through learning more about how to go about overseas business. The most frequently cited mechanisms of impact are:

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

8 A discussion of the concept of "absorptive capacity" is provided in Harris and Li (2006) and (2007), together with quantitative evidence showing clear links between levels of absorptive capacity and innovation, as well as links to export activity.

Target 3: R&D activity

Measurement mechanism: Via independent survey of a random sample of the reported FDI-involved successes, and a separate independent survey of a random sample of businesses that have received help from UKTI to exploit overseas business opportunities.

Definition: Respondents are asked about additional R&D activity as a result of the support provided. The fraction of respondents reporting such additional R&D for involved inward investment projects, and the fraction of businesses that have received help to exploit overseas business opportunities, are then grossed up, respectively, to provide estimates of the total number of businesses increasing R&D activity in the UK.

Background: Details of the methodology for capturing data about additional R&D activity were tested through a number of waves of UKTI's PIMS. In addition, follow-up qualitative research was conducted to investigate interpretation of the R&D results, and to explore the mechanisms which were generating influence on business R&D. A full report on this research, Internationalisation, Growth and Novel Product Development in Young Innovative Businesses, is published on the UKTI website. The research found that trade development support generates additional business investment in R&D through a combination of learning benefits, which give rise to ideas for new R&D, and business performance benefits, which enable the firm to afford the increased investment. The findings are consistent with recent quantitative academic research[9] which demonstrates that exporting and investment in R&D are closely linked.

Target 4: UK reputation

Measurement mechanism: Via independent survey of businesses and opinion formers in four key sectors: financial services, ICT, life sciences and energy and in three major overseas markets: USA, China and India. A baseline survey was carried out by RSM during 2007-08, and change will be monitored by annual replication of the baseline survey.

Definitions: As the target relates to impact over the Spending Review period, success will be measured by comparing the results of the survey in the final year of the period with those of the baseline. Success is defined as an increase in a range of Key Performance Indicators (KPIs) which capture the various aspects of UK reputation. The indicators are:

KPI 1: UK favourability
Measure (QC1): Increased mean favourability score for UK relative to average score for comparator countries.

KPI 2: UK reputation measures
Measure (QC4a): Increase in one or more of the four reputation measures (RM1–RM4) compared to 2008 benchmark.

RM1 = Average score across all Business Environment indicators RM2 = Average score across all Innovation, Creativity indicators RM3 = Average score across all Connections indicators RM4 = Average score across all Quality, Value and Delivery indicators

9 Reports for UKTI on this issue are available on the UKTI website, and include: Harris and Li (2006) [Establishment Level Empirical Study of Links between Exporting, Innovation, and Productivity]. Reports to UKTI including [Participation in Export markets and Productivity in UK Manufacturing] (2004) and Harris and Li (2007) [Firm Level Empirical Study of the contribution of Exporting to UK Productivity Growth]

KPI 3: Overall UK reputation
Measure (QC4b): Increased mean score for UK compared to 2008 benchmark.

KPI 4: Current/intention to invest/source
Measure (QA1/2/7/8): Increase in those currently investing in, or very likely to invest in/source from, the UK in the next five years.

KPI 5: Positive associations
Measure (QC5): Increase in scores relative to one or more comparator countries in the number of attributes associated with the UK.

Background: A review of literature on measurement of reputation could not identify any examples of research which had very similar objectives, although some examples of academic research in broadly related areas were found. In order to inform development of methodology, UKTI hosted a seminar in September 2007 which included presentations from a number of these researchers. One of these, Dr Nicolas Papadopoulos from Carleton University, Ottawa, Ontario, Canada, also contributed more detailed advice on the methodology for the baseline survey during the course of its development. A pilot qualitative survey was conducted by RSM prior to finalising details of the methodology for the main baseline survey.

Target 5: Improve UKTI's operational performance

(a) Increase professionalism

Measurement mechanism: Via independent survey of a random sample of businesses that have received help from UKTI to exploit overseas business opportunities (PIMS).

Definition: Quality and satisfaction ratings are measured as the percentage of respondents giving scores of 4 or 5 on a 1 to 5 rating scale, where 1 = very poor and 5 = very good, in response to a specified set of questions. The quality measure, PIMS measure A09, is defined as the average score across ratings for a number of specific aspects of service quality, details of which vary by service. Satisfaction is defined as PIMS measure B10, and is based on a single question, which is the same across all services. Full details are provided in PIMS reports available at www.ukti.gov.uk

Background: For purposes of comparability, the PIMS quality and satisfaction measures are based on measures which were used in the BIS Business Support Cross-Product Monitoring Survey (BSMS), and which can be identified in reports on these surveys by the same reference numbers. Variation in the detailed set of questions used to measure quality allows the surveys to capture ratings on the specific aspects of service quality which are most relevant in the business context. Analysis of PIMS data shows that quality scores are significantly correlated with impact scores, particularly on aspects of service which relate most closely to the mechanisms of impact on business performance, such as the quality and relevance of information and advice provided.

(b) Increase charging

Measurement mechanism: Via actual revenue, received into UKTI's OMIS account on a monthly basis.

Definition: Customers pay for OMIS services online. Revenue is received via Worldpay and credited to UKTI's OMIS account after reconciliation. The final figure for each month is available around the third day of the following month.

Background: The work that the staff in UKTI's overseas network achieves for private sector companies is charged for via OMIS. Companies and groups of companies can commission work online through ITAs in the English regions, equivalent staff in the devolved administrations or direct from Posts overseas. Charges are based on the amount of time estimated to complete the work requested. Work covered includes market information, contacts, face-to-face advice, programme arranging, product launches, organisation of receptions, etc. UKTI does have other income sources but OMIS is by far the largest. OMIS income has grown from under £1m per annum in 2006-07 to more than £4.7m in 2009-10. This has been achieved by:

- highlighting the flexibility of UKTI services available from the network,
- spreading best practice in the overseas network,
- targeting overseas network and English regional network and
- introducing changes to the OMIS system to enable greater volumes of work to be delivered more efficiently.

Annex C
Performance Framework and Resources

UKTI's 2007 Comprehensive Spending Review (CSR) settlement (which covers the period 2008-09 to 2010-11) confirmed the targets outlined in UKTI's strategy for each year of the settlement and the resources to deliver this performance framework. The performance framework sets five targets covering trade support, inward investment and operational performance.

UKTI's performance against its 2007 comprehensive spending review (CSR2007) settlement and the subsequent targets requires UKTI to prioritise and deliver the outcomes of our high-level targets while at the same time delivering real efficiency savings of 2.6%. It covers the period 2008-09 to 2010-11. UKTI's Strategic Objective is:

By 2011, deliver measurable improvement in the business performance of UKTI's international trade customers, with an emphasis on innovative and R&D-active firms; increase the contribution of FDI to knowledgintensive economic activity in the UK, including R&D; and deliver a measurable improvement in the reputation of the UK in leading overseas markets as the international business partner of choice.

DELIVERY TARGETS

The performance framework agreed in the CSR2007 set five targets covering trade support, inward investment and operational performance. These are reproduced below, together with the performance targets for 2009-10.

Target 1: Attract high-value foreign direct investment to the UK.

Annually, over the 2008-11 spending review period, to achieve at least 525 involved inward investment project successes, of which: (a) at least 125 should be high-value; (b) at least 285 should be good-quality; and (c) at least 70% should agree that UKTI or its RDA delivery partner had significant favourable influence on the decision to locate or expand in the UK, or on the scale or scope of the project. At least 30 of the good-quality or high-value projects should involve additional R&D activity in the UK. The profile of the remaining involved successes will be determined by RDA regional priorities.

Target 2: Improve the performance of UK businesses by helping them internationalise.

Annually, over the 2008-11 spending review period, to help at least 20,000 businesses to exploit overseas business opportunities, of which (a) at least 12,000 should be innovative; and (b) at least 50% of all business groups, including the sub-group of businesses helped to enter high-growth markets, should improve their business performance as a result of UKTI support.

Target 3: Increase the quantity of R&D activity in the UK through business internationalisation.

Annually, over the 2008-2011 spending review period, at least 1,000 businesses increase their R&D activity in the UK as a result of UKTI support, including at least 70 FDI R&D projects.

Target 4: Improve the UK's reputation as the international business partner of choice.

To achieve a measurable improvement over three years in the reputation of the UK's business strengths, in particular in a defined set of sectors and in a set of named markets.

OPERATIONAL PERFORMANCE TARGETS

Target 5: Improve UKTI's operational performance.

Increase professionalism.
To achieve 80% Quality Ratings and 80% Satisfaction Ratings across both trade and inward investment services.

Increase charging.
To increase UKTI's net revenue from charging to £2m in FY 2007-08, to £4m per annum by the end of the CSR2007 period (FY 2010-11).

UKTI'S ACHIEVEMENT AGAINST TARGETS

CSR2007 sets performance targets to ensure progress towards our objectives and these are summarised in the following table which shows the progress UKTI has made this year.

Target	Achieved 2009-10	Outturn 2008-09
1. Maximise foreign direct investment		
525 inward investment project successes of which:	759*	600
a) 125 high value	268	262
b) 285 good quality	139	244
c) 70% agree UKTI is a significant favourable influence	72%	74%
At least 30 of the good-quality projects involve additional R&D activity	49	47
2. Improve UK business performance		
20,000 businesses assisted of which:	23,600	20,700
a) 12,000 innovative	19,600	17,300
b) 50% of all assisted businesses improve performance	53%	51%
including 50% in high-growth markets	51%	51%
3. Increase R&D activity		
a) 1,000 businesses supported increase R&D activity as a result	2,130	1,860
b) including 70 FDI R&D projects	71	67
4. UK's reputation as the international business partner of choice		
Measurable improvement over three years in defined sectors and named markets	No change	No change
5. Professionalism		
a) 80% Quality rating	76%	76%
80% Satisfaction Rating	74%	75%
b) £3.0m revenue from Charging	£6.0m	£4.6m

* This figure is from the latest available provisional figures for delivery of the performance framework. All other figures used for foreign direct investment are the validated outturn figures from the previous year.

