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UK Trade & Investment Annual Report and Accounts 2007-08

Including the Annual Departmental Report and the Resource Accounts

(For the year ended 31 March 2008)

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Minister's foreword

As Chairman of UK Trade & Investment and Minister for Trade and Investment, I am very proud to introduce this Annual Report and Accounts.

Globalisation is a fact of life. It is altering the way in which we do business with the rest of the world. Our success in international trade and investment is critical to the UK's continued creation of wealth and success in the global economy.

Britain was made for globalisation.

We have a long tradition as a trading and investing nation. Brand Britain is strong. English is the language of international business. We are in the most convenient time zone. We have a well developed business infrastructure, with one of the most advanced telecommunications sectors in the world, a flexible labour market, an integrated transport network, and strength in depth in our financial and professional services sectors. Our science, engineering and university base is world class. We truly are *"A Springboard for Global Growth"*. UKTI is delivering for business, for the economy and for Britain. Our unique market knowledge and international network of business and government contacts means we can make a real difference to UK companies doing business overseas, and to potential investors in the UK.

We have an effective strategy and clear focus. Performance results for 2007-08 show that we assisted 15,900 UK businesses to exploit overseas opportunities, of which over 12,500 were innovative. We helped 2,799 companies to increase Research & Development activity in the UK. Independent research shows that 57% of our trade customers – around 9,000 – achieved an improvement in their business performance as a direct result of UKTI's services. The total added value to the UK economy attributed to UKTI's trade services was £3 billion over the year...... not bad for an outlay by the taxpayer of £218 million.

The UK remains the number one inward investment destination in Europe, and is second only to the US in the world in attracting Foreign Direct Investment (FDI). In total, the UK won 1,573 investment projects from overseas companies and UKTI exceeded its target for attracting inward investment projects, being involved in 549 over the year. This is a significant increase on previous years and is a real achievement for the people working in UKTI to deliver this success.

I know that visible and active government support really matters to business. Over the last year I have visited 25 overseas markets and made 11 regional visits. These included accompanying the Prime Minister on his visit to China, during which a new $60 billion trade target was announced, and India, where a pipeline of future contracts worth £10 billion was announced. These examples show how our visits pay big dividends and can achieve real business outcomes. I've also chaired three meetings of the Ministerial Visits Committee which was set up as part of UKTI's five year Strategy. Its aim is to ensure that overseas visits by Ministers better support the UK's commercial interests overseas, and that these visits generate greater value for the UK economy.

Over the last year UKTI has worked with leading business and government stakeholders to take forward innovative international marketing strategies in five key sectors: financial services, creative industries, information & communication technologies, life sciences and energy technologies. Two further strategies are planned, covering climate change and advanced engineering. These strategies showcase the capabilities of UK plc and are building a focused brand with consistent, evidence-based messaging. They will deliver results for the UK's international business and for inward investment through business-government partnership.

We are also engaging more fully with universities and academia. We are building links with the various different networks and collaborative ventures that exist within UK universities and internationally, to increase the good work that is already going on between UKTI and UK higher education institutions. UKTI is identifying further opportunities that exist to market UK plc through its many strengths in higher education. We are pursuing opportunities to encourage universities to market the UK better.
We are on track to deliver the international business legacy from the 2012 London Olympics. We have launched a flagship programme, "Host2Host", designed to maximise business opportunities with other Host and potential Host cities. I inaugurated this in February 2008 by signing a Memorandum of Understanding with Vancouver, Host of the 2010 Winter Olympics. In addition I shall be showcasing British expertise and promoting business networking at the Beijing Games this summer.

The UK defence manufacturing sector, and its continued export success, is vital to research and development, high skilled jobs, wealth creation and national security. Responsibility for defence export support transferred successfully from MOD to UKTI on 1 April, and UKTI Defence & Security Organisation (UKTI DSO) was established. In recent years, the UK maintained the number 2 position in defence exports behind the US; in 2007 we went one better with sales of £10 billion, beating even the US. This was a special year – we won't always be number 1, but UKTI DSO will be working hard to ensure the UK's defence businesses sustain this performance. Our relationship with companies in the sector will be transparent; we are working in partnership to encourage adoption of a code of ethics. I relish the opportunity of working with these businesses, to ensure that we make the most of this unique asset for the defence and security sectors.

Looking forward, we know that our business customers face an increasingly challenging global economic environment. As I write, the full impact of the 'credit crunch' remains uncertain. Together with my colleagues on the UKTI Board, I am committed to ensuring that UKTI rises to the challenge and plays its part in full, helping our business customers in the UK and overseas by delivering quality support that is specific and relevant to their needs.

I would also like to pay tribute to the work carried out by HRH The Duke of York, as the UK Special Representative for International Trade and Investment. Each year he undertakes an extensive programme of business-related engagements in the UK and overseas, to promote UK plc. I know from talking to companies just how much they value his support, and in February I had the privilege of accompanying him on his visit to the USA, where I saw at first hand the magnificent job he does for British business.

Finally, I'd like to express my thanks to all the brilliant people at UKTI, with whom I've had the privilege of working over the last year. I've been fortunate to have met many of them – in my visits overseas, both staff from the UK and locally-engaged staff; on my regional visits around England, and staff from our headquarters offices in London and Glasgow. Without them we would not be delivering the outstanding outcomes for business that are set out in more detail in this Report. I would also like to thank my colleagues on the UKTI Board, for their help and support in what, for me, has been an amazing year!

Digby, Lord Jones of Birmingham
Minister for Trade and Investment
Chairman, UK Trade & Investment

Chief Executive's foreword

This Annual Report and Accounts brings together for the first time UKTI's Departmental Annual Report and its Resource Accounts. It gives a clear view of our success in delivering on our targets, and the resources we have used to achieve this success.

UKTI is committed to helping UK companies, including overseas companies choosing the UK as their global hub, to develop their international business, and to providing support for overseas companies wishing to invest in the UK.

This Report marks the end of the 2004 Spending Review Period (SR2004). We have a good story to tell. We are on course to deliver on our PSA target for the last three years. We have exceeded the trade targets set for us three years ago, of helping new-to-export and new-to-market firms improve their business performance. We expect to exceed the number of successful inward investment projects we were tasked with delivering over the last three years. We will provide a final report on our SR2004 successes in our Autumn Performance Report.

But UKTI is now a rather different organisation from that of three years ago. In 2006 we launched a five-year Strategy, *Prosperity in a Changing World*. This set us on a path to transform the marketing of the UK internationally, to work in partnership across Government and with business, and to focus on where UKTI can make the most difference. Our 2007 Comprehensive Spending Review settlement confirmed our Strategy, and gave us the resources we need to deliver it over the next three years.

We have also taken on a key role in ensuring that the UK gets maximum value from the London Olympics in 2012 and, from 1 April 2008, we took over responsibility for defence export support from the Ministry of Defence.

We know that we face significant challenges. Our new targets are demanding. If we are to succeed in delivering them, we will need to be relentless on focusing on what really matters, our efficiency and effectiveness in delivering services, and ensuring that these services make a real difference for our customers.

The most recent piece of evidence from UKTI's programme of economic research suggests that over the period 1996-2004, some 60% of UK productivity growth was attributable to UK exporting firms. Firms new-to-export experienced an average 34% long-term productivity boost as a result of beginning to export. UKTI can help companies take the first step into overseas markets, and support them as they develop their business in new markets. This is why we matter, and why the work we do is important to the companies we work with.

The lesson I take from my two years at UKTI is that change is ever-present, and that as we enter the CSR2007 period, fresh challenges await us. The way in which those who work for UKTI have responded to the many changes over the last three years, gives me the confidence that we will rise to whatever lies ahead and continue to deliver and add value for our business customers.

Andrew Cahn
Chief Executive
UK Trade & Investment

UK Trade & Investment Board

This section sets out the membership, role and structure of UKTI's Executive Board, as at 31 March 2008.

The role of the UKTI Executive Board is to provide strategic and operational leadership in UKTI. The Board is led by the Minister of State for Trade and Investment, and comprises the Chief Executive, five Executive Directors and five Non Executive Board Members. Further details of UKTI's organisational structure can be found in Chapter 3.

Chair

Digby, Lord Jones of Birmingham
Minister of State for Trade and Investment

Deputy Chair

Andrew Cahn CMG
Chief Executive

Executive Members

1. **Susan Haird CB**
Deputy Chief Executive
2. **Dominic Jermey OBE**
Managing Director, Sectors Group
3. **Danny Lopez**
Managing Director, Marketing Group
4. **Brian Shaw**
Managing Director, Business Group
5. **Curtis Juman**
Director, Finance and IT Group (from 1 October 2007)

Edmund Quilty
Director, Finance and IT Group (to 30 Sept 2007)

Ian Fletcher
Managing Director, International Group (to 30 April 2007)

Non Executive Board Members

6. **Peter Hill, CBE**
Chief Executive, The Laird Group PLC, Non Executive Director of the aerospace and defence group Meggitt plc. Previously held senior management positions with BTR plc and Invensys plc.

7. **Claire Ighodaro, CBE**
Chair of UKTI, Lloyd's of London, the Banking Code Standards Board (BCSB) and the Open University Audit Committees. Past President of CIMA. Non-executive Director of Lloyds of London and the BCSB, a Member of BERR Operating Committee, Council Member of the Open University, the National Learning and Skills Council (LSC), and Trustee of the British Council. Past Executive at BT PLC.

8. **Bill McGinnis, CBE**
Chairman of the McAvoy Group, Board Member of Invest NI and a Non Executive Director of the Department for Employment and Learning, Board member of the private sector led Management and Leadership Network. Represents Northern Ireland at national level as a member of the National Employment Panel and the Sector Skills Development Agency.

9. **Barry Stickings, CBE**
Chairman of BioCity Nottingham, founding Chairman of Innovation East Midlands, the Regional Science Council. Until 2005, was Chairman of BASF plc. Trustee and former Executive Chair of the Industry and Parliament Trust and is Vice-President of the German-British Chamber of Commerce and Non Executive Director of Vitalize Health Products.

10. **Tim Robinson (from 29 October 2007)**
Chief Executive of Xafinity, Non Executive Director of Camelot and a Member of the Association and on Audit Committee of Oxfam. Was joint-Chairman of the European Commission Security Research Advisory Board in 2005, Director of the Executive Board of Thales, Paris (2001-2006), Non Executive Director of Nasdaq-listed Nice Systems (2002-2006) and previously Director of IBM UK. Fellow of the RSA and a Freeman of the Worshipful Company of Information Technologists.

Special representative: HRH The Duke of York

His Royal Highness The Duke of York has been the UK Special Representative for International Trade and Investment since October 2001.

The Duke of York works closely with UKTI and the Devolved Administrations in support of their international objectives and makes a significant contribution in this role.

In 2007-08 The Duke of York undertook an extensive programme of business-related engagements in the UK and overseas to promote the interests of UK industry through overseas trade and investment and to attract a continuing high level of quality foreign direct investment.

Details of The Duke of York's engagements are available at www.thedukeofyork.org.

Chapter One
Introduction

01

Chapter One: Introduction

This report summarises UK Trade & Investment's (UKTI's) performance from April 2007 to March 2008. Unlike previous years, when UKTI produced a separate Departmental Report and Annual Accounts, this report combines both.

This report is structured in the following way:
Chapter 1 Introduction covering UKTI's aims, objectives and strategy.
Chapter 2 Details performance against SR2004 Public Service Agreement objectives and targets, including efficiency savings and also provides the new CSR2007 targets.
Chapter 3 Sets out how UKTI is organised and resourced.
Chapter 4 Provides details of UKTI's strategy, services and operations.
Chapter 5 Sets out the main policies UKTI uses to develop its people in order to deliver an effective and efficient service to our customers.
Chapter 6 Resource Accounts and Memorandum Notes detailing the resources consumed in 2007-08 to deliver our services.
Annexes Further information required in support of this report and an explanation of acronyms.

1.1 Background

UK Trade & Investment was established in May 1999 as British Trade International following a review of the arrangements for the support of exports by the then Cabinet Secretary, Sir Richard Wilson KCB. The organisation was renamed UK Trade & Investment in October 2003.

1.1.1 UKTI has the lead role within Government for delivering trade development and inward investment services for business. It is a joint department of the Foreign & Commonwealth Office (FCO) and the Department for Business, Enterprise & Regulatory Reform (BERR) and consequently its funding and human resources reflect this. It works closely with the Regional Development Agencies (RDAs) in the English regions and with the trade promotion and inward investment organisations of the Devolved Administrations (DAs). Its other partners in delivering trade and investment services include other government departments and their agencies, and the numerous private sector bodies active in this field.