Annex B at the end of this report provides greater detail about how performance is measured against the CSR2007 Performance Framework Agreement: Technical note on definitions and the measurement of high-level targets.

UKTI has exceeded the CSR2007 targets for the first three targets and maintained performance against our reputational targets.

The first and second annual survey measuring UK's reputation as the international business partner of choice (target 4) have been completed. As expected, these show no progress against the benchmarking survey as it will take time for UK reputation to be affected. However, performance against this target will only be fully assessed in the final year of the survey. Professionalism (target 5a) is below target and shows that UKTI must improve the quality of our services. This has stayed steady throughout the year. UKTI is exceeding our quantity figures, but we are also aware that we must improve the quality and relevance of our services. UKTI is working across the network to raise its quality and satisfaction scores to reach our 80% overall target (current scores are 76% for quality of service and 74% for overall satisfaction). Initiatives include regular teleconferences with our overseas Posts, exchange of good practice and an "Improving our Customer Experience" workshop which is being rolled out around the network and was produced in follow-up to the UKTI Leadership Conference. One of our core training programmes focuses on Developing Successful Client Relationships, and there is evidence that this training is having a positive impact on quality and satisfaction. Our aim is to ensure that where scores are higher this is replicated across the network. To aid this objective, Post targets for next year have also been frozen, with the message that quality is equally as important as quantity.

QUALITY OF DATA SYSTEMS USED

Raw data are obtained from UKTI's CRM (Customer Relationship Management) system and forwarded to an independent market research company. From this data a large sample (approximately 4,000 companies for trade services, and approximately 150 companies for foreign direct investment) is interviewed through UKTI's Performance and Impact Monitoring Survey (PIMS), which is an independent central monitoring survey of the users of UKTI's business services (Targets 1, 2, 3 and 5a). The sample is randomly selected. The data for foreign direct investment is validated once a year with a 12-month time-lag, and for trade support every quarter but with a six-month time-lag.

The data for Target 1 (a) (b) (c) and 3 (b) are the latest validated figures, because data are derived from PIMS and validated results are only available with a year time-lag. These figures are the validated outturn for 2008-09.The overall number of inward investment successes (Target 1 headline figure) is based on interim results, derived from the full interview programme for 2009-10 and has not been validated.

Targets 2, 3(a) and 5(a): The figures for end-March 2010 are the final outturn figures up to the end Q2 2009-10 due to the six-month time-lag for trade support.

The UK Reputation Measurement Survey will measure the change in UK reputation (Target 4) and these surveys are being carried out by an independent market research company.

The revenue figures (Target 5b) are obtained from UKTI's financial system. The National Audit Office reviewed the data systems for these targets and considered all systems were 'fit for purpose'.

In the National Audit Offices report of "UK Trade & Investment: Trade support", (published April 2009) a key finding stated that UKTI is making good progress against its' targets and has in place a robust system for assessing delivery. They did not identify a need for any changes in the established methodology, but recommended that it should be supplemented by "a rolling programme to estimate the actual benefits accrued to businesses, reviewing, two to five years after support is given, the impact on business performance". They suggested that "this could include extending the current follow-up surveys to seek out further robust evidence."

UKTI is addressing the need for longer-term impact evidence partly through its rolling programme of in-depth economic impact evaluations. These include a quantitative assessment of the longer-term impact of the Passport to Export and Export Marketing Research Scheme, including effects on asset growth and innovation as measured by data on intellectual property, which is being carried out by researchers at Oxford, with results due in May 2010.

More information can be found in:
Annex B – UKTI CSR2007 Performance Framework Agreement
Annex E – Key Sources of UKTI Data

UKTI DSO Performance Impact and Monitoring Survey (PIMS) Results

At the end of March 2010 UKTI Defence & Security Organisation (UKTI DSO) received its PIMS results. These are posted on the UKTI website in the summary PIMS results for all UKTI trade services, at www.ukti.gov.uk The feedback from the defence and security industry on the quality and impact of UKTI DSO advisory services was very good. The headline statistics were that UKTI DSO "Significant Assists" achieved a quality rating of 88% (UKTI target 80%) and also achieved a business performance improvement rating of 71% (UKTI target 50%). For UKTI DSO events, impact was 40%, which is in line with other UK-based events and inward missions.

These UKTI DSO results are based on the standard PIMS methodology, which has been reviewed in depth by the National Audit Office. PIMS results are normally published as a rolling four-quarter average to smooth out statistical variation, and these initial UKTI DSO results are based only on a limited number of interviews carried out in a single quarter, hence are sensitive to statistical variation, and should be treated as provisional. The first full year of UKTI DSO results will not be available until autumn 2010.

Comparison between UKTI DSO and DESO

The former Defence Export Services Organisation (DESO) measured its performance in terms of the UK's activities in the global defence export market. UKTI DSO will continue to publish its export figures in a form which is comparable with earlier published data. The export data are the only data available which are able to offer a performance comparison between the two organisations.

BETTER EVALUATION

UKTI places strong emphasis on evidence from high-quality, independent evaluation of its activities. Good, independent evaluation is an essential component of sound policy and business planning decisions. Evaluation monitors the organisation's performance and demonstrates that UKTI is making a difference.

Through the work of its Economics and Evaluation Team, UKTI has, in recent years, taken a number of steps to strengthen the monitoring and evaluation of its activities. The arrangements that have been put in place aim to meet a number of distinct organisational needs, and to do so in a cost-effective way that does not place undue burdens on either customers or staff. These needs are:

- to measure impact and value for money,
- to track progress against UKTI targets, including Departmental Strategic Objectives indicators,
- to identify which types of activity generate greatest impact,
- to inform and drive continuous improvement,
- to understand the needs of different groups of customers and thus inform targeting and service development, and
- to inform resource allocation.

The approach UKTI has taken has been designed to ensure independent rigour and consistency, as well as comparability across all performance measures, so that reliable comparisons can be made across services and over time. There are four main elements:

- Universal capture of data on businesses helped by UKTI (CRM). The essential underpinning to all evaluation of what difference UKTI makes is keeping good records of who was helped and what form of help they received.
- The Performance and Impact Monitoring Survey (PIMS). PIMS is UKTI's central monitoring survey, and covers both users of its business services and non-users. PIMS also provides a wealth of other data, including the profile of supported firms and customer perceptions of individual services, which provide qualitative as well as quantitative measurement of UKTI's performance. PIMS evidence shows that in 2009–10, for every £1 spent by UKTI, £19 benefit to UKTI clients was generated in terms of additional profit. This is explained in more detail in Annex A at the end of the report.
- An annual programme of independent economic impact evaluations. This is a rolling programme of studies of particular areas of UKTI's work which looks in depth at the economic rationale for the work UKTI does, and seeks to assess the value for money for the taxpayer.
- An annual programme of economic research. This seeks to fill key gaps in the wider economic evidence relating to the rationale for government support for trade and inward investment, focusing on issues which the academic research community had not addressed. The research provides evidence on benefits to business and the UK economy from trade and investment, and on barriers and market failure which would prevent the private sector unaided from achieving those benefits[10].

UKTI's evaluation programme involves commissioning independent external research teams to carry out specific evaluation studies. These studies use a range of quantitative and qualitative research techniques, typically including econometric analysis of the performance of UKTI-supported firms and a comparison group of non-supported firms, to test for service impact on key business performance variables. Methodology for evaluation of the economic rationale for services typically also involves a review of relevant literature, together with collection of evidence on various aspects of additionality and the most likely counterfactual, to provide a basis for assessing what would have happened without the service. Each evaluation project is guided by an advisory group involving a number of academic researchers with relevant expertise.

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10 Evidence relating to the economic rationale for UKTI services is set out in detail in DTI Economics Paper Number 18: International Trade and Investment – the Economic Rationale for Government Support (2006)

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

All evaluation reports are published in full on UKTI's website. Recent reports include the following:

- Cross-cutting evaluation of the impact of UKTI trade services on R&D (Aston University 2009): The study found that trade support generates additional R&D of around £65,000 per firm, with Passport to Export and EMRS among the services which generate the strongest R&D impact. The analysis confirmed that innovative and growing firms were most likely to show positive R&D impact. A review of literature undertaken as part of this study found evidence that productivity gains from innovation support were likely to depend on firms also increasing their export activity.
- Intellectual Property and UKTI Passport Firms: An econometric study undertaken by Oxford University that analyses the characteristics and performance of firms that participated in UK Trade & Investment's Passport scheme and which register for intellectual property (IP). The study was unique in using FAME data enhanced with IP data, allowing the test for Passport impact to control for the IP activity of non-supported firms.

Impact evaluation in UKTI is supported by the programme of wider economic research on issues related to strengthening the economic rationale for government roles, including reviews of existing literature as well as new research.

New academic research is commissioned where there is a clear need to fill a gap in the wider evidence relating to the economic rationale for UKTI services. For example, UKTI has commissioned new quantitative research to investigate the following:

- Causal links between exporting and productivity, at firm level and at aggregate economy level (Harris and Li 2007[11]). This study found that on average firms gained 34% productivity uplift, taking account of selection effects, as a result of beginning to export. The study also found that some 60% of UK productivity growth was attributable to exporters, with non-exporters mainly contributing to aggregate productivity growth through net exit.
- The respective contributions of exporters and inward investors to business R&D in the UK. The study found that the contribution of exporters to business R&D was nearly twice the level of their share in total turnover[12].
- The effects on the UK economy of international mergers and acquisitions[13]. The study looked at effects on employment, profitability, and the probability of plant closure, as well as at effects on labour productivity and total factor productivity.