1.2 UK Trade & Investment's Strategy

1.2.1 The 2006 Budget Statement announced a new five-year strategy for the UK to respond to the challenges and opportunities of globalisation. This included a step-change in the Government's drive to market internationally the strengths of the UK economy; particular focus on high-growth countries of strategic importance to the UK, such as India and China; a focus on innovative and R&D intensive sectors; and through a new, Ministerially-led committee, more effective arrangements across departments for maximising the commercial value for companies of Ministers' visits overseas. UKTI was given responsibility for this new strategy, and published its plans for delivering it in *Prosperity in a Changing World*, in July 2006.[1,2]

1.2.2 The UK is well placed to meet the challenges and opportunities of globalisation. It offers a solid framework within which companies prosper. It is politically and economically stable with a well-established legal framework and a flexible workforce; it is open to competition and trade; its economic strength is underpinned by large investments in public services and infrastructure; and its science base is world class. Marketing the UK economy internationally, and ensuring that the UK derives maximum economic benefit from these strengths, is vital to securing an effective UK response to globalisation.

1.2.3 The UKTI Strategy sets out a programme of change designed to ensure that the organisation can meet the evolving needs of its customers in the context of globalisation, and that it delivers maximum value for the UK economy. This report sets out how UKTI is delivering against its SR04 targets and is implementing its Strategy.

UKTI is the Government organisation that helps UK-based companies succeed in an increasingly global economy. Its range of expert services are tailored to the needs of individual businesses to maximise their international success. It provides companies with knowledge, advice and practical support.

UKTI also helps overseas companies bring high quality investment to the UK's vibrant economy – acknowledged as Europe's best place from which to succeed in global business. It provides support and advice to investors at all stages of their business decision-making.

UKTI offers expertise and contacts through a network of international specialists across the English regions and in British Embassies and other diplomatic Posts around the world.

1 *"Prosperity in a Changing World"* is available at www.uktradeinvest.gov.uk
2 The evidence base for an enhanced role for UKTI, and for the business case for UKTI's new Strategy, is set out in BERR Economics Paper Number 18, *International Trade and Investment – the Economic Rationale for Government Support*, available on the BERR website at www.berr.gov.uk

Chapter Two
Performance against SR2004 Public Service Agreement (PSA) Objective and Targets

02

Chapter Two: Performance against SR2004 Public Service Agreement (PSA) Objective and Targets

This chapter sets out UKTI's performance against its Spending Review (2004) settlement. In addition it details the Comprehensive Spending Review (2007) settlement and targets for the future.

2.1 PSA objective

> Under its Spending Review (SR2004) settlement, UK Trade & Investment is committed to the following PSA objective:
>
> "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."
>
> This objective is underpinned by a PSA target, which for the SR2004 period (2005-06 to 2007-08) is:
>
> "By 2008, deliver a measurable improvement in the business performance of UKTI's international trade customers, with an emphasis on new-to-export firms; and maintain the UK as the prime location in the EU for foreign direct investment."

2.2 PSA targets and indicators

2.2.1 Both the objective and its associated PSA target are shared with the FCO (PSA 6) and the BERR (PSA 8), with UKTI delivering the target on behalf of its parent departments.

2.2.2 UKTI's performance in delivering its PSA target is measured against five PSA indicators. Three of these indicators cover trade development and two cover inward investment:

Indicator 1. At least a 30% increase by 2007-08 in the proportion of UK Trade & Investment trade development resources focused on new-to-export firms.

Indicator 2. At least 40% of new-to-export firms assisted by UK Trade & Investment improve their business performance within two years.

Indicator 3. At least 50% of established exporters assisted by UK Trade & Investment improve their business performance within two years.

Indicator 4. Improve the UK's ranking within Europe in terms of the GDP-adjusted stock of EU foreign direct investment based on the United Nations Conference on Trade and Development (UNCTAD) World Investment Report.

Indicator 5. 374 (in 2005-06), 440 (in 2006-07) and 524 (in 2007-08) successful inward investment projects secured by UK Trade & Investment in each year of the Spending Review, of which 75% are knowledge-driven.

2.3 Performance against trade development indicators

Indicator 1
("shift in resources to support new-to-export firms" indicator):
"At least a 30-percentage point increase by 2007-08 in the proportion of UK Trade & Investment trade development resources focused on new-to-export firms."
Assessment of progress:
PARTLY MET

2.3.1 This indicator is an input measure, requiring UKTI to shift its trade development resources towards support for new-to-export firms.

2.3.2 This shift of resources is against an overall reduction in the proportion of resources UKTI dedicates to trade development as, in line with the SR2004 settlement, resources are increased in support of inward investment.

Factors affecting performance

2.3.3 At the start of the SR2004 period, 31% of UKTI's trade development resources were deployed on new-to-export firms. At July 2006, internal management accounts showed an increase of ten percentage points from this baseline over the first year of the SR2004 settlement. Thus, at the start of the second year of the settlement, April 2006, 41% of total trade development resources were being deployed on new-to-export firms.

2.3.4 *Prosperity in a changing world* charted a new direction for the organisation, one that required significant organisational change and re-distribution of resources to deliver new priorities. Thus provisional outturn figures for 2007-08 show a 13 percentage point increase in trade development resources focused on new-to-export firms, over the SR2004 period (final figure to be confirmed). Nevertheless, *Prosperity in a changing world* confirmed that new-to-export firms will continue to be an important client group for UKTI.

Indicator 2 (“new-to-export” indicator):
“At least 40% of new-to-export firms assisted by UK Trade & Investment improve their business performance within two years.”
Assessment of progress: AHEAD

2004 Annual Result	30%
2005 Annual Result	31%
2006-07 Result	52%*
2007-08 Result	57%**

* For the bulk of the SR2004 period, from January 2006, reports switched to financial rather than calendar years.
** Provisional result.

2.3.5 This indicator covers firms that are seeking to enter overseas markets, who have little or no experience of doing business overseas. This is defined as firms having no more than 10% of turnover resulting from proactive exporting activity, or a higher proportion (no more than 25%) of turnover resulting from a combination of proactive and reactive export activity, within the previous 12 months.

2.3.6 The proportion of new-to-export firms reporting that their business performance had improved as a result of assistance from UKTI increased from an annual result of 31% for 2005 to 52% for 2006 and 57% for 2007 (Q4 2006-07 to Q3 2007-08). This shift upwards coincided with the introduction of a new approach to evaluating the impact of UKTI’s services, the Performance and Impact Monitoring Survey (“PIMS”) from Q4 2005-06. The new approach involves a substantially increased sample, and also covers a much wider range of UKTI trade services. Results have remained consistently at this higher level. (For more details see “Quality of data systems used”.)

Indicator 3 (“new-to-market” indicator):
“At least 50% of established exporters assisted by UK Trade & Investment improve their business performance within two years.”
Assessment of progress: AHEAD

2003 Annual Result	43%
2004 Annual Result	43%
2005 Annual Result	54%
2006-07 Result	51%*
2007-08 Result	57%**

* For the bulk of the SR2004 period, from January 2006, reports switched to financial rather than calendar years.
** Provisional result.

2.3.7 This indicator covers firms that already have experience of doing business overseas and are seeking to enter new markets. For these firms, the barriers to expanding their operations into new markets, especially emerging high-growth markets such as India and China, can sometimes be as significant as those facing firms which are seeking to do business overseas for the first time. Recent research carried out for UKTI by economists at the University of Nottingham[3] has shown that barriers encountered by exporters actually rise after initial export experience. This reflects the fact that firms which have some initial export success may then seek to widen the range of overseas markets in which they are active, including markets which may be culturally more distant, and hence present new challenges.

Factors affecting performance

2.3.8 Evidence from PIMS shows that firms which report improved business performance as a result of UKTI support have in most cases also reported one or more of the following:

- gained access to customers, business partners, or networks they would not otherwise have been able to achieve,
- gained access to information they would not otherwise have been able to achieve,
- improved their profile or credibility overseas,
- improved their knowledge of the competitive environment,
- improved their overseas marketing strategy, and/or
- gained the confidence to explore or expand in an overseas market.

2.3.9 Analysis of the PIMS data also shows that innovative businesses tend to report greater business benefits, and that Small and Medium Enterprises (SMEs) continue to report similar levels of benefit and additionality across most impact measures until they have had 20 years or more of export experience. This appears to reflect the fact that firms tend to increase the range of markets in which they are active as they gain export experience, and continue to encounter barriers in this context. Large firms with 20 years or more export experience less frequently report strong impact, but the evidence demonstrates that for this group there are circumstances in which support is needed to enable them to overcome barriers to business in new markets.

Quality of data systems used

"Shift in resources to support new-to-export firms" indicator

2.3.10 The shift in trade development resources dedicated to new-to-export firms is tracked by monitoring the resource budgets that support UKTI's trade development work.

"New-to-export" and "New-to-market" indicators

2.3.11 Data for the "new-to-export" and "new-to-market" indicators are collected through a quarterly performance measurement survey and analysis carried out by external consultants, of a sample of companies that have used UKTI services.

2.3.12 For the three years ending 31 December 2005 the consultants were the Reading Business Group, Reading University, and the survey covered around 800 firms each year. From 1 January 2006, the introduction of a new extended performance measurement survey, PIMS (developed in collaboration with OMB Research, who now carry out the survey on behalf of UKTI), substantially increased the survey sample size to just over 3,000 firms per year. The universe from which the survey sample is drawn has also been extended, and now covers virtually all UKTI trade services, the main exception being website users who have not also signed up for the Business Opportunity Alert service. Businesses are not counted against the UKTI corporate target number of businesses to be helped unless details of the support are put forward for inclusion in the universe from which the PIMS survey sample is drawn. The sample structure is based on a stratified random sample which enables robust reporting both at the aggregate corporate level and at a disaggregated service level.

2.3.13 PIMS carries out interviews with companies at two stages after receipt of support, in order to allow outcomes to be tracked over time. The first interviews are carried out between 4 to 7 months after receipt of the support, and the second stage follow up interviews around a year later. Results relating to the second stage interviews for companies initially interviewed during 2006-07 show little significant difference across a range of measures, including the business performance improvement measure, when compared with the first round interviews. The main differences are:

- respondents are slightly revising down their judgement about the extent to which they believe they could have achieved similar results without the support, and
- respondents who had reported that the help had enabled them to gain access to contacts or information, or to raise their profile in the market, are on balance slightly more positive in the second wave than in the first round of interviews.

3 Richard Kneller and Mauro Pisu, 2006, *Export Market Entry, Sunk Costs and Firms' Performance, Final Report for UK Trade and Investment;* GEP, University of Nottingham.

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

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

The first wave provides an 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 4 to 7 months after support has been provided.

Subsequent waves of interviews are designed to assess the longer-term impact of UKTI services. These second wave interviews are carried out 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 increases.

Other issues covered by the survey questions include:

- new business, both in the target market as well as any new sales in any other market, and any (positive or negative) effects on domestic sales,
- impact on skills and on 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, including the availability of any private sector sources of advice or information, and
- business profile characteristics and strategic motives for exporting.

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, including data about actual performance, enabling the consultant carrying out the interview to identify inconsistent responses. The follow-up interviews provide a further opportunity for crosschecks with firms' initial responses.

The results indicate how UKTI's assistance has improved firms' performance, especially productivity and profitability, and enable a judgement to be made as to whether UKTI has met the "new-to-export" and "new-to-market" indicators. 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.

2.4 Performance against inward investment indicators

Indicator 4

"Improve the UK's ranking within Europe in terms of the GDP-adjusted stock of EU foreign direct investment based on the UNCTAD World Investment Report."

Assessment of progress: ON COURSE

2.4.1 The 2007 UNCTAD World Investment Report reported that the UK's provisional GDP-adjusted ranking within Europe was 11th in 2006. This may be subject to further revision. This was the same as the revised provisional ranking for 2005 (UNCTAD's 2006 Report had placed the UK at 10th in 2005; this was revised down in the 2007 Report). The UK's revised final ranking for 2004 remains 15th.

2.4.2 The UNCTAD Report confirmed that the UK remained the number one inward investment destination in Europe in 2006.

Indicator 5

"374 (in 2005-06), 440 (in-2006-07) and 524 (in 2007-08) successful inward investment projects secured by UK Trade & Investment in each year of the Spending Review, of which 75% are knowledge-driven.[4]"

Assessment of progress: ON COURSE

2.4.3 449 successes were delivered in 2005-06 and 496 successes in 2006-07; of these 75% and 71% respectively were knowledge-driven.

2.4.4 By the end of March 2008, 549 successes had been reported, of which an estimated 75% were knowledge-driven.

2.4.5 Cumulative achievement against the PSA indicator to date (April 2005–March 2008) is 1,494 successes recorded/reported, 156 ahead of target, of which 74% were knowledge-driven.

Factors affecting performance

2.4.6 Macroeconomic policy and the performance of the UK economy are critical to inward investment success and hence to the achievement of these targets. These factors include the economic stability such as growth, inflation, the tax and regulatory environment, competition policy, trade policy, infrastructure, skills and labour force. Transaction and business costs and the presence of well-developed business networks and clusters are also critical.