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

12 An Empirical Study of the Respective Contributions of Exporting and Foreign Direct Investment to UK R&D, Harris (2008). Report to UKTI.

13 Harris (2009) The effect of foreign mergers and acquisitions on UK productivity and employment.

• How barriers to entering new export markets vary with business profile and export experience. The analysis used data from previous UKTI surveys and found that the incidence of barriers is not linked to firm size, but does tend to decline after firms have gained ten to 20 years export experience[14].

Other recent research has included reviews of literature relating to the role of international trade and investment in business growth and development[15] and relating to causal links between innovation and international trade and investment[16]. A review of evidence relating to internationalisation of innovative and high-growth firms, incorporating findings from recent studies carried out for UKTI, was published in March 2010, as BIS Economics Paper No. 5 Internationalisation of Innovative and High Growth SMEs.

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

14 NIESR (2010) Analysis of the International Business Strategies, Barriers, and Awareness Monitoring Survey; Kneller, R. and Pisu, (2007) Export Market Entry, Sunk Costs and Firms' Performance.

15 Harris, R. and Q. Cher Li, (2005a), Review of the Literature: the Role of International Trade and Investment in Business Growth and Development.

16 Harris, R. and Q. Cher Li, (2006a) Review of the Literature: Causal links between innovation and international trade and investment.

Annex D
Comprehensive Spending Review 2007 Funding and the Value for Money Efficiency Programme (2008-09 to 2010-11)

As a joint department of the FCO and BIS, UKTI has three separate, funding streams. These are:

- BIS Administration – primarily for costs of directly employed BIS staff, working for UKTI, together with related costs, ie accommodation and IT,
- FCO Resource – primarily for the cost of overseas FCO staff, working for UKTI, together with their related costs ie accommodation, IT, security, etc, and
- UKTI Programme – direct support for businesses, ie grants, Passport to Export, marketing etc.

Since agreeing the CSR2007 in October 2007, there have been a number of changes to UKTI resource:

From 1 April 2008 the responsibility for defence export promotions moved from the MOD to UKTI to provide greater integration with the Government's general support activities, which resulted in a £19.4m 2008-09 baseline transfer from the MOD to UKTI Programme (£2.2m), BIS Administration (£15.2m) and FCO resource (£2.1m).

The FCO revised the estimated resource attributed to UKTI (see Memorandum Notes 1-5 on pages 65 to 69), which increased the total resource allocated from a revised £183.7m to £203.8m.

In addition to this, a further £10m resource (£5m each year for 2009-10 and 2010-11) was announced in the April 2009 Budget for showcasing UK business strengths to overseas markets, and to customers at high-profile events in the UK and overseas.

The table below shows a summary of the total resource in support of UKTI's activities for 2009-10, estimated at £350.4m.

	2008-09 £m Outturn (revised)	2009-10 £m Outturn	2010-11 £m Estimate
UKTI Programme	90.8	94.3	92.9
BIS Admin (including estimated overheads)	55.7	52.2	53.0
FCO Resource (including estimated overheads)	183.7	203.9	203.8
Total	330.2	350.4	349.7
CSR2007 Efficiency savings	2.6	6.1	8.6

An explanation for the increase in FCO resource consumed can be found in the Memorandum Notes. The estimated figures for 2010-11 include a number of Estimate changes, covering implementation of IFRS and a reduction in grants-in-aid paid to regional development agencies.

DELIVERING VALUE FOR MONEY – UKTI'S EFFICIENCY PROGRAMME

Economy: Minimising the cost of resources used for an activity, while having regard to appropriate quality

UKTI budgets have generally increased over the spending period due to apportioned overheads costs by our parent Departments that are not directly within our control. UKTI received £10 million additional funding in the Budget (split between the years 2009-10 and 2010-11) to support the export-led recovery.

In 2009-10 the costs apportioned to UKTI by its parent Departments increased by £16.6m with the FCO's up by £20.1m (a 10.9% increase as a result of an increase in UKTI's share of overheads). The FCO and BIS have reduced staff numbers. For full details see Memorandum Notes on pages 65 to 69.

Income received in 2009-10, increased from £4.6m to £6.0m, a 31% increase.

Efficiency: The relationship between outputs and the resources used to produce them.

UKTI is constantly striving to become a more efficient organisation. We can track our inputs, services, outputs and outcomes. In 2009-10 our inputs (budgets) totalled £350.4m.

UKTI spent approximately £250m on trade activities and assisted 23,600 businesses, an increase of over 14% from 20,700 in 2008-09. Our cost per significantly assisted business has fallen from around £14,000 to approximately £10,500 over the last three years, a reduction of 25%. These figures discount the cost of UKTI DSO, as it presently does not contribute to the UKTI trade performance figures.

We spent £80.2m on inward investment activities and assisted 759 inward investment projects, an increase of 26% from 600 in 2008-09. Our cost per inward investment project assisted fell from around £147,000 in 2007-08 to approximately £107, 000 in 2009-10, a reduction of 27%.

Our quality and satisfaction scores remained relatively consistent at 76% and 74% respectively.

Effectiveness: The extent to which objectives have been achieved, and the relationship between the intended impacts and actual impacts of an activity.

In 2009-10 UKTI generated an estimated £5 billion for the UK economy. This means that for every £1 we spend, we generate £19. This represents an increase of 19% on 2008-09. (Please see Annex A for an explanation of how this is calculated).

CSR2007 FUNDING

Value for money (VFM) savings are hard-wired into the department's settlement as a part of the CSR2007, and delivering them is a core part of UKTI's mainstream business. The VFM target for UKTI over the CSR2007 period is to make savings of £0.3m against UKTI Programme; £4.4m against FCO Administration and Overseas Delivery and £2.4m against BIS Administration. This is illustrated in the following table with the relevant estimated baseline figures.

	UKTI Programme £m	FCO Admin & Overseas Delivery £m	BIS Administration £m
Funding stream			
baseline	91.5*	169.5*	53.3*
VFM Target	0.3	4.4	2.4

*The figures above include estimated BIS and FCO overheads. As these figures are estimate they are liable to change over the comprehensive spending review period.

UKTI has achieved cumulative VFM savings of £6.1m up to the end of 2009-10 and expects to deliver £8.6 million of VFM savings by the end of CSR2007. All reported gains are cash releasing, sustainable and reported net of cost.

In addition to these VFM savings, UKTI has driven efficiencies and cost reductions in our accommodation costs by utilising existing space when embedding UKTI DSO staff transferred from the Ministry of Defence. This delivers a year-on-year reduction of £987,000 in accommodation costs to BIS. UKTI's VFM targets, actual savings to date, and forecasts by programme are outlined in the table below.

UKTI CSR2007 EFFICIENCY PROGRAMMES – OUTTURN AT Q4 2009-10

	2008-9		2009-10		2010-11	
TARGET	Target	Actual	Target	Actual	Target	Forecast
Programme	£m	£m	£m	£m	£m	£m
FCO Admin & Overseas Delivery	1.4	1.4	2.8	3.6	4.4	4.4
UKTI Programme	0.1	0.4	0.2	0.7	0.3	0.8
BIS Admin	0.8	0.8	1.6	1.8	2.4	3.4
TOTAL	2.3	2.6	4.6	6.1	7.1	8.6
NON-TARGET (Counted by BIS)						
Accommodation		1.0		1.0		1.0

In addition to the UKTI Programme savings, UKTI will deliver over £2 million of allocative savings by prioritising spend where it can make the most difference. As a result of all these savings it is expected that UKTI will exceed its overall efficiency targets by over 50%.

UKTI Programme

UKTI programme is devolved on a flat-cash* basis. This means inflationary pressures are absorbed to meet the target. These funds are voted directly by Parliament.

FCO Administration and Overseas Frontline Delivery

UKTI will live within flat-cash* funding for the pay-bill of its UK and locally engaged overseas staff. This will remain at £41m over the CSR period. This means that our gross pay bill will not increase despite inflationary pressures but will still require UKTI to maintain the overall output of the network. This will produce efficiencies totalling £3.4m. We will also deliver £1m of additional efficiencies linked to some flat-cash funding of the £42m for non-pay bill frontline costs.

* Flat-cash: funding that is maintained at the same cash level year-on-year, meaning that inflationary pressures need to be absorbed through VfM initiatives to live within the budget.

BIS Administration

UKTI has agreed to a BIS administration settlement that requires savings of 5% real-cost reductions per annum over the period. The chart below shows budgets which are either in UKTI direct control or for which UKTI's Accounting Officer has responsibility.

In addition to our directly managed budgets, UKTI is also apportioned costs by the FCO and BIS of approximately £165m.

KEY VALUE FOR MONEY DELIVERY RISKS

As an organisation that delivers much of its business overseas, the combination of the low value of sterling and high overseas inflation is a continuing delivery issue, and one set to remain as a constant risk over the CSR period. The ability to manage this risk without cutting activity, and maintaining and improving output and outcomes is a significant delivery issue.

As an organisation UKTI also needs to be able to react to the changing economic environment and to key policy decisions to ensure that our resources are moved to high-priority markets and high-priority policy areas. In a tight resource environment the achievement of this remains a key delivery issue.

Initiatives to deliver efficiency savings

The following table summarises the main initiatives through which UKTI will deliver its CSR2007 efficiency savings by programme.