The Credit Crunch

The impact of the credit crunch and Global economic uncertainly began to be observed, at least in terms of sentiment, during the course of the year 2007-08. The extent to which this might influence 2008-09 results is as yet unknown, however UKTI are carefully monitoring this risk.

Quality of data systems used

2.4.7 Data on the UK's ranking within Europe is taken from the UNCTAD World Investment Report and online FDI database. Year to year movements in FDI inward stock as a percentage of GDP as calculated by UNCTAD can be influenced by a number of factors. The percentage is calculated in US dollars and involves two exchange rate conversions – an end year conversion for FDI inward stock and an average for the year for GDP – and differences between them can affect the year on year movements. The relative size of GDP in the different countries within the European Union (EU) may also influence the rate at which the percentage changes from year to year.

4 First time direct investment or expansion by a foreign-owned firm; or joint ventures and acquisitions where a foreign-owned company has more than a 50% stake.

2.4.8 Data on successful inward investment projects secured is based on the electronic project tracking system, using definitions of success agreed by the UK-wide International Business Development Forum, a joint UKTI, RDA and DA Group. (The IBDF was set up in 2007 and supersedes the Committee on Overseas Promotion, a joint UKTI, RDA and DA committee.) BERR's Internal Audit Team and the National Audit Office validate results.

2.4.9 As was noted in UKTI's 2007 Departmental Report (paragraph 2.22), from April 2007 UKTI's inward investment teams overseas, working with the London-based International Sales Teams, adopted a new approach to securing inward investment that concentrates on high-value added projects. This involves segmenting inward investment clients into three categories – "high value", "good quality" and "RDA priority" – to seek to match the amount of inward investment network effort to the anticipated contribution to the UK economy of specific investments. The categories of "high value" and "good quality" investments (as well as appropriate investments facilitated under UKTI's Global Entrepreneurs Programme) equate broadly to what was previously counted as "knowledge-driven". UKTI has exceeded its 2007-08 target (524) achieving 549 significant assists.

2.5 Delivering value for money – UKTI's efficiency programme

UKTI's 2004 Spending Review settlement committed the organisation to achieving the following efficiency savings against its 2004-05 baseline figures:

- A cumulative reduction of £35m on programme and admin spend.
- A reduction of 200 full-time equivalent BERR staff.

2.5.1 The details in this chapter are drawn from UKTI's Efficiency Technical Note, which can be accessed via www.uktradeinvest.gov.uk/ukti/finance and the most recent (November 2007) Office of Government Commerce (OGC) assessment of the organisation's progress in delivering efficiency savings.

2.6 Headline efficiency savings

Table 1 shows the cumulative savings required by HM Treasury under the SR2004 settlement for the three years of the SR2004 period, across the three funding streams.[5]

Key efficiency delivery issues for UK Trade & Investment

2.6.1 A substantial proportion of UKTI's efficiency savings targets required the removal of cost from the organisation, by reductions in the numbers of staff from its parent departments – FCO and BERR – engaged on its work. As noted in Chapter 3.4 of this report, UKTI is not an employer in its own right; in implementing the SR2004 settlement it therefore had to work with FCO and BERR to determine the shape of its restructuring operations. Its planning includes taking into account the capacity of parent departments – within the context of their own SR2004 obligations to the Treasury – to reabsorb released staff and redeploy them. This process has required ongoing negotiations with both parent departments, and the planning work within UKTI has had to take these considerations into account.

Efficiency savings achieved to date

2.6.2 Table 2 summarises headcount reductions achieved to the end of March 2008.

2.6.3 The headcount efficiency savings shown above are measured over the SR2004 period to each year end. Memorandum note 1 to the resource accounts on page 90 reports the average number of BERR whole time equivalents working for UKTI during the year. The figures are therefore not directly comparable. Over the SR2004 period the average BERR whole time equivalent reduction of "permanent staff" was 243. UKTI has delivered on its headcount efficiency targets over the SR2004 period.

Initiatives to deliver efficiency savings

2.6.4 Table 3 summarises the main initiatives through which UKTI delivered its efficiency savings.

2.6.5 Some of the savings achieved in delivering the £11m reduction in UKTI's Programme budget could not be attributed to specific workstreams. UKTI met with HM Treasury in January 2008 and presented evidence from PIMS that demonstrated service delivery and quality had been maintained over the period. It was agreed therefore that although some savings could not be directly attributed, overall UKTI had delivered on its programme efficiency savings.

Table 1: Efficiency savings for the SR2004 period

Funding stream	Efficiency savings for 2005-06 £m	Cumulative efficiency savings for 2006-07 £m	Cumulative efficiency savings for 2007-08 £m
	Resource	Resource	Resource
UKTI Programme	2.1	5.0	11.0
FCO Admin	2.1	10.0	20.0
BERR Admin	1.6	3.0	4.0
Total	5.8	18.0	35.0
Achieved	✓	✓	✓

For details of SR2004 fund refer to section 3.2.

Table 2: Headcount efficiency savings for the SR2004 period

Funding stream	2005-06 Headcount Reduction	2006-07 Cumulative Headcount Reduction	2007-08 Cumulative Headcount Reduction
(BERR staff)	179	200	200
Achieved	✓	✓	✓

Table 3: Main initiatives for achieving efficiency savings for the SR2004 period

Funding stream	Initiative
UKTI Programme	• Investment in web-based e-delivery of services to customers. • Procurement savings. • Prioritisation of trade services. • Cost recovery for services from business.
FCO Admin	• Reduction of UKTI's overseas presence, yielding £20m to be handed back to FCO for re-deployment on FCO priorities.
BERR Admin	• Delivery of £4m savings in BERR admin through reduction in BERR workforce, together with corresponding reductions in non-salary staff costs.

5 Note that re. savings on FCO Admin, the benefit of the savings will accrue in the first instance to the FCO, and may be used by them to offset savings made elsewhere by the FCO, or surrendered as cashable. They will become cashable, in Treasury's terms, to the extent that the FCO chooses to use them directly to offset its own savings obligations.

Quality measures

2.6.6 UKTI is committed to achieving efficiencies by reducing input costs whilst delivering the same or improved customer services, and by re-focusing priorities to deliver the same or better quality outputs.

2.6.7 UKTI has a programme of external evaluation on the quality of its services. PIMS provides quantitative and qualitative measures of UKTI's performance in delivering its PSA target, including data on customer satisfaction with service outputs and quality. Monitoring by PIMS is used to base decisions on further improving the quality of service delivery and achieve further productivity gains, backed up by improved staff capabilities and professionalism, and refining Headquarter (HQ) business processes.

Plans and prospects for delivering efficiencies over the next six months

2.6.8 In Q4 2007-08 BERR's Internal Audit team carried out a review of aspects of UKTI's efficiency programme. The findings of this audit will inform further aspects of reporting on SR2004 efficiency savings.

2.6.9 A final report on the SR2004 Efficiency Programme will be made in UKTI's 2008 Autumn Performance Report. (This is because some aspects of savings will not be confirmed until end-Q2 2008-09.)

2.7 Comprehensive Spending Review (CSR) 2007 targets covering 2008-09 to 2010-11

This section sets out UKTI CSR2007 targets.

2.7.1 Over 2007-08, in addition to continuing to deliver on its existing Public Service Agreement Targets for the SR2004 period, UKTI put in place new high-level targets that show what successful implementation of its new Strategy will look like. These new targets were confirmed, in a slightly modified form, in UKTI's 2007 Comprehensive Spending Review Settlement and form UKTI's Performance Management Framework for the three years from 2008-09 to 2010-11.

Strategic Objective

2.7.2 The Strategic Objective for UKTI is: 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.

Delivery of this objective will be tracked via the following targets:

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

2.7.3 Annually, over the 2008-2011 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.

2.7.4 Annually, over the 2008-2011 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.

2.7.5 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 foreign direct investment (FDI) R&D projects.

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

2.7.6 To achieve a measurable improvement over 3 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.

Target 5: Improve UKTI's operational performance.

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

2.7.8 **Increase charging**
To increase UKTI's revenue from charging to £2m in FY2007-08 and to £4m per annum by the last year of the CSR2007 period (FY2010-11).

2.7.9 Delivery of these targets will contribute to the delivery of BERR's Departmental Strategic Objective (DSO) 1, "Promote the creation and growth of business and a strong enterprise economy across all regions," and also deliver the FCO's DSO 2, "Support the British Economy."

2.7.10 During 2007-08, UKTI has put in place the measurement systems to track achievement of these targets. More details on our plans for achieving these targets can be found in our 2008-09 Corporate Plan and accessed via UKTI's website www.uktradeinvest.gov.uk

Chapter Three
Organisational Structure
and Resources

03

Chapter Three: Organisational Structure and Resources

This chapter sets out UKTI's organisational structure, its funding allocation broken down between the SR2004, covering 2004-05 to 2007-08 and the CSR2007 covering 2008-09 to 2010-11. In addition to this there is a section on "Our People" describing the human resources deployed in delivering our services.

3.1 UKTI's organisational structure

3.1.1 UKTI's organisational structure has continued to evolve over the last year, to reflect the changes needed to deliver the Strategy's priorities. The core business delivery Groups during 2007-08 were:

- Business Group (see 4.1)
- International Group (see 4.2)
- Marketing Group (see 4.3)
- Sectors Group (see 4.4)

3.1.2 From 1 April 2008 a new Group was added titled the Defence & Security Organisation as a result of Machinery of Government changes announced on 26 July 2007.

Digby Lord Jones of Birmingham
Minister for Trade and Investment

Andrew Cahn CMG
Chief Executive

Susan Haird CB
Deputy CEO, Managing Director, International Group, Strategy and HR Group, Economics and Evaluation Team

Dominic Jermey OBE
Managing Director, Sectors Group

Brian Shaw
Managing Director, Business Group

Danny Lopez
Managing Director, Marketing Group

Curtis Juman
Finance Director, IT, Finance & Business Planning Group

Richard Paniguian CBE
Head, UKTI Defence and Security Organisation (From August 2008)

Back row l-r: Curtis Juman, Dominic Jermey
Front row l-r: Danny Lopez, Brian Shaw, Andrew Cahn, Susan Haird

3.1.3 These are supported by an IT and Finance Group, a Strategy and Human Resources Group, and the Economics and Evaluation Team.

3.1.4 The rest of this chapter sets out some of the funding allocated through Spending Reviews.

3.2 SR2004 funding (2004-05 to 2007-08)

3.2.1 UKTI has three funding streams:

At the start of the Spending Review (SR2004) based on 2004-05, they were:

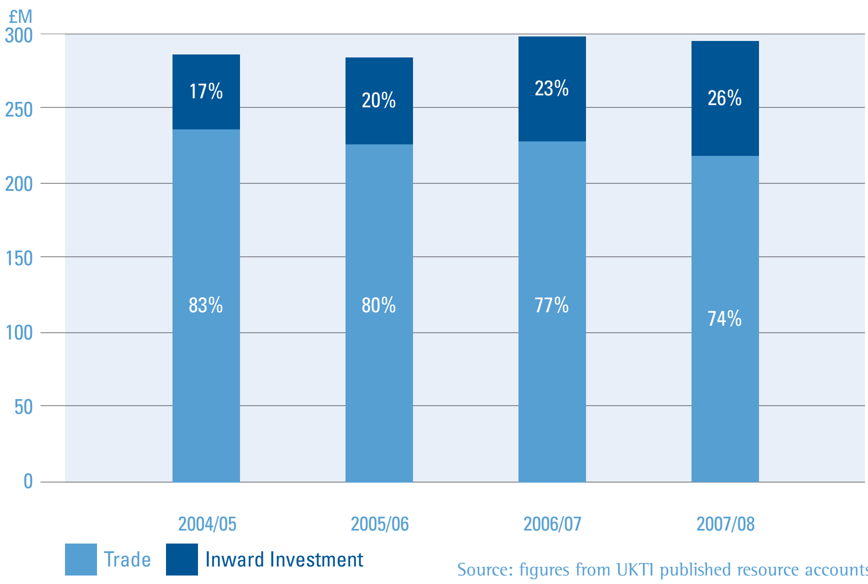
- UKTI Programme: £100.5m in 2004-05, reducing by £11m over the SR2004 period (to 2007-08) as part of UKTI's SR2004 settlement. These funds are voted directly by Parliament. UKTI's Chief Executive is the Accounting Officer for this funding stream.
- FCO Admin: In the region of £144m in 2004-05, reducing by £20m over the SR2004 period. The FCO's Accounting Officer is accountable and responsible for deployment of these resources, except for an allocated HQ budget worth some £8m in 2004-05, over which UKTI had direct control.
- BERR Admin: £36.7m in 2004-05, reducing by £4m over the SR2004 period. BERR's Accounting Officer is accountable for these resources, but they are ring-fenced and within UKTI's control.

3.2.2 Progress in delivering the savings required under UKTI's SR2004 settlement as efficiencies is outlined in section 2.6 of this report. The reductions in admin spending have been delivered primarily by significant reductions in staffing levels.

3.2.3 In addition to these savings UKTI has delivered accommodation savings that count towards BERR efficiency targets. UKTI reduced its London Kingsgate House floor area from 8,403 sq metres to 3,634 sq metres. The additional floor area has been let. This yielded an accommodation cost reduction of £3.4m as reflected in the memorandum notes to the accounts on page 91, but this is outside the scope of UKTI's efficiency targets and is reflected in BERR's targets.

3.2.4 UKTI's SR2004 settlement required a shift in resources from supporting trade development to inward investment, to a 70:30 split by the end of 2007-08. At the beginning of 2006-07 23% of UKTI resources were allocated to inward investment. With the launch of *Prosperity in a Changing World* it was agreed that the remainder of the resources due to be shifted to inward investment activities would be dedicated instead to a new R&D programme to target innovative, R&D intensive companies both for inward investment and as potential high-value exporters.

Percentage split by objective: 2004-05 to 2007-08:



Source: figures from UKTI published resource accounts

3.3 CSR2007 funding (2008-09 to 2010-11)

3.3.1 At the start of the Comprehensive Spending Review (CSR2007) funding streams were as follows:

- **Programme:** Baseline resources for the three years covering 2008-2011 were flat profiled at £89.3m. These funds are voted directly by Parliament. UKTI's Chief Executive is the Accounting Officer for this funding stream.
- **FCO Admin:** Estimated baseline £56.0m in 2007-08, reducing by £2.4m over the CSR2007 period. The FCO's Accounting Officer is accountable and responsible for deployment of these resources.
- **FCO Programme[6]:** Estimated baselines for the three years covering 2008-2011 were flat profiled at £83.2m. The FCO's Accounting Officer is accountable and responsible for deployment of these resources, except for an allocated HQ budget now worth some £19m in 2008-09 following increased delegation, over which UKTI has direct control.
- **BERR Admin:** Baseline £33.5m in 2007-08, reducing by £2.4m over the CSR2007 period. The BERR's Accounting Officer is accountable for these resources, but they are ring-fenced and within UKTI's control.

This CSR2007 settlement requires UKTI to prioritise and deliver the outcomes of our high level targets whilst at the same time delivering real efficiency savings of 2.6%.

3.3.2 Since agreeing the CSR2007 in October 2007, there have been a number of changes to the estimated resource available.

From 1 April 2008 the Defence Export Service Organisation transferred to UKTI under Machinery of Government changes which resulted in the following 2008-09 baseline transfers from the Ministry of Defence (MoD):

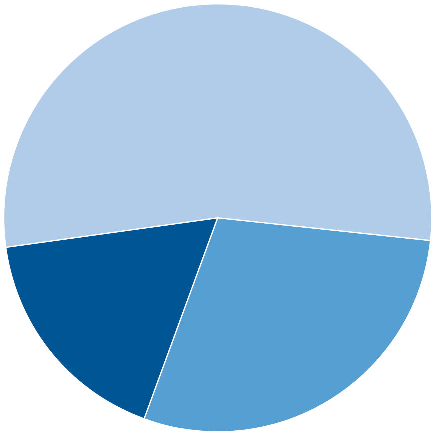
- UKTI Programme £2.2m;
- BERR Admin £15.2m (of which £12.7m is under UKTI direct control); and
- FCO resource £2.1m (of which £0.7m is under UKTI direct control).

In addition the FCO have revised the estimated resource attributed to UKTI (see Memorandum note 1-5 on pages 90-92) which increased the total resource from an estimated £139.2m to £168.2m.

The total resource in support of UKTI's activities for 2008-09 is therefore estimated at just under £315m. This budget can be analysed as follows:

	£m
UKTI Programme	89.3
FCO Resource (including estimated overheads)	167.4
DESO transfer (MoD)	19.5
BERR Admin (including estimated overheads)	38.1
Total	314.3

Pie chart of UKTI's 2008-09 Budget Allocation by source:



Total estimated budget for 2008-09, set out in the CSR2007 settlement, is £276.9m (as adjusted to include the DESO transfer).

6. At the commencement of 2008-09 part of the FCO Admin allocation was reclassified as FCO Programme. In addition, the FCO resource was estimated based on previous year's attribution of costs (see Memorandum Note on pages 90 to 92).

3.4 Our people

3.4.1 UK Trade & Investment 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 BERR 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.

3.4.2 UKTI has delivered the reduction in posts required under SR2004 and is now focusing the work of its people on delivering the organisation's strategy and targets. As a result of the restructuring in 2006, significantly more of UKTI's staff resources are being targeted at the front line who are in direct contact with business customers.

3.4.3 From April 2008, as a result of a Machinery of Government change UKTI took over responsibility for defence export support from the Ministry of Defence (MoD). This means, with the setting up of the UKTI Defence & Security Organisation, an additional budget of £19.5m and around 240 posts transferred to UKTI. As UKTI is not an employer in its own right, of the 240 posts, approximately 200 transferred to BERR and 40 to the FCO overseas. The 200 posts that transferred to BERR were filled by a mix of approximately 100 staff who transferred permanently to BERR, and approximately 100 military and non-military staff on loan from MoD. The remaining 40 or so posts overseas were transferred to the FCO and were filled by staff on loan to the FCO and locally engaged by them.

3.4.4 At April 2008 just under 2,400 people[7] were working for UKTI. Of the 2,400 just under 1,300 – mainly FCO – staff were working in diplomatic posts in 99 markets that are the highest priority in terms of the UK's economic interests. Just under 700 people, mostly BERR staff, were based mainly in London and Glasgow. These include operational, customer-facing staff as well as those in corporate support functions. Just under 400 people were based in International Trade Teams (ITTs) in the English regions. These are mainly International Trade Advisors (ITAs), either Government Office (GO) staff or people with business experience who are under contract to deliver UKTI services.

3.4.5 As of April 2008, some 90% of UKTI's staff are in the front line overseas, in the English regions, or in customer-facing service delivery in HQ. Posts in HQ offices in London and Glasgow, prior to the integration of the DSO staff, had been reduced by some 40% since March 2004.

7 Expressed in terms of full-time equivalents (inclusive DESO staff transfer).

Chapter Four
UK Trade & Investment's Strategy, Services and Operations

04

Chapter Four: UK Trade & Investment's Strategy, Services and Operations

This chapter sets out how UKTI is structured to deliver our strategy, and the services and support that we provide.

UKTI's 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.

The Organisation of UKTI

The 2006 Budget announcement required UKTI to make significant internal changes to deliver the Strategy. It restructured around key clients groups and focused more of its resources on the front line and in high-growth markets. The result is that it now operates with fewer but more highly skilled staff and is becoming more entrepreneurial in the way it works with its client companies.

UKTI has brought in human resource with specific private sector experience or other knowledge and skills required by the Strategy. This included the appointment of a Managing Director of Business Group and a Managing Director of Marketing both with extensive private sector experience. The PERA Group was contracted to deliver UKTI's R&D and high-growth market activities, using private sector specialists.

4.1 Business Group

4.1.1 Business Group promotes the benefits of investing in, doing business with, and growing business globally from the UK in ways that benefit the UK economy. The group's key roles include developing and nurturing relationships with individual companies, ensuring that they know how UKTI can support them. The group also manages the network of ITAs in the English regions and is responsible for the key service products we deliver to our customers.

4.1.2 UKTI offers services to all eligible companies seeking help in overseas markets where there is a UKTI presence. UKTI also targets the following groups of companies, which were identified in *Prosperity in a Changing World* as priorities for UKTI support:

- overseas-owned R&D-intense companies,
- UK-based companies where trade development work will help boost their R&D output,
- innovative inward investors,
- companies that we can help do business in selected high-growth markets,
- top FTSE 100 companies, and
- overseas-based entrepreneurs with innovative technology.

4.1.3 A substantial proportion of UKTI's resources goes into relationship management of targeted companies in the various areas listed above. The objective is to produce account plans for each of these companies, summarising UKTI's approach to working with these companies and what it is that UKTI can offer. UKTI also learns from this process, in terms of broadening its knowledge of global business and trading conditions and practices.

4.1.4 Companies need different types of support when they are doing business in high-growth markets, compared to the UK's more established trading partners in Europe, North America and the Far East. They need different levels of support when they are first starting out in international business – investing in the UK or doing business overseas – than when they are experienced in the international marketplace. UKTI provides a suite of services that can be tailored to the needs of individual companies.

Greater focus on high-value and innovative sectors

4.1.5 The evidence set out in the Economics Paper[8] published alongside UKTI's Strategy suggests that returns to the taxpayer from its support are likely to be higher for innovative than non-innovative companies, for the following reasons:

- successful internationalisation by innovative companies contributes to UK productivity and prosperity. The evidence shows that there are strong links between companies' innovation performance and overseas activity,
- success in selling overseas increases investment in innovation, and can enable innovative businesses to meet growth objectives that would not be possible in the UK market alone. There is evidence that innovative UK companies tend to derive greater benefit from UKTI support across a range

8 BERR Economics Paper Number 18, *International Trade and Investment – the Economic Rationale for Government Support*, op cit.

of measures, including impact on investment in R&D,
- innovative SMEs have a key role to play in the vitality of competition in the UK, and to the flexibility of the UK economy in responding to changing global circumstances. Ensuring that these companies have the capabilities and access to networks and information to enable them to exploit overseas opportunities enables the UK to benefit from a stronger cadre of innovative SMEs than could be sustained by the domestic market alone.

4.1.6 Successful international entrepreneurship is important to the flexibility of the economy, as a driver of innovation and as a stimulus to competition. With more productive firms replacing less productive ones, and through the capacity of new firms and entrepreneurs to innovate and introduce new technologies, firms can maximise the returns to their investment in intellectual property by selling into a larger market. Young and innovative SME exporters contribute crucially to the flexibility which allows the economy to respond to economic shocks and changes to the UK's comparative advantage. In time some of these dynamic SMEs and "born globals" of today will become the large firms in profitable mature sectors of the future. However, they will not fulfil their potential without developing the capabilities necessary to exploit overseas market opportunities successfully.

Investors to the UK

4.1.7 UKTI is the UK's national inward investment promotion agency. It leads the UK inward investment network in helping firms, from high-tech start-ups to global industry leaders, to locate in the UK. It develops co-operation between the main UK 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 location decisions.

4.1.8 UKTI can advise on the UK as a potential business location from the inception of the decision making process through to detailed exploration of location options. Targeted companies receive a range of support including, where appropriate, a client account manager. Client account managers can also help existing investors develop their business, through appropriate use of trade services including sales leads and market research.

Table 4: Inward Investment cases and effect on jobs[9]

	2004-05	2005-06	2006-07	2007-08
(i) National figures				
Number of inward investment decisions	1,078	1,229	1,431	1,573
Number of new jobs created	39,338	34,127	36,526	45,051
Number of jobs safeguarded	35,818	55,892	41,831	58,458
(ii) of which UKTI				
Number of inward investment decisions in which UKTI was significantly involved	392	449*	496	549
Number of new jobs created	10,629	12,570	13,611	14,274
Number of jobs safeguarded	5,369	5,953	6,267	9,824

* restated

9 These figures reflect data that has been revised and updated since previous UK Trade & Investment Departmental Reports.

National figures: Companies are not required to notify UKTI of jobs created/safeguarded. The figures include only those projects where UKTI and its regional partners were involved or which have come to their attention. UKTI and (R)DAs make every reasonable effort to report all eligible non-involved "successes". A number of sources are used such as local press, national & international online alerts/information subscriptions and (R)DAs sub-regional partners. In addition, UKTI has a contract with Oxford Intelligence to provide information on UKTI non-involved FDI relating to acquisitions and mergers.

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 three years.

The figures take no account of subsequent developments.

Investor Development – "Aftercare"

UKTI manages the UK's investor development network. It is responsible for co-ordinating national policy for investor development and its subsequent facilitation through the provision of a professionally-delivered programme of investor support, the Investor Development ("Aftercare") programme.

UKTI continues to develop its relationship with the Investor Development (ID) teams in the RDAs and the DAs, with the aim of offering a more coherent investor service across the UK to existing inward investors, with the aim of retaining and adding value to inward investment in the UK.

In a highly competitive international market, investor development is crucial. In 2006-07, 41% of all new jobs from inward investment were from existing investors.

In partnership with our parent departments, in particular BERR with its new "Voice for Business" remit, UKTI continues to lobby on business environment issues that concern inward investors. UKTI's investor advocacy service gives existing investors a gateway into the UK Government, to guide investors through the policy corridors throughout Whitehall, to ensure that views of business are better reflected in UK regulation and policy development.