Funding stream	Initiative
Programme	Better procurement ensuring economy, effectiveness and efficiency through the following programme: • Harnessing framework agreements. UKTI currently has 50 framework contracts in place, covering services such as publicity and marketing, design and print and accountancy services. Total savings to end FY 2009-10: £0.7m
FCO Admin and Overseas Frontline Delivery	Driving network efficiencies through the following programmes: • Localisation of UK-based slots overseas to drive down the cost of frontline operations and harness local expertise. • Hub-and-spoke operations to rationalise how UKTI delivers its services. Regional networks deliver more flexible and efficient customer support. • More effective and efficient use of UKTI ring-fenced budgets through monthly reviews. More challenging targets based on flat-lined resources. • Moving resources from lower productivity FDI markets to higher-value markets. Analysis of foreign direct investment (FDI) inputs, outputs and outcomes, with detailed metrics of performance standards, resulted in revised targets for FDI staff across the network and movement of resources to support this. The UKTI Board and HMT support the findings of the report to move resources to higher-value markets. Total savings to end FY 2009-10: £3.6m
BIS Admin	Improved staff capabilities and professionalism, and refining Headquarters (HQ) business processes through the following programmes: • Action plan following the running of the Chartered Institute of Public Finance and Accountancy (CIPFA) Financial Management (FM) Model and the Audit Agency Value for Money indicators to generate a single improvement plan. This will also help to inform the degree of progress in modernising and professionalising finance functions; the recommendations of the CIPFA FM Model have been presented to the Executive Team with a view to implementing them in the 2010-11 financial year. • All corporate service functions are being asked to benchmark their respective functions. Total savings to end FY2009-10: £1.8m

QUALITY MEASURES

UKTI is committed to achieving efficiencies by reducing input costs while delivering improved customer services. Reprioritising resources to where they are most needed will ensure better quality outputs. In 2009-10 UKTI has driven forward work streams to maximise the delivery of efficiencies as an organisation and will continue to do so.

We have in place both external and internal control mechanisms that will allow us to meet our targets and express our efficiencies as an organisation. We will continue to monitor risks to delivering our agreed efficiency targets and ensure we are hitting our priorities – that we have the right resources in the places where they are most needed.

We continue to strive to be an exemplar in Whitehall for innovative and cost-effective delivery. The outcome of the Operational Efficiency Programme will help focus our plans and facilitate further initiatives to ensure we are delivering maximum VFM to our stakeholders and customers.

An overview of the Key Sources of UKTI Data is available at Annex E

Internal controls

To reinforce these initiatives, UKTI has a range of internal controls in place to track delivery of these targets:

Business Planning: monitors performance using a "Scorecard". The Scorecard sets out key activities from the Departmental Strategic Objective and Group Business Plans that are regularly monitored and discussed by the Executive Board.

Financial Reporting: the Central Finance Team reports on a monthly basis to the Executive Team across all budgets. Supporting narratives draw out any pressures and discuss its ability to live within the budgets voted to UKTI.

Reporting to Parent Departments: UKTI reports to the BIS Board through the monthly management accounts, and to the FCO Board and Finance Committee through the monthly Key Performance Report.

UKTI Audit Committee: responsible for consideration of audit, risk and other corporate governance matters. The Audit Committee acts in an advisory capacity and brings an independent element into the consideration of audit, risk and other corporate governance matters within the organisation. The members' role is to bring challenge and independence to the Committee's proceedings by:

- advising on risk management,
- advising on the work of internal audit and the National Audit Office,
- reviewing the annual accounts, and
- recommending the accounts including the Statement on Internal Control for the Accounting Officer to sign off.

External controls

UKTI has a programme of external evaluation on the quality of its services. The Performance and Impact Monitoring Survey (PIMS) provides quantitative and qualitative measures of UKTI's performance in delivering its CSR targets and its UKTI DSO targets, including data on customer satisfaction with service outputs and quality. Management information generated by PIMS and by other evaluation studies is used to inform decisions on further improving the quality of service delivery and achieving further productivity gains, backed up by improved staff capabilities and professionalism, and refining Headquarter (HQ) business processes.

Plans and prospects for delivering Value for Money savings over the next six months

In the final year of the spending period UKTI is driving forward work streams to maximise the delivery of efficiencies as an organisation.

UKTI continues to scan the inputs and outputs of its overseas representation – monitoring the benefits of localisation, regionalisation, and hub-and-spoke operations to make sure that these policies continue to benefit UKTI and our parent Departments. UKTI will also continue to harness the efficiencies gained by framework arrangements, ensuring good procurement practice. This will be assisted by improved staff capabilities and professionalism, and refining Headquarters' (HQ) business processes. All this will ensure that UKTI, as an organisation, is better prepared and able to deliver greater value for money for the taxpayer while ensuring that quality is not compromised.

Audit and Control of UKTI Value for Money (VFM) programme

In 2008-09, UKTI undertook successful audits and review by the FCO Internal Audit Department on our systems in place to monitor VFM gains; by the FCO Efficiency Team on the robustness of our data and how well this met HMT criteria. This was followed by a successful audit and review by the BIS internal Audit Department in 2009-10, which concurred with the previous views.

All VFM programmes completed a systems audit of their programme during the first year of operation (by end of Q4 2008) to assess compliance with the approach and principles set out in the HMT (Her Majesty's Treasury) guidance.

Internal Audit Department FCO undertook this audit in Q3 2008-09, commenting that UKTI were "proactive in... approach to the CSR2007 VFM process and are seen to be ahead of other HMG (Her Majesty's Government) departments".

The FCO Efficiencies Programme Team reviewed the programme in Q4 2008-09, concluding that they were satisfied that the claimed efficiencies comply with HMT criteria, ie cashable, reported net of costs and sustainable for the next two financial years. They were also satisfied that UKTI's management information for documenting savings to support claimed efficiencies are comprehensive and robust enough to withstand HMT, NAO and Foreign Affairs Committee scrutiny.

The BIS Audit team reviewed the efficiency programme in Q4 2009-10 and in their management letter to UKTI stated, "Previous NAO and FCO reports have been complimentary of the efforts made since SR2004 to co-ordinate the Efficiency Programme, and BIS IA concurs with those views". They agreed that UKTI is managing the Efficiency Programme well and that "the main initiatives that count towards efficiency savings have been identified, and appropriate methodologies and mechanisms for collecting and collating relevant information have been developed and agreed".

Annex E
Key Sources of UKTI Data

The key source of data for measuring how we are performing against our targets is UKTI's CRM system, which provides the foundation information used within our PIMS. This data is transformed and reported upon using UKTI's Business Reporting and Intelligence Tool (BRIT) introduced during 2009-10.

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

PIMS – our key performance measurement tool. It is an independent survey of our performance carried out on our behalf by a leading market research organisation, OMB.[17]

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

Customer Relationship Management (CRM)

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

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

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

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

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

UKTI ICT Programme Board

The UKTI ICT Programme Board acts as the link between UKTI's business objectives and ICT investment. It defines UKTI's ICT strategy and ensures corporate governance processes are applied in order to drive unnecessary ICT spend and risks out of the business through standardisation, reuse, compliance and optimisation. This includes compliance with Information Assurance policy and standards, Data Standards, Records Management Strategy,

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

Security Policy, Procurement regulations and Project Management best practice. The Board reports to, and supports, UKTI's Accounting Officer (AO) and Senior Information Risk Owner (SIRO).

The Performance and Impact Monitoring Survey (PIMS)

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

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

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

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

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

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

Issues covered by the survey questions include:

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

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

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

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

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

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

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

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

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

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

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

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

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

- more likely to be innovative, and to undertake R&D,
- more growth-oriented, with over 80% expecting to grow, and 38% expecting to grow substantially, as compared with 70% and 18% respectively for non-users;
- more likely to report substantial business benefits from exporting, especially in terms of benefits from exposure to new ideas, cited by 51% of UKTI users as a substantial benefit, but by only 15% of non-users.[18]

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

In order to inform ongoing development of the survey methodology and to provide deeper insights into the results, UKTI also commissions two small qualitative studies annually to follow up respectively on the user and non-user surveys. These qualitative studies involve a small number of depth interviews with companies that had taken part in one of the initial survey interviews, and had expressed willingness to take part in further research. The specific focus of these follow-up interviews is guided by topical priorities. The 2009 study focused on 'Overseas Development Strategies for a Stormy Economic Climate', and involved depth interviews with 20 innovative companies to see how the economic situation was affecting their business.

On-going methodological development of UKTI's monitoring surveys is also guided by an advisory group involving academic researchers as well as UKTI economists. The PIMS Advisory Group meets at least twice a year to look in depth at particular aspects of the surveys and analysis of key findings, and to make recommendations. During the past year the agenda focused on measures of business benefit, and included investigation of consistency across different measures of benefit and over time.

Development of the monitoring surveys is also informed by evidence and analysis derived from UKTI's research and evaluation programme, which is described in Annex C.

In addition to its programme of monitoring surveys, UKTI also commissions an annual programme of independent evaluations of the economic impact and rationale for specific services. These studies use a range of quantitative and qualitative research techniques, typically including econometric analysis of the performance of UKTI-supported firms and a comparison group of non-supported firms, to test for service impact on key business performance variables. Methodology for evaluation of the economic rationale for services typically involves a review of relevant literature, together with collection of evidence on various aspects of additionality and the most likely counterfactual, to provide

18 PIMS Non-User Survey Report 2009

a basis for assessing what would have happened without the service. Each evaluation project is guided by an advisory group involving a number of academic researchers with relevant expertise.

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

New academic research is also commissioned on occasion, where there is a clear need to fill a gap in the wider evidence relating to the economic rationale for UKTI services. For example, UKTI has commissioned new quantitative research to investigate:

Causal links between exporting and productivity, at firm level and at aggregate economy level (Harris and Li 2007[19]). This study found that on average firms gained 34% productivity up-lift – taking account of selection effects – as a result of beginning to export. The study also found that some 60% of UK productivity growth was attributable to exporters, with non-exporters mainly contributing to aggregate productivity growth through net exit.

The respective contributions of exporters and inward investors to business R&D in the UK. The study found that the contribution of exporters to business R&D was nearly twice the level of their share in total turnover.[20]

The effects on the UK economy of international mergers and acquisitions[21]. The study looked at effects on employment, profitability, and the probability of plant closure, as well as at effects on labour productivity and total factor productivity.