UKTI is working with the RDAs and the DAs to help develop a better understanding of investment drivers such as planning, transport infrastructure and skills availability.

We will continue to work to ensure that the UK remains a great place to do business.

Global Opportunities Strategy

4.1.9 The Global Opportunities Strategy was launched initially in 2005 and is now, in a revised form, an integral part of UKTI's drive to put more effort and resource into targeting high value companies for inward investment. The basic premise of the Global Opportunities Strategy is to form deep, long-term relationships with selected high-value companies from overseas, where UKTI predicts it can add value through its interventions. UKTI has identified initially a number of companies, operating in the following sectors:

- high performance engineering,
- financial services,
- life sciences,
- oil and gas,
- creative industries, and
- ICT sectors.

4.1.10 There are also targets for UKTI engagement with other good quality companies, and those companies where the RDAs and DAs might be expected to be lead point of contact.

Global Entrepreneurs Programme

4.1.11 The Global Entrepreneurs Programme (GEP) seeks to help entrepreneurs and early stage companies from all over the world, to globalise their businesses from a UK hub. The GEP attracts clients – both individuals and early stage technology companies – with:

- intellectual property of exceptional commercial potential, for which the UK would be the ideal location to realise this potential,
- exceptional entrepreneurial management skills to act as mentors/non-executives and in other capacities for clients and UK start-ups, or
- high net-worths and institutions to actively invest in GEP clients and UK start-ups.

4.1.12 The GEP targets key knowledge-based sectors using a network of "Dealmakers", who are highly successful entrepreneurs, and who are able to leverage their expertise, networks and reputation to help global entrepreneurs who choose to relocate to the UK as part of their international growth strategy. The dealmakers are based in the US, Australia, India and the UK. During 2007-08 the GEP helped 35 new start-ups and individuals move to the UK from a range of sectors including ICT, life sciences environmental and renewable energy. By focusing on strategic advice and providing business and financial contacts, the Dealmakers fill an important role, the focus of which is on networking and advice, rather than financial assistance or support.

Briefing Tours

4.1.13 Around 100 Investment Officers working in UKTI's inward investment teams overseas visit the UK each year as part of our Sector Briefing Tour programme. These visits provide an opportunity for UKTI's HQ teams, BERR's Business Relations Group, the RDAs and the DAs, to brief Investment Officers on issues relevant to priority inward investment sectors for the UK. As such, it offers UKTI's Inward Investment Sales Teams an important tool in the achievement of their sector strategies. The overarching objectives of the Briefing Tours are to:

- enhance sector knowledge of participating Investment Officers, to promote UK excellence in the sector(s) covered, and

- help Investment Officers to gain greater understanding of the relative importance of a sector(s) within a region of the UK and the key technology drivers.

4.1.14 Prioritisation of these visits is based on the forecast number of high-value/good-quality projects within a sector/individual market, in line with UKTI's Strategy. Successful applicants have to be from a market which included the relevant sector in its target numbers for high-value/good-quality projects within a sector/individual market.

The Sector Briefing Tour programme for 2008-09 will cover the following sectors:

- Aerospace
- Chemicals, industrial biotechnology and food & drink
- Environmental and low carbon technology
- Climate change
- Financial services
- ICT/SCS and digital content (x 2 separate tours)
- Medical devices and healthcare.

The UK Advisory Network for Inward Investors

4.1.15 UKTI understands the vital role that professional business services play within the inward investment process. UKTI has worked with such firms for many years and launched the UK Advisory Network for Inward Investors in November 2007. The objective of the Network is to strengthen the partnership between Government and the private sector in delivering support for new and existing investors.

4.1.16 Membership of the Network is free. In the coming year, UKTI plans to widen membership to firms and organisations that can support UK companies internationalising their business. Members of the Advisory Network have the opportunity to feedback to UKTI on issues affecting investment and trade; have regular networking opportunities with senior industry professionals and Ministers; and to provide non-advertorial content for inclusion on the UKTI website. UKTI uses the Network as a resource for signposting to organisations that can provide support to investors. Further details on the Network and guidance on how to join are available on the Network's website which can be accessed via www.ukinvest.gov.uk/Welcome-to-the-network/en-GB-list.html

Implementing an International R&D Strategy

4.1.17 UKTI is putting greater focus on overseas-owned R&D intensive companies, innovative inward investors and foreign entrepreneurs with innovative technology. A new core of R&D Specialists now work (in "Virtual Teams") to establish opportunities for persuading targeted overseas-owned companies to invest more in UK R&D. These Virtual Teams include: UKTI colleagues at home and in-market, BERR Business Relations Group, Research Councils, the FCO Science and Innovation Network, and RDAs and DAs.

4.1.18 UKTI has also helped to develop the trade capacity of UK-based innovative companies in order to boost their R&D expenditure. Examples include assisting companies to compete on a global stage through knowledge and technology transfer activities in areas such as medical diagnostic devices, providing support to organisations seeking to develop commercial/academic partnerships in the nanosciences and helping to market UK R&D/innovation expertise overseas, in plastic electronics.

4.1.19 Details of UKTI's CSR2007 target 3, increasing the quantity of R&D activity in the UK through business internationalisation can be found on page 19.

The R&D Programme
The R&D Programme was announced as part of UKTI's Strategy. The need for the Programme was based on evidence that overseas companies view the UK positively as an R&D centre, but do not have sufficient detail of the available opportunities, or on how to enter the market.[10] UKTI is working alongside companies and putting together tailored propositions that will help them link to the best, world-class sources of UK R&D expertise. Private sector R&D Specialists have been contracted through PERA Group, to identify where the cutting edge business research relevant to the targeted company is being done.

In addition, a proportion of the time of UKTI's ITAs in the English regions and of UKTI's Sectors Group will be devoted to selecting and working with innovative UK-based companies where trade development interventions will help boost R&D output. This could involve helping a company to understand what adaptations it has to make to a product to suit a new overseas market.

Pilot projects were run on both inward investment and trade development aspects of the R&D Programme. UKTI's rolling target list of potential inward investors in R&D has now reached 80 with more in the pipeline. The types of project can range from inward investment, partnership (with UK-based companies or research institutions), supply chain relationships or contract research with UK universities or companies. To date the Programme, through the work of the R&D Specialists and the Virtual Teams has achieved 24 high-value wins.

Recent examples of the work of the R&D Programme Specialists and the Virtual Teams are highlighted in the following case studies:

Philips
The R&D Programme and members of the Philips Virtual Team were able to encourage the company to locate a new R&D facility in Cambridge, with an initial investment expected to be £1 to £2m. Other significant projects are also in the pipeline for this major European corporation.

Nortel
The R&D Specialist, through the Virtual Team, was able to obtain a "Statement of Future Needs" from the company and was subsequently able to persuade them to invest an initial £150k in R&D work on new telecommunications networking technology being developed at a leading university in the Southwest RDA region.

Strong Start For Soft Landing Zone
An innovative global initiative of the regional UKTI team in the West Midlands, managed by Coventry University Enterprises (CUE) and supported by the UKTI R&D Programme, the UK Soft Landing Zone (SLZ) is providing precisely the right mix of high-tech office space and hands on support to small businesses needing to move swiftly and successfully into international markets. The SLZ programme is for any company considering establishing a business, joint venture, partnership or small office overseas. Through its network of British incubator offices within science parks in 20 high-growth markets around the world, the programme offers a comprehensive package of practical assistance covering everything from a dedicated office complete with IT and translation services, to a dedicated business support officer who can advise, or call in expertise, on legal, financial, commercial and cultural issues.

Around 50 UK companies have already taken up the SLZ programme offer of significantly subsidised services – and opportunities to benefit from subsidies on travel and accommodation for first international visits. The programme's reciprocal service for foreign-owned companies is also flourishing, with the location and links of the UK's science parks proving a particularly strong draw.

10 BERR Evaluation Report Series No. 9, *2004-2005 Study of the Relative Economic Benefits of UK Trade & Investment Support* for Trade & Investment, Chapter 5, Appendix A.

Global Partnerships Programme
The Global Partnerships Programme (GPP) is part of the R&D Programme. It is open to selected leading edge technology companies based overseas, offering an introductions service to find potential UK partners in industry or in universities. During 2007-08 UKTI was involved in setting up 30 new partnerships notably in life sciences, ICT and electronics, and energy and environmental technologies.

An example of the important work undertaken by the GPP Programme is highlighted in the following case study:

ProtAb was looking for a UK partner to develop a therapeutic approach to the treatment of rheumatoid arthritis. ProtAb's approach is based on a biologic drug that stimulates a molecule that suppresses inflammation. Through GPP, ProtAb were introduced to Antitope, which has extensive expertise in antibody development and have been working in the field for over 20 years. The companies are working together towards clinical trials.

"Once the Global Partnerships Programme had introduced us to ProtAb and its project, which was right at the centre of our technology portfolio, we were left alone to get down to business – which we really appreciated."
Dr Neil Butt, Business Development Director, Antitope.

High-Growth Markets Pilot (HGMP) project
The Programme is part of UKTI's response to the mandate in the Chancellor's March 2006 budget, and to recommendations of the Asia Task Force (ATF), to concentrate more resources on helping UK companies do business in high-growth markets.

The HGMP's remit is to deliver influence on a broader range of business activity in high-growth markets including exporting, partnerships and outward investment. The specific objectives are to:

- learn and disseminate lessons about why many UK-based companies with export success in other markets are not more active in high-growth markets,
- develop and deliver tailored support services and other policy proposals on the basis of the above, and
- generate more activity and interest in high-growth markets by UK-based companies.

To meet these objectives, ten market specialists from the private sector have been recruited to work on UKTI's behalf. They provide strategic interventions to help targeted UK-based companies in the mid-corporate band (250-1,000 employees turning over £20m - £100m) deal with globalisation, by initiating or developing trade with UKTI's priority list of 17 high-growth markets. These will typically have some exporting experience and clear potential for developing business opportunities in the target markets, but companies selected are either not yet active in those markets or are active, but with significant room for expansion.

The Programme also captures intelligence on barriers to trade in high-growth markets, which is used to inform the Government's approach to trade policy.

FTSE 100 Companies
Many of the UK's biggest companies have very significant investments overseas. A framework has been established within UKTI enabling senior staff to manage relationships directly with these companies. Relationship managers are now in place for 35 FTSE 100 companies (increasing to 50 in 2008-09) with discussions focusing on the obstacles companies face in international trade. UKTI will follow up on company concerns and opportunities, such as market access issues and their strategic plans for internationalisation. UKTI also provides in-country support for established overseas investors, through Embassies and other diplomatic Posts.

Visits Focus on Trade in China & India

Trade was centre stage during Prime Minister Gordon Brown's visits to China and India in January.

It was the main focus of media coverage in China following the announcement of the new $60 billion joint UK/China trade target. In addition, agreements were signed with the Chinese Government to showcase UK commercial expertise in the environmental sector as part of plans to reduce pollution in Chinese cities. The first city where this initiative will be rolled out is Wuhan. During the visit to India the UK business delegation had the opportunity to meet key Indian decision makers and a pipeline of contracts worth £10 billion and a new UK-India Business Angels network were announced. Both visits marked a culmination of substantial UKTI activity in the Chinese and Indian markets during the previous year.

For example, in February, Alliance Boots signed up China's third largest Sino-foreign joint venture in pharmaceutical distribution and wholesale– an investment of RMB 1.2 billion. The company praised UKTI for helping them to achieve this.

Trade development services

Trade services framework

In 2004, UKTI reviewed all the services it offered to help businesses trade internationally. The outcome was a new Trade Services Framework, which set out the services offered by UKTI under the following categories:

- advice and support,
- information and opportunities, and
- making it happen.

These categories represent the stages a company approaching UKTI might typically pass through, from seeking initial advice through to receiving active, expert support "on the ground." Each category has a toolkit of UKTI services that can be tailored to the needs of the customer.

UKTI will continue to monitor the impact of the Trade Services Framework, and adjust our flexible service offer in the context of UKTI's Strategic priorities, new developments in globalisation, and feedback received from staff and customers.

Passport to Export programme

4.1.20 UKTI has previously implemented a number of measures to enhance the Passport to Export programme and these were further refined during 2007-08. Features of Passport are a common International Business Review for all Passport companies; a common format for firms' action plans; and a market selection service. This last service ensures that overseas Posts get the right amount of detailed information on Passport companies, in a consistent format, to enable them to advise on the suitability of a firm's product for their market. Introducing a limit of up to three markets for a company during its time on Passport has helped companies to target their efforts and resources more effectively, which is especially important for smaller companies. In recognition of the importance of Intellectual Property Rights (IPR), UKTI has worked closely with the UK Intellectual Property Office (UK-IPO) to develop awareness training for ITAs and Passport companies.

4.1.21 The total number of companies, who have signed up to Passport, at April 2008, is some 11,580. Of this number, 3,996 companies are currently proceeding through Passport and 5,415 have completed. Of the remainder, some are on hold and some have withdrawn from the programme.

Overseas Market Introduction Service (OMIS)

4.1.22 UKTI's OMIS delivers the majority of trade development focused chargeable services worldwide to UKTI's customers. The service enables our ITAs and Posts to support UK customers towards an effective entry into new markets. OMIS provides an adaptable service of consistent quality, including a mix of pre-visit research and advice, and support for market visits. All markets where UKTI has a presence are using the OMIS online system.

4.1.23 During 2007-2008, OMIS was available online in all 99 markets where UKTI has a presence. The number of OMIS orders commissioned online over this period was 5,490 – an increase of 50% from the previous year. Over 2007-2008, 3,578 First Activities were delivered showing an increase of 46% on the previous year.

4.1.24 Income received from OMIS increased by 51% in 2007-2008 compared to the same period in the previous year, to more than £2.2m (see note 2 to the account).

4.1.25 Over this time a number of system enhancements were applied. These included a quicker and more effective service review process, a simpler search view for users of the system, and additional responsibilities for the managers in our overseas markets.

James Kidd, Strategic Marketing Director, Boldon James Ltd:
"The OMIS reports that we paid for were £1,000 per country. If we were to undertake the same kind of campaign utilising perhaps a marketing or a telemarketing campaign, I hate to think the cost that that would run to, and the degree of success that we'd actually achieve. So really there's two benefits, one is to offer better value and secondly the actual end result and the quality of the opportunities that we identify are significantly better."

Export Marketing Research Scheme (EMRS)

4.1.26 EMRS provides companies with free, independent advice on how to get the most out of a marketing research project. The scheme helps and encourages UK companies to achieve a widespread understanding of the discipline, benefits, analysis and interpretation of marketing research in the exporting process. The scheme also offers financial help to eligible companies for in-house projects, purchasing published market reports or using a market research agency.

4.1.27 With the introduction of formal targets in this financial year we have seen a significant increase in the uptake of Export Marketing Research Advisories, totalling nearly 600 for the year. The Scheme has also part funded a number of large research projects undertaken by Trade Associations which have targeted various European markets, India, China and Russia.

Charging
UKTI will continue to broaden progressively its charging regime for trade support services.

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.

UKTI increased charges for the use of our Overseas Market Introduction Service with effect from 1 April 2008 and increased internal team targets for income recovery in line with the CSR2007 target 5.

4.1.28 The Export Marketing Research advisers were invited to visit our Posts in Hungary, Germany and China this year to explain and promote the scheme.

4.1.29 The delivery contractors, the British Chambers of Commerce, work closely with all UKTI regional ITTs to ensure that we continue to provide the best quality service to our customers and respond to their needs.

4.1.30 EMRS continues to achieve very high results in customer satisfaction and quality – 94% and 86% respectively in PIMS.

Export Communications Review (ECR)

4.1.31 ECR provides companies with impartial and objective advice on language and cultural issues in order to help them develop an effective communications strategy. The scheme offers companies an on-site review of how they currently communicate with their export markets. An in-depth report is provided typically addressing the company's website, written materials, personal meetings and general administrative issues.

4.1.32 The new formal targets have resulted in an increased total of nearly 300 reviews this year. The number of trained consultants has increased providing a wider geographical coverage.

4.1.33 In October 2007, the charge to companies for this service increased without impacting the uptake. ECR is showing a continuous increase in the PIMS results with many companies finding this service particularly useful in targeting emerging markets such as China and India where addressing the language and cultural issues are essential to success.

Working in partnership across Government and with business

4.1.34 To maximise impact in marketing the UK business environment, UKTI will continue to work in partnership with the nine English RDAs, the DAs in Northern Ireland, Scotland and Wales, and other Government departments, as well as other national bodies including Visit Britain and the British Council, and trade associations and other business organisations. This co-ordinated approach will enable UKTI to leverage the total public funding associated with trade and investment, to increase the impact of its activity and deliver better value to the taxpayer.

Carol Thompson, Business Development Manager, St*r Learning:
"I have already recommended UKTI to other businesses. We do work with a lot of SMEs and often people are thinking of exporting. So, I always think you should share a good thing, I tell people about my experiences and I would definitely recommend UKTI."

Delivering trade services in the English regions

4.1.35 Companies in the English regions, especially small and medium-sized enterprises (SMEs), have benefited from UKTI's network of locally-based ITAs. Their role is to work closely with business clients to identify their needs, and consider how trading internationally could help grow their business. ITAs provide clients with expert and impartial advice and co-ordinate customers' access to UKTI services and support from our network overseas. In the year to April 2008 our regional network has assisted nearly 6,000 companies with over two thirds reporting improved business performance as a result. UKTI's success in the regions is contributed to by its close working relationships with a wide range of partners and stakeholders, including the RDAs, Chambers of Commerce, Business Link, academia, the financial services and other sectors.

4.1.36 RDAs have the lead responsibility for economic growth in their regions. UKTI operates as the international trade arm of the RDAs, with regional delivery

Joint Reviews of Overseas Representation and Regional Trade Operations
Prosperity in a Changing World announced a review of UKTI's international trade operation in the English regions. This review was conducted in parallel with one, also announced in the Strategy, of the RDAs and DAs overseas presence.

Both reviews are now complete. UKTI and the English RDAs have agreed new arrangements for delivering inward investment promotion overseas and trade support in the English regions. The overseas review also involved close consultation with DAs, to whom this responsibility is delegated. Designed to improve co-ordination, avoid duplication and deliver value for money, the changes will bring together the management and branding of overseas investment activity on a national basis and better align international trade support with other business support at a regional level. The new arrangements, which will be fully implemented by April 2009, will be kept closely under review to ensure they deliver effective alignment of regional and national resources and best value for money.

plans jointly agreed between UKTI and each RDA under the "Dual Key" relationship that was agreed between the RDA Chairs and Ministers in 2004. This close relationship with RDAs enables UKTI's services at regional level to reflect regional needs and priorities fully, and ensure that use of regional resources devoted to international trade is maximised and duplication avoided. At the same time the regions have benefited from UKTI's regionally-based teams being part of a global organisation, that gives companies access through their local ITAs to UKTI's network of staff based in UK diplomatic Posts around the world.

From 1 April 2008, all regions will have a single trade delivery team covering the whole of a region.

4.2 International Group

4.2.1 International Group manages UKTI's extensive network of overseas advisers and leads on the development of new areas of work related to globalisation.

Market Directorates

In response to the UKTI Strategy, geographic Market Directorates have been restructured to achieve UKTI objectives related to:

- policy on emerging and high-growth markets, and the development of new areas of work related to globalisation,
- management of the overseas network, including both resource management and the implementation and delivery of a new performance management framework, which is consistent with UKTI's PIMS evaluation,
- supporting customers wishing to trade by providing relevant country knowledge, support and advice, and
- supporting Ministers in relation to all overseas markets.

In addition to a Developed Markets Directorate, the structure now includes two Emerging Market Directorates. The latter covers the high-growth markets identified in the UKTI Strategy and a range of other markets where UKTI has identified significant opportunities for UK companies.Their role is:

- to develop and support country-specific policy and ministerial and senior official involvement in relation to China, India, Brazil and Vietnam, where Joint Economic Trade Committee (JETCO) arrangements are in place,
- to work with other parts of UKTI's network to provide support to UK companies and ensure they are aware of business opportunities in these markets and are properly equipped to tackle them,
- to manage UKTI resources in these markets, including management of the China-Britain Business Council, a third party delivery organisation part-funded by UKTI, and the UK India Business Council, which also receives part-funding from UKTI, and
- to work with UKTI's stakeholders, to ensure our work is well focused and serving the business community.

The Emerging Markets and Policy Team, which is embedded in the Emerging Markets Directorates, is responsible for:

- supporting the existing work of the Asia Task Force,
- further development of new work strands announced in the UKTI Strategy including:
- commissioning and disseminating research on the challenges and opportunities for British business in emerging and high-growth markets,
- a pilot project to make economic reporting available to business, and
- disseminating across Whitehall UKTI's growing understanding of the impact on UK exporters and inward investors of the changing global economy and working together to ensure this is embedded in policy making.

The Developed Markets Directorate is responsible for country knowledge, advice and support in developed markets and for:

- network management for Europe, North America, Japan, the Caribbean and Australasia,
- ministerial support in relation to these markets,
- co-ordination of UKTI's overseas network resource issues across all three Market Directorates, and
- co-ordination across Whitehall of business support aspects of overseas visits by Ministers and other senior UK representatives.

Focusing on where we can make the most difference

High-growth markets

4.2.2 Building strong trade and investment links with high-growth markets is strategically important to the UK's future economic wellbeing. India and China are already in the top ten largest economies in the world, and are forecast to increase their shares of global output over the next ten years. These and other high-growth markets present significant opportunities for UK business. There is also good economic evidence that firms secure most value if they enter high-growth markets at an early stage.[11]

The UK-Brazil JETCO

This Joint Economic Trade Committee (JETCO) arrangement between the UK and Brazil is tasked with furthering the UK's strategic economic relationship with Brazil. It helps to: promote and develop trade; address barriers to trade; and create a better business climate. It is the first formal arrangement to look at barriers to trade between the two countries.

To find out more about UK-Brazil JETCO go to: www.JETCO British Embassy, Brazil

UK India Business Council

(UKIBC) superseded the Indo British Partnership Network (IBPN) in September 2007. Benefiting in a significant uplift in UKTI financial support over its predecessor, its key objectives are: to provide a business-to-business UK-India networking forum; to promote UK trade with India and inform UK businesses about the opportunities India represents; to provide practical advice on the Indian market and establishing a business there – signposting them to UKTI services as appropriate; to contribute to meeting the objectives of the UK-India Joint Economic Trade Committee (JETCO) and to generate specific and targeted new information that will help British companies to successfully embrace new opportunities in India.

To find out more about UKIBC go to: www.ukibc.com

China-Britain Business Council

UKTI is increasing its financial support to the China-Britain Business Council (CBBC) to deliver a range of UKTI services in China, including OMIS, events, missions and seminars. CBBC supports British companies of all sizes – new entrants and established operations – through a network spanning 11 cities in China and 6 in the UK. In addition to UKTI services, CBBC offers a portfolio of services specifically designed to help UK businesses succeed in China. CBBC's Board is also actively engaged in the Joint Economic Trade Committee (JETCO) process, as the Area Advisory Group for China. This unique partnership between UKTI and CBBC draws on the collective strengths of two organisations. CBBC focuses on the delivery of practical advice and support to UK businesses seeking to enter or expand their operations in China, whilst UKTI staff in China now focus more of their time on marketing the UK's strengths in China; increase their engagement with the Chinese government to improve the business environment for UK companies; assist companies already established in the market to fulfil their objectives; and attract knowledge-intensive businesses to the UK.

To find out more about CBBC go to: www.cbbc.org

11 Kneller, R. (2004), *Participation in export markets and productivity in UK manufacturing*, Final Report for UKTI.

4.2.3 UKTI has identified a priority list of 17 high-growth markets, based on an assessment of the relative importance of different markets for UK business and the value of committing further resources in these markets. They are Brazil, the China Markets (including Taiwan and Hong Kong), India, Indonesia, Malaysia, Mexico, Qatar, Russia, Saudi Arabia, Singapore, South Africa, South Korea, Thailand, Turkey, United Arab Emirates and Vietnam. More than £5m of UKTI's resources in its overseas network has been moved to these markets from more mature markets which remain vital to the UK, but where barriers to doing business are lower. The increased focus on high-growth markets aims to deepen the UK's trade and economic relationships with these countries, to ensure that UK companies are best placed to make the most of the business opportunities on offer.

4.2.4 A key feature of UKTI's strategy is differentiation: the services for companies in China or India will be different from those in France or the United States. In high-growth markets UKTI offers more support in dealing with other governments and overcoming barriers to trade, both formal and informal. In more developed markets it focuses relatively more effort in helping UK-based companies access key local contacts and sources of information, and identifying inward investment projects. This means that although there have been reductions in some networks, UKTI has strengthened its teams in others, in order to reflect their importance for British business.

Customer Relationship Management (CRM)

4.2.5 UKTI's implementation of a web-based customer relationship management (CRM) system was further progressed in 2007. The aims of the system are to:

- provide UKTI staff worldwide with a single view into customer history,
- share relevant customer information across the organisation,
- avoid duplication of effort,
- enhance the quality and professionalism of the service provided to customers, and
- help to measure UKTI's activities and performance.

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

4.2.7 During 2007 UKTI's CRM System was deployed to the nine English regions, UKTI's London and Glasgow offices and 60 overseas markets. Deployment to UKTI's remaining overseas markets will take place during 2008.