Analysis of the economic rationale for UKTI trade services has also been used to inform development of monitoring arrangements.

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

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

20 An Empirical Study of the Respective Contributions of Exporting and Foreign Direct Investment to UK R&D Harris (2008). Report to UKTI.

21 Harris (2009) The effect of foreign mergers and acquisitions on UK productivity and employment.

Annex F
Complaints to the Department

DEALING WITH COMPLAINTS

UKTI is committed to providing a high-quality, accessible and responsive service to businesses and the community and takes all complaints very seriously, although in fact we receive few complaints. We give all our staff guidance on how to deal with complaints in line with Cabinet Office guidance[22] and the Freedom of Information Act.

COMPLAINTS ARE HANDLED BY OUR PARENT DEPARTMENTS THE FCO AND BIS[23], AND UKTI[24].

For further details please contact the:

- BIS Enquiry Unit on +44 (0)20 7215 5000 or email at enquiries@BIS.gsi.gov.uk
- FCO at King Charles Street, London SW1A 2AH.
- UKTI Enquiry Unit on +44 (0)20 7215 8000/minicom +44 (0)20 7215 2471 or email at enquiries@ukti.gsi.gov.uk

Complaints to the Parliamentary Ombudsman about UKTI

	In hand at 1 April 2008	Reported on	Reported on: fully upheld	Reported on: partly upheld	Reported on: not upheld	In hand at 1 April 2009
BIS	0	0	0%	0%	0%	0
FCO	0	0	0%	0%	0%	0
UKTI	0	0	0%	0%	0%	0

During the 2008-09 period there were no complaints upheld by the Parliamentary Ombudsman. Figures for 2009-10 are not yet available. Further information can be found in the Parliamentary Ombudsman's Annual Report 2008-2009[25].

22 For further information about Service First – The Six Standards for Central Government see: http://archive.cabinetoffice.gov.uk/servicefirst/2000/introduc/six.htm

23 The current guidance can be found at: www.bis.gov.uk/administration/contact/complaints/index.html

24 The current guidance can be found at: www.ukti.gov.uk

25 Parliamentary and Health Service Ombudsman Annual Report 2008-09 and previous reports are available from: www.ombudsman.org.uk/__data/assets/pdf.../Annual-Report-2008-09.pdf

Annex G
Financial Tables: Major Programme Expenditure and Plans (2006-07 to 2010-11)

UKTI programme expenditure: Major programmes

	2006-07 Outturn £m	2007-08 Outturn £m	2008-09 Outturn £m	2009-10 Outturn £m	2010-11 Plans £m
Trade development which includes:	63.4	57.6	58.9	56.5	58.1
International trade advisers	17.6	16.4	17.3	18.3	18.5
Sector specific support	13.5	9.3	8.8	11.2	9.0
Tradeshow access	10.5	8.5	7.7	8.4	8.2
Passport to Export	6.1	4.9	3.9	2.8	2.8
Marketing & Publicity	5.7	3.4	5.4	7.2	5.2
Major defence & security export services	–	3.6	1.9	2.3	2.7
High Growth market specialists	0.3	2.4	2.6	–	–
Fiscal Compass (formerly High Growth market)	–	–	–	2.4	2.4
Export promoters	0.8	0.5	–	–	–
Business specialists	2.6	3.6	3.6	4.2	4.7
Income	(1.7)	(3.6)	(4.6)	(6.0)	(5.2)
Inward investment which includes:	30.7	32.6	31.9	32.3	30.3
Grants to RDAs	17.2	17.2	16.8	16.4	13.9
Promotional expenditure	13.5	15.4	15.1	15.9	16.4
R&D Programme	4.7	7.7	7.6	7.0	7.0
Additional Resource	–	–	–	5.5	4.5

GENERAL NOTES:

1. This is not a comprehensive list of all UKTI-funded programmes but includes the main areas of spend only. Overseas Project Fund, Outward Missions, Sales Lead Service and Support for exhibitions and seminars abroad (SESA) reported in previous Departmental Reports, ceased from 2006-07 and have been removed from this table.

2. R&D programme budgets started in September 2006, following the March 2006 pre-Budget Announcement on a new strategy for UKTI, which included committing up to £9m budget to R&D during the SR2004 period. This encompassed both existing UKTI programmes (eg Global Entrepreneurs Programme) and other new activities listed elsewhere in this Report. Our Strategy is committed to continuing to devote resources to R&D in the CSR2007 period. R&D expenditure covers both trade development and inward investment.

3. Includes Defence & Security Organisation, budget transferred 2008-09. The 2007-08 figures are restated to include this change.

4. Outturns for 2009-10 and plans for 2010-11 respectively include £5.5m and £4.5m additional resource awarded in the 2009 Budget.

5. Where figures differ slightly between published reports (Departmental Report and Accounts) the latest published account figures have been used.

Expenditure on trade and investment

	2006-07 Outturn £m	2007-08 Outturn £m	2008-09 Outturn £m	2009-10 Outturn £m	2010-11 Plans £m
Expenditure	95.8	93.8	95.4	100.3	98.1
Income	(1.7)	(3.6)	(4.6)	(6.0)	(5.2)
Net	94.1	90.2	90.8	94.3	92.9

Annex H
Financial Tables: Budgets against Actuals (2009-10)

Programme	Budget 2009-10	Actual 2009-10	Variance 2009-10
Programme Expenditure	£m	£m	£m
International Trade Advisors	18.4	18.3	0.1
Sector Specific Activities	8.9	11.2	(2.3)
Tradeshow Access Programme	8.2	8.4	(0.2)
Passport to Export	3.2	2.8	0.4
Trade Marketing & Publicity	4.9	7.2	(2.3)
Defence & Security Events	2.7	2.3	0.4
Fiscal Compass Programme	2.4	2.4	0
Business Specialists	4.4	4.2	0.2
Grants to RDAs	16.4	16.4	0
Promotional Expenditure	15.0	15.9	(0.9)
R&D Programme	7.2	7.0	0.2
Other Programmes**	10.1	4.2	5.9
Gross Programme	101.8	100.3	1.5
Income	(5.9)	(6.0)	0.1
Net Programme	95.9*	94.3	1.6
Capital Expenditure	4.0	3.9	0.1

* The Net Programme budget figure excludes the estimate exclusion adjustments of £486k.

** Other Programmes includes the additional funding of £5.5m announced in the March 2009 budget which was used for additional planned expenditure on high profile sector events, Security Farnborough, Take It to the World – UK reputational building and the Global Investment Conference.

For explanation of variances see pages 13 to 15.

Annex I
Private Sector Sponsorship

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

During 2009-10 UKTI received the following private sector sponsorship (only sponsorship exceeding £5,000 for a single event is shown here).

Sponsorship table of amounts received during 2009-10

Sponsor	Amount/Equivalent Amount	Event/Note
British Airways	£52,000	UKTI US Marketing Scholarship Programme – in form of 20 X Club World (Business Class) standby air tickets.
Ellis Goodman Foundation	£34,000	UKTI US Marketing Scholarship Programme
Nanotechnology Knowledge Transfer Network	£77,000	Nano & Emerging Technologies Forum 2009, November 2010
HSBC	£3,000	Annual Exporters dinner (North East Region) Sponsorship received by Meridian Marketing, marketing services provider for UKTI North East region. Indirect benefit to UKTI.
North East Chamber of Commerce	£1,000	
Northern Offshore Federation	£1,800	
One NorthEast	£10,000	
Regional Language Network	£6,000	
Finnair	£8,000	Four business-class tickets to China for award winners at North West Regional China Business Awards.
East Midlands Development Agency	£5,000	Sponsorship of East Midlands International Business Awards.
HSBC	£2,000	
Marathon Oil	£6,600	Offshore Technology Conference May 2009

Conversion at the average exchange rate for the year

Annex J
Sector Advisory Groups and Chairs

The UKTI network of sector advisory groups is a great benefit to us helping to develop and champion the UK marketing strategies that support UK business internationalisation. They play a vital role in the business planning process, advising on the markets and activities that will make the biggest difference to business. A leading industrialist or business specialist leads each group with members drawn from major companies, SMEs with a strong international focus and inward investors. The groups and their Chairs are:

UK Energy Excellence:	Samir Brikho, Chief Executive Officer, Amec plc.
Life Science Strategy Board:	Chris Brinsmead, Chairman of AstraZeneca Pharma UK.
ICT Strategy Implementation Board:	Larry Hirst, Chairman, IBM EMEA.
Creative Industries Strategy Marketing Board:	Sir John Sorrell, Director, the Sorrell Foundation.
Advanced Engineering Strategy:	Peter Matthews CMG, Chairman and Managing Director: Black Country Metals Ltd.
CityUK Overseas Promotion Committee:	Robert Gray, Chairman, Debt Finance and Advisory, HSBC.
Construction:	Terry Hill, Chairman, Arup Group Ltd.
Power:	Robert Lane CBE, Partner, Head of Regulated Industries, CMS Cameron McKenna LLP.
Airports:	Peter Budd, Global Business Leader, Aviation Arup, Scotland.
Environment:	Colin Drummond, CEO, Viridor Waste Management Ltd.
Water:	Tony Allum CGE FrEng.
Global Sports Projects:	Jon Tibbs, Jon Tibbs Associates.
Rail:	Haydn Abbott, CEO, Alpha Trains (UK) Limited.
Ports:	James Sutcliffe, Chairman, John Sutcliffe and Son Ltd.
Creative Industries:	Andrew Summers CMG, Chairman, Brandsmiths; Chairman, Companies House.
Education and Skills:	Dominic Savage OBE, Director General, British Educational Suppliers Association.
Oil and Gas:	Neil Bruce, Chief Operating Officer, AMEC plc – Natural Resources.
Marine:	Robert Hill, Managing Director, Chemring Marine Ltd.
Defence:	Sir Kevin Tebbit, Chairman, Finmeccanica UK.
Security:	Stephen Phipson, President, Smiths Detection.
Agri-Technology Industry:	Professor Colin Dennis, CBE DL

Annex K
The Business Ambassadors Network

The Business Ambassador Network of key business and academic leaders was established by the government in October 2008 to promote the UK's excellence internationally and to highlight trade and inward investment opportunities. The Business Ambassadors represent a unique and valuable resource, reinforcing the important role that top business and academic leaders can play in promoting the UK's strengths.