Co-ordinating visits of Ministers overseas

Fourteen departments are now engaged with the UKTI-led cross-Whitehall Ministerial Overseas Visits Co-ordination Committee. Chaired by Digby, Lord Jones of Birmingham, it has now met five times. These departments send UKTI information about overseas visits by ministers. We provide departments with contact details of desk officers for the countries being visited, and general UKTI briefing materials.

This approach helps to ensure that trade and investment messages conveyed by UK ministers overseas are consistent and frequent. In turn, departments are now using it to further their own international agendas.

Discussions are currently underway on expanding the system to include senior-level inward visits.

4.3 Marketing Group

4.3.1 Marketing Group takes the lead role in ensuring that UKTI's efforts to promote the UK economy are world class. It leads marketing strategy implementation across the organisation through its expertise in strategy development, market and client analysis, proposition building and delivery and evaluation of communications across the marketing mix.

4.3.2 Specialist teams cover each channel of the marketing communication mix: research, press and public relations, advertising and sponsorship, branding and identity, e-marketing, publications and content, design, copywriting and printing, exhibitions and events and online services covering the trade portal and inward investment web-based operations.

4.3.3 During 2007-08 Marketing Group supported over 300 events in both the UK and overseas, ranging from providing branding presence at focused seminars, to showcasing the UK's presence at Nanotech 2008 in Japan, which promoted the excellence of 20 UK companies.

At the top of the game

Ghanaians are passionate about football, and the Cup of Nations is Africa's top tournament.

UK-based events company Innovision produced the opening ceremony for the Africa Cup of Nations that took place in Ghana. Innovision produces many high-profile events all over the world. UKTI's Sports and Leisure Infrastructure Team matched Innovision with the organisers of the Africa Cup.

Andrew Douglass, Chief Executive of Innovison commented: "I cannot put a price on the value of the UKTI Sports and Leisure Infrastructure Team, who were instrumental in success."

The match-making event took place at Wembley Stadium. Innovision's success was a direct result of a meeting at which overseas delegates from Poland, Switzerland, South Africa, Russia and Ghana were "speed dated" with appropriate companies.

"Creation of an opening ceremony for a prestigious event like this requires real experience and skill" said UKTI Sector Manager for Sports and Leisure Infrastructure Andrew Whitnell. "We knew Innovision were proven experts in staging events."

Standing out from the crowd
The UK is a vibrant and diversified economy and to showcase the very best of what we have to offer we have developed a compelling message that connects with our audience at a highly personal level. One that doesn't get caught in the old model of differentiating between trade and inward investment, but recognises their equal dynamic in global business. One that doesn't get stuck in the past but captures the spirit of today and the future. One that goes beyond what goes into the UK to capture what you get out of the UK.

In a crowded marketplace, not standing out is quite simply failing. Unlike most of its competitors, the UK is an investment multiplier that upgrades the value of a company's investment. The UK is the crossroads of global business, bringing the world to the company's door. The UK is a Springboard for Global Growth.

Over the coming years our ambition is that the UK economy will attract a new wave of high-value investment and that UK based companies embrace the world stage and become partners of choice globally.

We have brought our messaging alive in a bold and confident way and below are examples of advertisements we use in selected channels where we are promoting the UK economy with a renewed sense of confidence and pride. We have a simple and ambitious aim: to promote the UK internationally like never before.

Marketing the UK economy internationally

4.3.4 Marketing the UK's business strengths as a world-class source of products and services, partnership and business location is central to UKTI's Strategy.

4.3.5 In March 2007 UKTI launched a new compelling message, promoting the UK as a "Springboard for Global Growth". It draws on the UK's many strengths to develop an overarching message that will support the UK in competing effectively in the global marketplace, bringing together a unique combination of success, ambition, confidence, creativity and potential. Promoting the UK as a "Springboard for Global Growth" positions the UK as the crossroads of global business, bringing the world to the company's door.

4.3.6 For inward investors this compelling message positions the UK as an investment multiplier, truly globalising companies and upgrading the value of their investment. For UK internationalising companies, it means the UK economy provides them with a successful launch onto the global stage, helping them become partners of choice around the world.

4.3.7 The new compelling message has received strong backing from the business community and has been singled out in the public sector as an exemplar of how to communicate a proposition effectively. Over the last year it has been brought to life with marketing material that is bold, edgy and confident and captures the essence of the UK economy's offering. The tone of voice and style used reflect the energy and dynamism of the UK economy, as well as its ability to become the catalyst that helps business prosper.

4.3.8 This message of global growth is not a UKTI message – it is for the UK as a whole, for all those engaged in promoting the UK as an investment location and trading partner of choice. UKTI staff promote this compelling message both in the UK and overseas to our key stakeholders and service delivery partners as much as to business customers overseas and at home.

Extract From UKTI Press Notice 17 Feb 2008

Lord Digby Jones backs London 2012 to put British business on the podium

Trade and Investment Minister Lord Digby Jones today put his full support behind the London 2012 Olympic and Paralympic Games to "put British business on the podium."

While launching a new business partnering initiative with the Vancouver 2010 Olympics he said that one of the most important elements of the London 2012 Games which people need reminding of is the potential multi-billion pound boost it can bring to the UK economy. He said "If I may adapt a phrase at this time of US election fever – It's the investment stupid."

Lord Digby Jones highlighted that the new MOU will be a massive opportunity for host countries to showcase each other's business expertise for each other's games and beyond. He said: "One of the key points of the MOU is that it will create trade missions and networking events between host countries enabling the possibility of business partnerships to be made for the Olympics and beyond."

Lord Digby Jones went on to highlight the three distinct areas where the Games will act as a catalyst to create a strong UK business legacy.

"Firstly, it is a huge investment opportunity. Any city or country that has everything in order to pass the tough scrutiny of the International Olympic Committee will be much more appealing for a global business looking to expand. It is a fantastic advert. I shall of course encourage potential investors to partner with UK companies."

"Secondly, British companies that win business for London 2012 can use this as their 'calling card' to go on and win other business. If you've met the Olympic standard then you're seen as world class and a winner."

"Thirdly, London 2012 is just a fantastic marketing opportunity to showcase 'Brand Britain.' There will be countless opportunities in the run up and during the games where we can highlight everything that is great about Britain. That will be priceless for business."

Lord Digby Jones added: "This is a huge wake up call to every single business in the UK. You only have to look at the enormous business success following Sydney 2000 – AUS$3billion of direct business outcomes."

"Look online at www.london2012.com/business which links to the online business dating agency matching UK companies to thousands of opportunities supplying London 2012 contractors. Over 7,000 companies have already registered to the site and I want many more to wake up to the potential of London 2012 business success."

Promoting online services

4.3.9 UKTI's e-Business Strategy introduced a number of new systems to transform the delivery of its advice and services to UK exporters, potential exporters and inward investors, and to join up its back office operations.

4.3.10 UKTI's Trade Portal Website (www.uktradeinvest.gov.uk) provides a single web gateway to personalised content on export / outward investment for customers looking to do business overseas. Customers also have access to sector and country profiles, details of UKTI supported events, useful contacts and information on UKTI services. UK business can sign up to receive value-added Business Opportunities and detailed sector-in-country reports. In 2007-08 there were over 8,000 new UK business registrations and 3.2m page views.

4.3.11 UKTI's Trade Portal Website and CRM system are delivered via a Private Finance Initiative (PFI) contract. Details of future commitments under this contract can be found in note 17 to the accounts in Chapter 6.

4.3.12 The website's inward investment content continued to draw praise from a growing global audience for its dynamic news and detailed sectoral content which resulted in a 40% increase in traffic during the year. Business Information Management (BIM), a new searchable database for sharing a range of information around the UKTI network, was launched in early 2007 and now has over 1,000 subscribers.

BIM allows UKTI staff and stakeholders to view key selling messages, sectoral and UK economy news, facts and statistics, comparative data, UKTI publications and fact sheets, and case studies. Registration is quick and easy, and early feedback has been very positive.

4.4 Sectors Group

4.4.1 Sectors Group supports UK companies across a broad range of sectors, to identify and access opportunities and ultimately win business in key markets overseas.

Sector support
Sectors Group focuses on the sectors where it can add the most value and on the markets where the potential for growth is highest. It has 12 dedicated sector teams covering: Power, Mass Transport, Water & Environment, Construction / Sports & Leisure Infrastructure, Financial Services, Creative & Media, Agri-Technology, Education & Skills, ICT, Lifesciences, Oil & Gas and Advanced Engineering. There are also cross-cutting Science and Technology and Aid-Funded Business teams. Through the guidance of business-led Sector Advisory Groups, sector teams agree activities with Posts, Accredited Trade Organisations and English regions to showcase UK excellence. These typically involve:

- developing and communicating clear and coherent sector strategies to make sure that UK capability is matched to overseas opportunities,
- identifying business opportunities in specific sectors in overseas markets and showcasing UK capabilities,
- taking customers to potential buyers by organising UK missions and events in the markets that matter most to them,
- bringing potential buyers to the UK through sector focused “inward” missions and events, and
- Government to Government liaison to help open up new markets.

Sectors Group also enables companies with limited or no experience of exporting to exhibit at tradeshows through the Tradeshow Access Programme and has corporate responsibility for the UKTI Enquiry Unit which fields some 33,000 telephone and email enquiries per year.

Rolls Royce recently signed a Direct Purchase Agreement with the Royal Malaysian Air Force (RMAF) covering spare parts for Viper and Adour engines currently in use with the RMAF.

The contract is worth 366m Malaysian Ringgits (£58m). Trevor Lewis, Director UKTI, Kuala Lumpur, witnessed the signing at the British High Commission.

Olof Rapp, Regional Director, Malaysia, for Rolls Royce said "We are delighted with the continuing support we receive from the British High Commissioner, Boyd McCleary, and UKTI. They are helping not just with our defence business, but also with our efforts to supply civil engines to both Air Asia and Malaysia Airlines. We really appreciate UKTI's efforts on our behalf."

Sector marketing strategies

4.4.2 UKTI has been asked to catalyse marketing strategies for the UK by developing a genuine partnership between business and Government to deliver a collective marketing effort. The strategies speak as much to the overseas customer of UK products and services as they do to potential investors looking for a new location, for partners or for joint ventures.

4.4.3 These strategies are supported by high quality promotional material, to target high value business sectors and individual companies with core messages about relevant UK strengths, and assist UK companies in selling themselves overseas. Five sectors are currently being covered:

- Financial and related business services
- Creative industries
- Life Sciences
- Information and communication technologies
- Energy technologies

Financial and related business services

4.4.4 London's position as the top global financial centre faces increasing competition from other financial centres as they seek to attract more international business. The UK City Strategy sets out how UKTI, working with City through the Financial Services Strategy Advisory Board (FSSAB), will deliver a step change in the promotion of the UK financial services sector. It has led to the development of detailed marketing strategies for five priority markets: China, India, US, Gulf and Russia.

Creative industries

4.4.5 UKTI launched the Creative Industries marketing strategy to enhance the international competitive position of the UK's creative industries over the next five years. The aim is to drive growth in both trade and investment, through marketing activities designed to improve perceptions in overseas markets of the UK's offer, strengths and achievements. UKTI is working jointly with many partner organisations to deliver the strategy, which is steered by an expert sector board chaired by Sir John Sorrell. Key activities which will be taken forward in the coming years include the development of: a web-based toolkit for the use and dissemination of the marketing messages; a new World Creative Business Forum; and a new screen-based touring exhibition to showcase the best of the UK's creative industries.

Life Sciences

4.4.6 The UK already enjoys an enviable position in Life Sciences. In 2006, the pharmaceuticals and biotechnology sector was the largest investor in R&D in the UK, contributing to an overall R&D investment of £21 billion. In the same year, R&D within the sector grew by 10.5% and the pharmaceutical industry alone contributed over £12 billion to UK exports. The strategy is designed to combat intense and growing global competition in this vital sector. The UK Life Science strategy was launched by Digby, Lord Jones of Birmingham, in November 2007. The new strategy board, chaired by Chris Brinsmead, the President of AstraZeneca UK, is tasked with promoting the UK's expertise in the biotechnology, pharmaceutical, medical technology and healthcare sectors.

4.4.7 The Strategy Board's responsibilities include looking at which international territories will offer the greatest opportunity for UK business and then developing a shared marketing charter to help promote the UK's LifeScience sector consistently and persuasively around the world. Representing business, Government and academia, the Board's members will also look to drive partnership and share resources between business, trade associations, cluster and research organisations, universities and Government, to sell the strengths of the UK as the location of choice for inward investors.

Sectors: Biotechnology and Pharmaceuticals

Biotechnology and Pharmaceutical Case Studies

Many UK-based companies are proving their success in overseas markets. The case studies below show how UK-based biotechnology and pharmaceutical companies have recently attracted global interest using our help, advice and support.

BioEDEN

A small British company that is achieving a world first by commercialising the process of preserving stem cells from baby teeth is about to take the bold step of setting up new facilities in the Middle East and Australia.