They are not paid and give their time freely. In many cases, where events are organised in the margins of a Business Ambassador's personal or business travel, there is no cost at all attached to their services. In 2009-10 the Business Ambassadors business expertise and international experience helped to supplement the work of Government Ministers and senior officials by providing vital support to UK business interests in global markets.

The Business Ambassadors are:

- Marcus Agius, Chairman, Barclays
- Sir Victor Blank, former Chairman, Lloyds Banking Group
- Sir John Bond, Chairman, Vodafone
- Sir Roger Bone, President, Boeing UK
- Samir Brikho, CEO, AMEC plc
- Chris Brinsmead, Chairman, AstraZeneca Pharmaceuticals UK
- Lord John Browne, President, Royal Academy of Engineering and Managing Director of Riverstone Holdings
- Sir Terence Conran, Chairman, Conran Holdings
- Lord Ara Darzi, Professor of Surgery, Imperial College
- Gerry Grimstone, Chairman, Standard Life plc and Candover Investments plc
- Dr Chris Gibson-Smith, Chairman, London Stock Exchange and British Land
- Professor Malcolm Grant CBE, President and Provost, University College London
- Sir Philip Hampton Chairman, RBS Group, Non-Exec Director Anglo American plc
- Dr John Hood, former Vice-Chancellor, University of Oxford
- Larry Hirst CBE, Chairman IBM, Europe, Middle East & Africa
- Digby, Lord Jones of Birmingham, Chairman, HSBC Business Advisory Board, Corporate Ambassador to Jaguar Land Rover
- Lady Barbara Thomas Judge, Chairman, UKAEA
- Professor Julia King CBE, Vice-Chancellor, Aston University
- Dr Anna Mann, Senior Partner, MWM Consulting
- Dick Olver, Chairman, BAE Systems
- Professor Alison Richard, Vice-Chancellor, University of Cambridge
- Lord Richard Rogers, Chairman, Rogers Stirk Harbour + Partners
- Paul Skinner, Chair of Infrastructure UK and formerly Group Managing Director of Royal Dutch Shell and Chairman of Rio Tinto
- Sir Kevin Smith CBE, CEO, GKN
- Sir John Sorrell CBE, Chairman London Design Festival, Co-Chair, the Sorrell Foundation

Annex L
UKTI's National Reach

- Regional Development Agencies
- Devolved Administrations
- ○ UKTI Office

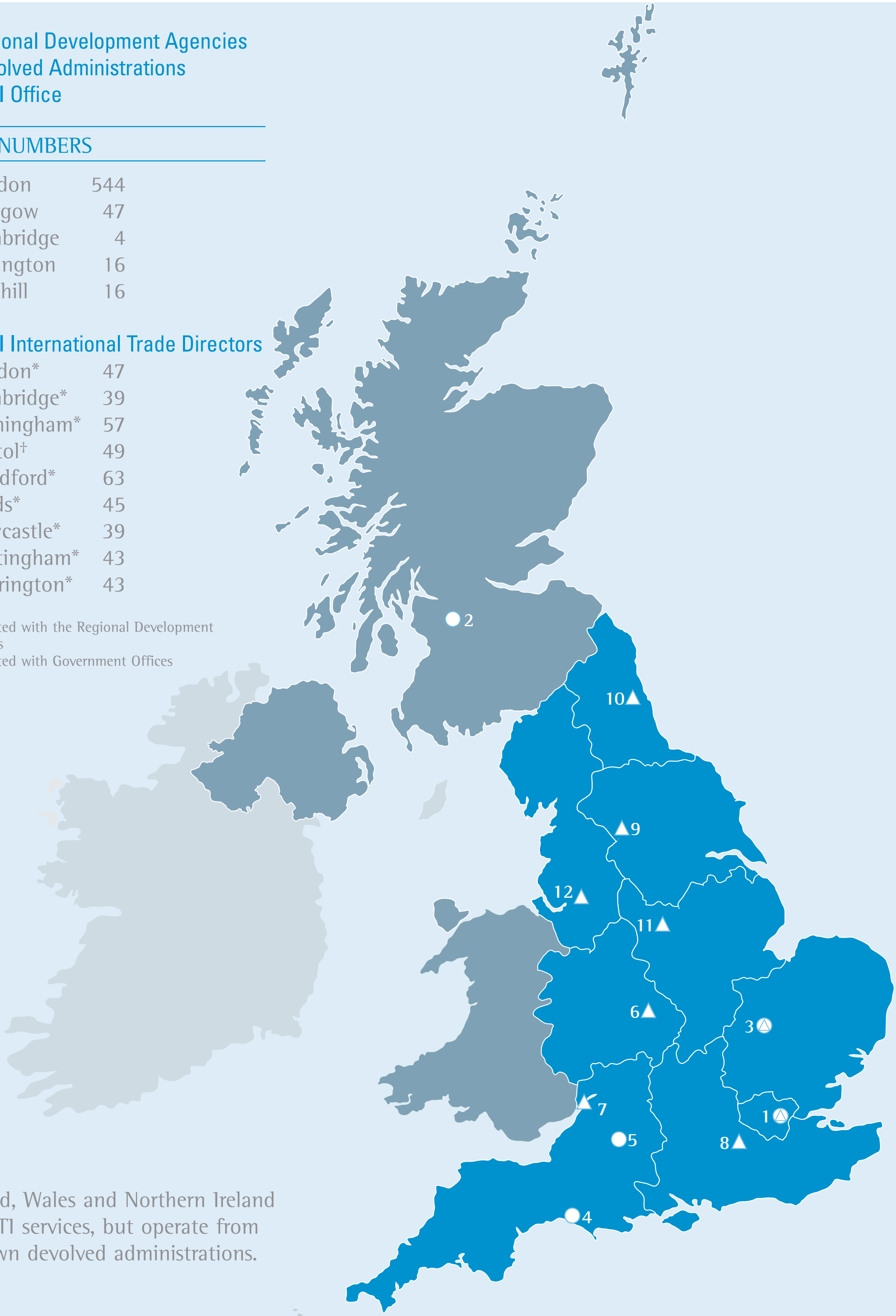
STAFF NUMBERS

1	London	544
2	Glasgow	47
3	Cambridge	4
4	Bovington	16
5	Larkhill	16

△ UKTI International Trade Directors

1	London*	47
3	Cambridge*	39
6	Birmingham*	57
7	Bristol†	49
8	Guildford*	63
9	Leeds*	45
10	Newcastle*	39
11	Nottingham*	43
12	Warrington*	43

* Co-located with the Regional Development Agencies
† Co-located with Government Offices



Scotland, Wales and Northern Ireland use UKTI services, but operate from their own devolved administrations.

Annex M
UKTI's Global Reach

UKTI has a global network of staff in 162 locations, in 96 markets.

These markets cover in excess of 98% of global gross domestic product.

Our global network consists of 1,300 staff, of whom: 200 are UK diplomats and 1,100 are locally engaged, the majority with private sector experience.

Our resource is distributed based on customer demand; market opportunity and productivity.

UKTI have:

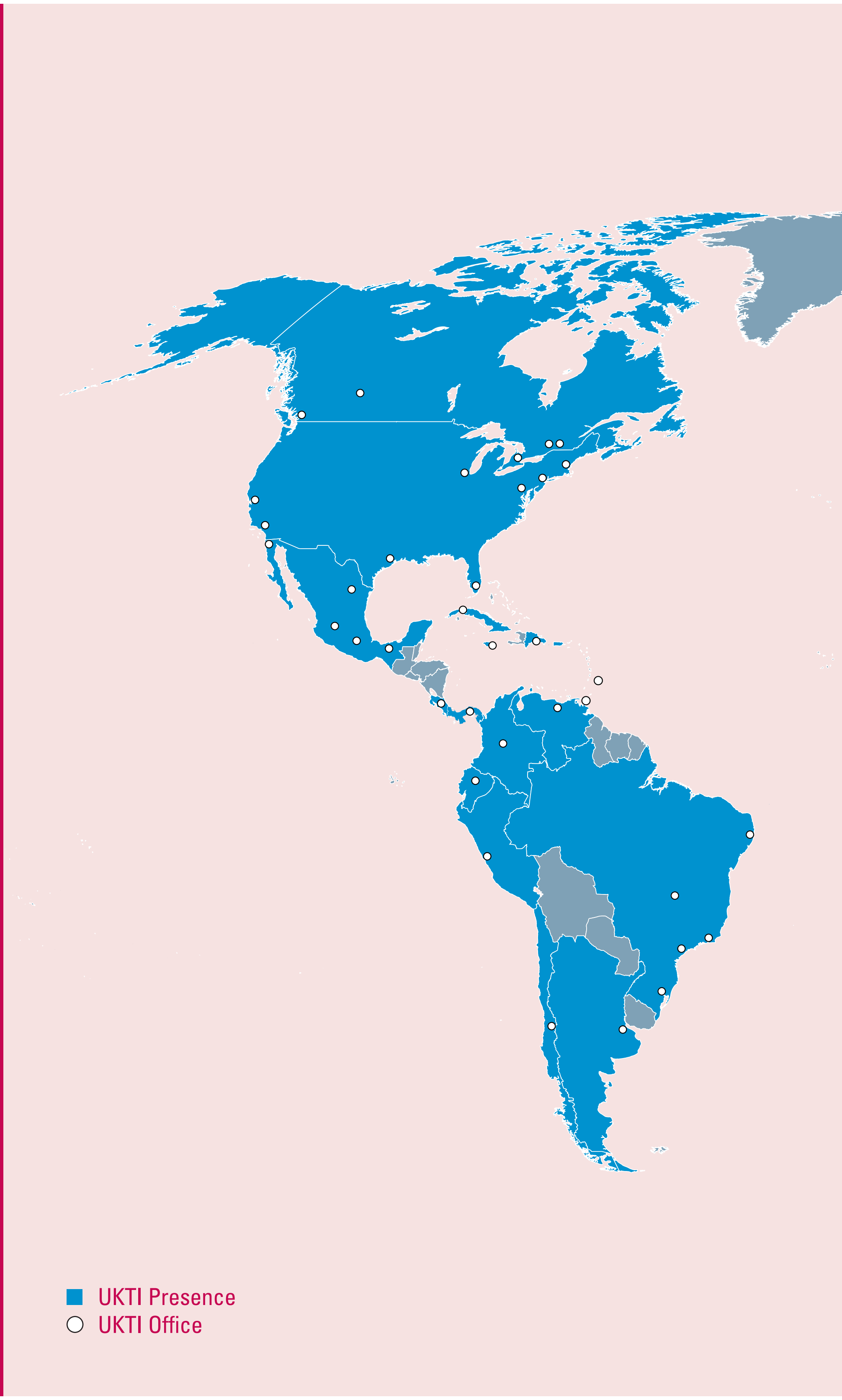
344 27% in Europe

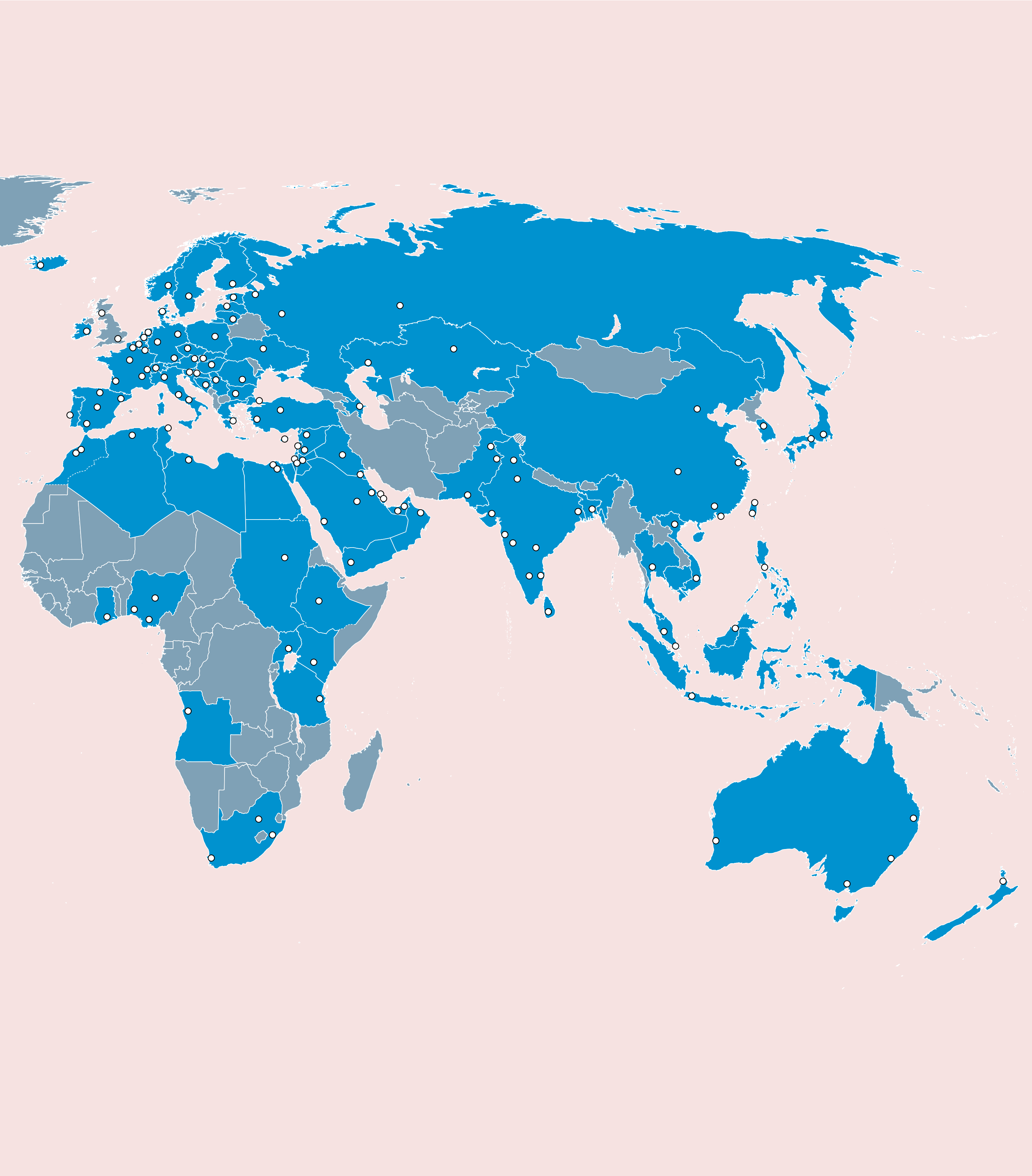
307 24% in East and South-East Asia – including China

153 12% in North America

141 11% in Central and Southern Asia – including India and Russia

334 26% in Rest of the world



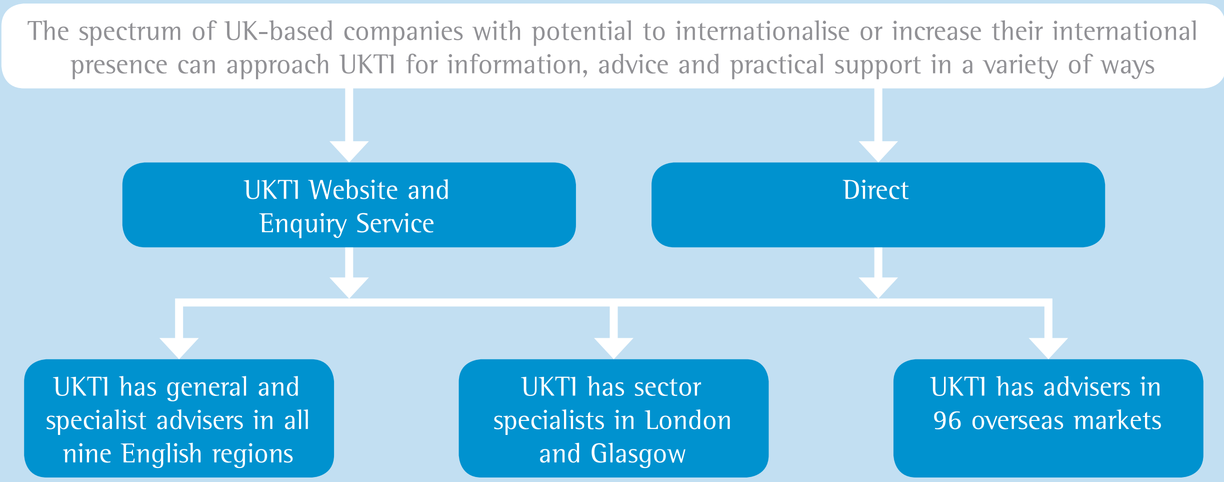


Annex N
Contacting UKTI and the Services Delivered

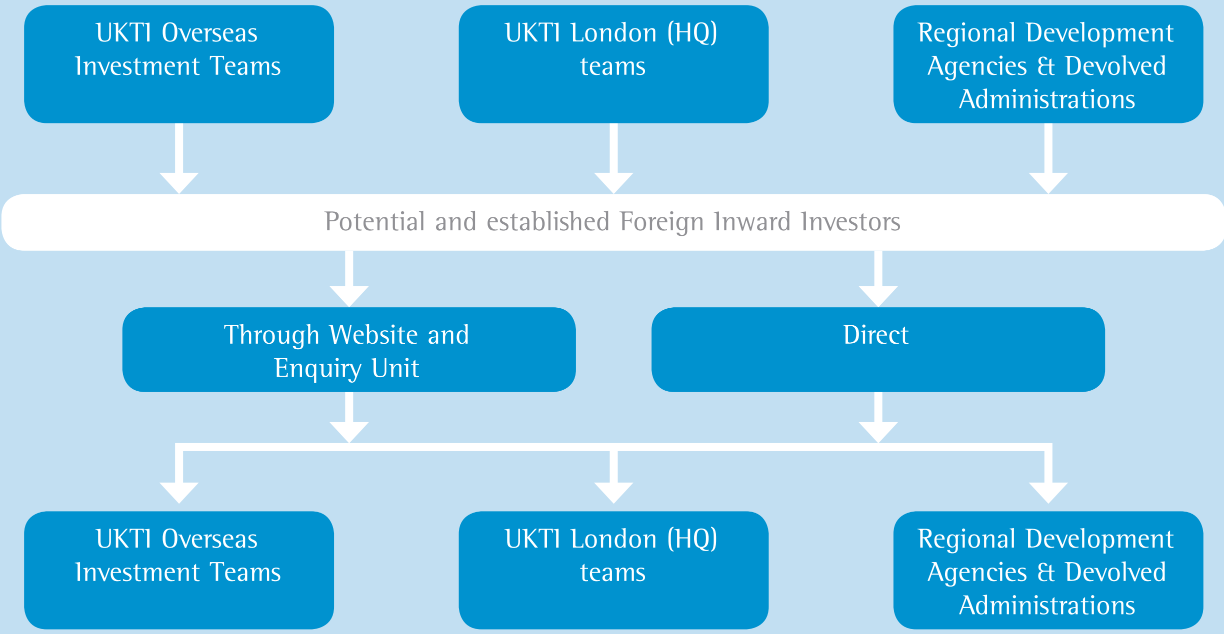
Channels to Business

Businesses access UKTI trade services through a range of channels ranging from the more traditional (enquiry lines etc) to new media (LinkedIn, YouTube, Twitter etc).

Businesses' access to UKTI Trade Services in the UK and overseas markets



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



UKTI Online

UKTI online has gone from strength to strength, with continued increases in traffic and user activity, both on its corporate website and social media channels.

Website

Our corporate website remains an important means of interacting with and serving our global audience and building the customer pipeline. The website saw over 5 million page impressions, resulting in three to four qualified leads per week being generated from inward investment projects, and over 11,900 new business registrations for trade and defence and security content. The UKTI website was upgraded in 2010 to deliver a more integrated presence covering UKTI's trade, investment – and defence and security material.

UKTI website: www.ukti.gov.uk

Social Media

We have made excellent use of social media to extend UKTI's reach and engage with customers. Our Twitter Feed, LinkedIn Group, Blog, YouTube and Flickr channels have led to referrals to the UKTI website and take-up of our activities. UKTI now has over 5,350 Twitter followers and over 3,700 users signed up to its LinkedIn Group.

Twitter	http://twitter.com/ukti
LinkedIn	www.linkedin.com/groupInvitation?gid=1769629
Blog	http://blog.ukti.gov.uk/
YouTube	www.youtube.com/user/uktiweb
Flickr	www.flickr.com/photos/ukti

The UKTI Enquiry Service

The UK Trade & Investment Enquiry Service is the main point of contact for customers. The team handles trade and inward investment enquiries received via +44 (0)20 7215 8000, by email through the "Contact Us" service on the www.ukti.gov.uk website and enquiries@UKTI.gov.uk, and by mail/fax. The team is also responsible for handling customer enquiries relating to use of the website (including access issues), amending customer profiles and website navigation.

The Enquiry Service received over 33,000 trade and investment-related enquiries in 2009-10. The Enquiry Service answer any question where they can, or, where appropriate, refer a customer to a more specialist source of information, for example an international trade adviser (ITA), country/sector specialist or an external organisation such as a Chamber of Commerce, SITPRO, etc. The Enquiry Service is based in Glasgow.

UKTI Services

UKTI helps UK businesses develop their international trade potential and overcome trade barriers – and assists foreign investors to invest in the UK.

UKTI organises its product and service portfolio under three headings defined by the Business Support Simplification Programme (BSSP):

- Developing Your International Trade Potential
- Accessing International Markets
- Maximising Foreign Direct Investment

Developing Your International Trade Potential

UKTI offers a range of support services to UK companies getting started in international trade. They include:

- access to a local International Trade Adviser to help develop a plan of action,
- specialist help with tackling cultural and language issues,
- advice on how to go about market research, and
- ongoing support to help businesses continue to develop their export potential and enter new and more sophisticated markets.

We provide individually tailored packages of practical assistance for individual companies to help them develop the capacity needed to trade internationally.

Accessing International Markets

Once the initial research has been done, we can assist new and experienced exporters with information, contacts, practical assistance, advice, mentoring and ongoing help before they go overseas and while they're there. In addition we offer:

- support to participate in trade fairs overseas,
- opportunities to participate in sector-based trade missions and seminars,
- access to major buyers, governments and supply chains in overseas markets,
- advice on forming international joint ventures and partnerships,
- exploratory visits to new markets, and
- alerts to the latest business opportunities through our website.

Maximising Foreign Direct Investment (FDI)

UKTI is the UK's national inward investment promotion organisation, leading the UK inward investment network in helping overseas-owned firms – from high-tech start-ups to global industry leaders – to locate and build their business in and from the UK.

It facilitates co-operation with and between the main UK regional organisations engaged in inward investment promotion through chairmanship of the International Business Development Forum. It also carries out research on both the hard and soft factors that influence firms' location decisions.

The recession and changes in the global economy represented new challenges in attracting inward investment and UKTI provides a free, bespoke and confidential service to potential inward investors on a range of issues including:

- focus on key high-value investors to facilitate their continued growth/retention in the UK, providing specific information on key commercial considerations
- Focus on key high-value investors to facilitate their continued growth/retention in the UK.
- Providing specific information on key commercial considerations eg on company taxation, immigration, financial incentives, labour, real estate, transport, utilities and regulatory issues;
- comprehensive regional and local analysis, in order to help overseas companies choose the best location for them to establish their business.
- introductions to sector networks, such as industry leaders, chambers of commerce, universities and other centres of R&D excellence;
- introduction to a range of experienced business intermediaries and consultants with shared values to those of UKTI
- helping to build R&D partnerships between UK and foreign businesses through UKTI's Global Partnerships programme, now renamed as R&D Partnerships. Targeting multinational companies to invest in the UK's
- R&D infrastructure through the R&D programme;
- providing continued investor "aftercare" support through UKTI's Investor Development network, which offers assistance to companies once they have established a presence in the UK to encourage their successful development and expansion;.
- developing co-operation and operational guidelines between the principal bodies engaged in inward investment promotion, through chairmanship of the International Business Development Forum.

Acronyms

A-in-A	Appropriations in Aid
AME	Annually Managed Expenditure
AO	Accounting Officer
ATO	Accredited Trade Organisation
BCSB	Banking Code Standards Board
BERR	Department for Business Enterprise and Regulatory Reform
BG	Business Group
BIS	Department for Business, Innovation & Skills
BRIC	Brazil, Russia, India and China
BSMS	Business Support Cross-Product Monitoring Survey
BSSP	Business Support Simplification Programme
C&AG	Comptroller and Auditor General
CB	Companion of the Order of the Bath
CBBC	China-Britain Business Council
CBE	Commander of the British Empire
CBI	Confederation of British Industry
CETV	Cash Equivalent Transfer Value
CEO	Chief Executive Officer
CFER	Consolidated Funds Extra Receipts
CIMA	Chartered Institute of Management Accountants
CIPFA	Chartered Institute of Public Finance and Accountancy
CMG	Companion of the Order of St Michael and St George
COP	Committee on Overseas Promotion
CRM	Customer Relationship Management
CSR	Comprehensive Spending Review
CT	Computerised Tomography
DA	Devolved Administration
DAG	Defence Advisory Group
DEL	Departmental Expenditure Limit
DESO	Defence Export Service Organisation
DFID	Department for International Development
DIUS	Department for Innovation, Universities & Skills
DL	Deputy Lieutenant
DSO	Departmental Strategic Objective
DTI	Department for Trade & Industry
ECR	Export Communications Review
EET	Economics & Evaluation Team
EIU	Economist Intelligence Unit
EMRS	Export Marketing Research Scheme
EU	European Union
FCO	Foreign and Commonwealth Office
FCP	Fiscal Compass Programme
FDI	Foreign Direct Investment
FReM	Financial Reporting Manual
FRS	Financial Reporting Standards
FSSAB	Financial Services Strategy Advisory Board
FTE	Full Time Equivalent
FTSE	Financial Times Stock Exchange
FY	Financial Year
GAAP	Generally Accepted Accounting Practice
GDP	Gross Domestic Product
GEP	Global Entrepreneurs Programme
GO	Government Office
GPP	Global Partnership Programme
GVA	Gross Value Added
HMG	His/Her Majesty's Government
HMT	His/Her Majesty's Treasury
HQ	Headquarters
HR	Human Resources
HRH	His/Her Royal Highness
IAO	Information Assurance Officers
IAS	International Accounting Standards
IBDF	International Business Development Forum
IBM	International Business Machines

ICT	Information and Communication Technologies
IFRS	International Financial Reporting Standards
IG	International Group
IiP	Investors in People
IOD	International Organisation Development
IPR	Intellectual Property Rights
ITA	International Trade Adviser
ITFG	Information Technology and Finance Group
ITT	International Trade Team
JETCO	Joint Economic Trade Committee
KCMG	Knight Commander of the Order of St. Michael and St. George
KPI	Key Performance Indicator
LSC	National Learning and Skills Council
MG	Marketing Group
MOD	Ministry of Defence
MOG	Machinery of Government
MP	Member of Parliament
NAO	National Audit Office
NCR	Net Cash Requirement
OBE	Order of the British Empire
OCS	Operating Cost Statement
OECD	Organisation for Economic Co-operation and Development
OGC	Office of Government Commerce
OGD	Other Government Department
OMIS	Overseas Market Introduction Service
ONS	Office for National Statistics
PCPF	Parliamentary Contributory Pension Fund
PFI	Private Finance Initiative
PIMS	Performance and Impact Monitoring Survey
PPA	Prior Period Adjustments
PR	Public Relations
PSA	Public Service Agreement
PWP	Public Web Presence
R&D	Research and Development
RDA	Regional Development Agency
REP	Resources and Evaluation Panel
RfR	Request for Resources
RPI	Retail Prices Index
RSA	Royal Society of Arts
S&I	Science and Innovation
SAG	Security/Sector Advisory Group
SBAC	Society of British Aerospace Companies
SDI	Scottish Development International
SG	Sectors Group
SHRG	Strategy & Human Resources Group
SIC	Statement on Internal Control
SIRO	Senior Information Risk Owner
SITPRO	Simplifying International Trade Promotions
SME	Small- and Medium-sized Enterprises
SR	Spending Review
TAP	Tradeshow Access Programme
TSO	The Stationery Office
UK	United Kingdom
UKAN	UK Advisory Network
UKIBC	UK India Business Council
UK-IPO	UK Intellectual Property Office
UKTI	UK Trade & Investment
UKTI DSO	UK Trade & Investment Defence & Security Organisation
UNCTAD	United Nations Conference on Trade and Development
URL	Uniform Resource Locator
VAT	Value Added Tax
VFM	Value For Money

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