"We are expanding into completely new markets for us and the future looks exciting."

Dr John Morris, Chief Executive Officer, Asymptote

Oxygen Healthcare

For UK pharmaceutical companies Japan proves not only a formidable competitor but also, for companies with the right products and services and the right support, a potentially lucrative market – as Oxygen Healthcare is beginning to discover.

Regenatec

Multi-award winning Oxford company Regenatec has joined forces with CleanStar of India, a world class agro-biology company, to form what it believes will be the world's first truly sustainable biofuel company, having taken advantage of the services of UKTI to help raise its international profile.

Peakdale Molecular Ltd

Through support from UKTI's Overseas Market Introduction Service (OMIS) scheme, Peakdale Molecular Ltd has been accessed the help of embassies and consulates in various locations in the USA and France, and is now profiting from new overseas business.

Domantis

Cambridge-based antibody therapies pioneer Domantis, recently the subject of a £230m acquisition by a global giant soon after gaining the accolade of winning a major UKTI achievement award, is set for a promising future at the forefront of biotechnology.

Information and communication technologies

4.4.8 The ICT sector is one of the largest wealth creators in the UK, contributing £66.4 billion per annum (or 6.4%) to the UK economy and employs approximately one million people. UKTI worked with Gartner, the ICT consultancy, to develop a draft UK ICT marketing strategy. A substantial evidence base was combined with consultation with an initial group of 150 stakeholders. This initial consultation sought views from SMEs, large businesses, intermediaries, Commercial officers in the Overseas Posts, and DA and RDAs contacts.

4.4.9 This work divided the industry into four horizontal technology sub-sectors (communications, industrial and consumer electronics, enterprise software systems and services) and also prioritised four vertical application areas. Each of these sub-sectors had its own report and an overall strategy document was written. The strategy was launched on 7 December 2007. The strategy will be driven by an implementation board drawn from business, but also including relevant government departments and intermediaries. Larry Hirst, CBE, Chairman of IBM EMEA, will chair the board.

Energy technologies

4.4.10 Future global Energy demand is expected to double from current levels to over 17 billion tonnes of oil equivalent (TOE) by 2030, requiring an investment of US $22 trillion. The UK Energy Technology Marketing Strategy identifies major investment growth areas across the Energy sector, and proposes a strategy to allow the UK to take advantage of these opportunities. The global need for more energy, cleaner energy and more secure sources of energy offers huge opportunities for UK energy businesses. The strategy identifies a wide range of expertise across the sector in the UK, but particularly focuses on the UK's ability to provide complete packaged solutions to help meet future global energy needs. To take the strategy forward, an Energy Strategy Implementation Board is being set up, under the chairmanship of Samir Brickho, CEO of AMEC. Key activities over the coming year include creating a comprehensive Energy mapping tool to allow UK companies to identify areas of opportunity and for overseas investors to identify UK expertise across the sector and the creation of an over-arching Energy Brand to market the sector more effectively globally.

4.4.11 As the strategy moves forward we envisage that similar marketing strategies will be developed for other sectors where a co-ordinated approach to marketing the sector can add particular value. Sector marketing strategies are being developed in 2008-09 for Advanced Engineering and Climate Change.

Support for companies participating in overseas exhibitions – Tradeshow Access Programme

4.4.12 Introduced in April 2006, the Tradeshow Access Programme (TAP) focuses on support for less experienced exporters seeking to test the effectiveness of overseas exhibitions for market entry.

4.4.13 SMEs that are new-to-export are eligible for exhibition support, as are more established exporters attending events in high growth economies such as China and India and those who attend exhibitions that are identified as having a substantial "high tech" content. Exhibition support is integrated with the delivery of other UKTI services by involving International Trade Teams around the UK in approving grant applications and with Accredited Trade Organisations (ATO's) to help businesses improve their performance at overseas shows.

4.4.14 In 2007-08 the Tradeshow Access Programme supported 388 exhibitions, of which 109 were identified as "key" sectoral events due to their strategic importance. These "key" exhibitions also received UKTI funding to promote the UK group as a whole. See Table 5.

Table 5: Number of participants supported at exhibitions.

	Numbers attending exhibitions
2003–04 Outturn	7,965
2004–05 Outturn	8,010
2005–06 Outturn	6,345
2006–07 Outturn	4,390
2007–08 Outturn	3,500
2008–09 Plans	5,000

(Note: Due to the substantial changes in the support offered by UKTI to support companies participating in missions and seminars, comparative data is not available after 2005-06.)

4.4.15 The Tradeshow Access Programme is also available on a "Solo" support basis for businesses attending exhibitions on their own and not as part of an ATO led group. In 2007-08, 418 businesses were given support to attend exhibitions under this route with some attending more than one show.

Table 6: TAP-supported exhibitions in 2007-08

TAP exhibitions 2007-08	Number of exhibitions	Number of participants	TAP funding £m
Main scheme*	388	3,038	7.9
Solo	–	462	0.6
Total for year	**388***	**3,500**	**8.5**

* includes key events

- Over 70% of TAP participants reported improved business performance as a result of UKTI support, well above the overall 50% target for UKTI trade services.
- Nearly 1,000 participants also reported increases in R&D.
- The average benefit per business supported under TAP, in terms of additional bottom line profit, was above £40k, with some companies reporting very much higher figures.

Scottish Packaging Company Reaches Hungarian Markets

Pioneer Packaging, a Scottish distributor of packaging solutions to industrial manufacturers, is reaching Hungarian markets – with help from UK Trade & Investment in Hungary.

Pamela Kane, Director of Pioneer Packaging, explains how their presence at exhibitions in Hungary has helped them make the business connections they need to expand their suppliers and boost sales.

"We exhibited at Budatranspack and were very fortunate to receive many visitors to our stand. In all, we received around 30 notes of interest.

"We also had the opportunity to make connections with many manufacturers in Hungary. This gives us an excellent opportunity to increase our supply chain.

"Sales have grown by 200% and we are delighted with the progress so far."

Companies participating in outward missions and seminars overseas

4.4.16 Companies do not receive a direct subvention for participating in missions, but they benefit from the profile they gain from participation in the group, research provided from Posts under OMIS, and the general organisation of the event. Missions run by Sector Teams are "vertical" with participants representing the UK as a whole.

Bringing buyers and decision makers to the UK

4.4.17 Sectors Group also arranges visits to the UK for groups of buyers and key decision makers from target markets. These visits showcase UK company strengths through events and site visits. In 2007-08, UKTI sector teams organised over 200 "inward" missions and seminars in target markets to communicate and showcase UK expertise. These directly assisted over 3,500 individual UK companies.

The UKTI Enquiry Service

4.4.18 UKTI's Enquiry Service is the first point of contact for customers who are unfamiliar with UKTI and its services. 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.uktradeinvest.gov.uk website, and by letter/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.

4.4.19 The Enquiry Service received over 33,000 trade and inward investment related telephone calls/ emails in 2007-08. The Enquiry Service will answer a question where they can or, where appropriate, refer a customer to a more specialist source of information, for example an ITA, country / sector specialist or an external organisation such as a Chamber of Commerce, SITPRO etc.

The Enquiry Service is based in UKTI's Tay House HQ building in Glasgow.

4.5 UKTI's Support Teams

Economics and Evaluation Team

4.5.1 The Economics and Evaluation Team provides the economic evidence and analysis which underpin the economic rationale for UKTI policy, and which are used to inform UKTI strategic planning, resource allocation and performance management.

IT and Finance Group

4.5.2 IT and Finance Group has overall responsibility for financial management, business planning and the management of IT support for UKTI, which is based on its parent department's (FCO & BERR) systems.

Strategy and Human Resources Group

4.5.3 Reporting to the Deputy Chief Executive, Strategy and Human Resources Group provides strategic direction, performance management and reputation management for the whole of UKTI, working closely with the Executive Team and Executive Board and in partnership with other Groups. It delivers the organisation's Human Resources, Internal Communications and Board Secretariat functions, and it leads the delivery of change across UKTI.

UK Trade & Investment's Headquarters Operations

UKTI has two HQ locations, in London (Kingsgate House) and Glasgow (Tay House). A high proportion of those working in Kingsgate and Tay Houses are front-line staff who have direct relationships with UKTI's clients and their representatives. They, along with teams in the English regions and commercial teams overseas, form UKTI's client-facing operations.

These front-line HQ staff deliver those aspects of UKTI's services where it makes sense to operate out of a central location. This includes client relationship management of London-based companies and those with a national presence, and management of various programmes (such as the Tradeshow Access Programme, which is managed by the Glasgow office) and other corporate products.

Chapter Five
Improving the Organisation

05

Chapter Five: Improving the Organisation

This chapter sets out the main policies UKTI uses to develop its people to deliver an effective and efficient service to our customers.

> In delivering the strategy, UK Trade & Investment place great emphasis on professionalism and a more highly skilled workforce.

Performance management

5.1 The Strategy committed UKTI to rigorous performance management. The top level targets and how we will measure them are within Chapter 2. Performance management is about getting the best out of every individual and enabling everyone to perform to the best of their ability. This requires clear roles and objectives, cascading targets down to team and individual level, so that accountability is clear.

Professional Development Strategy

5.2 The UKTI Strategy included a commitment to ensuring that its people are best placed to meet the needs of its clients, through recruitment, learning and development.

5.3 Our overall objective has been to support a step change in the UKTI's culture towards a more client-focused, marketing–led, performance-driven organisation. During 2007, following a skills survey conducted across UKTI's network, a new corporate training package was developed and launched. This reflects the Professional Skills for Government framework and is designed to give our staff the skills needed for delivering excellent services to customers.

5.4 From April 2007 to March 2008 UKTI's Professional Development Unit managed and delivered around 190 courses for over 2,242 delegates. Feedback showed that more than 95% of staff were either "very satisfied" or "mostly satisfied" with the training they received. Over 240 staff used the online e-learning programme, an increase of 118% on the previous year's access.

5.5 UKTI's postgraduate Diploma Programme in Management, Trade & Investment, delivered in partnership with the Open University Business School (OUBS), and has attracted over 100 participants since its inception in 2004. UKTI's pass rate has consistently exceeded the OUBS national average for postgraduate management diploma students.

5.6 Working in partnership with the OUBS, we have this year also launched a programme of study modules to provide opportunities for our people to strengthen their knowledge of business in an international and economic context, including globalisation and the importance of regionalisation and emerging markets. Through these initiatives we aim to work towards providing accredited continuous professional development for people across the networks.

Interchange programme

5.7 Interchange is key to enhancing UKTI's professionalism and improving the organisation's performance. Through a programme of two-way secondments and attachments with the private sector UKTI aims to spread skills, develop best practice and offer a more business-focused service to its customers.

5.8 In 2007-08:

- 16 private sector business experts worked in UKTI on secondment supporting our teams in sectors such as aerospace, water, transport, creative industries, and oil and gas,
- 4 of these worked in UKTI teams overseas as part of the Short Term Business Attachment scheme to undertake sector-based research projects in India, Japan, Russia and Saudi,
- 21 public sector staff from UKTI on secondment worked in the private sector.

5.9 The interchange programme also provides opportunities for staff in the UK to work in overseas posts, and for locally employed staff overseas to work in the UK. This resulted in 2 staff taking up attachments to China in February 08 and a further 6 planned in priority markets for 2008-09. During 2007-08, 70 staff from our overseas network were able to spend time with teams in the UK. An important element of the secondee's role is to market the UK's strengths at home and overseas within their sector.

5.10 Outside the formal Interchange schemes, UKTI staff are increasingly being encouraged to explore opportunities for undertaking weeks in business and ad-hoc cross-team networking to further enhance communication across the network and increase the understanding of each other's roles.

Diversity

5.11 With staff in London, Glasgow, the English regions and more than 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. It is supported in this by its "Bringing on Talent" Working Group, where staff meet periodically on a voluntary basis to discuss Diversity issues. 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 BERR and FCO.

5.12 In April 2008 UKTI's Finance Director, Curtis Juman, was appointed to take the lead in championing diversity within UKTI. During 2007-08 UKTI started to hold a series of seminars on "Behaviour and Cultural Change" to update staff on recent equal opportunities and diversity legislation, and expected behavioural standards. This will help UKTI deliver against the new BERR values. Five seminars were held in 2007-08 and eight more are planned in 2008-09. UKTI also participated in the Cabinet Office's Summer Development Programme for Ethnic Minority Students.

5.13 UKTI monitoring of performance against organisational targets and other performance measures through 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.

Equal opportunities

5.14 UKTI's status means that it can call on the expertise of the Diversity and Equality Units of both BERR 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 in these areas.

5.15 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.

Employment of Disabled Persons

5.16 UKTI does not recruit or employ staff directly. It deploys staff drawn from the FCO and BERR. It operates through the terms and conditions of its parent departments. In so doing it ensures that those terms and conditions are implemented properly and, where necessary, develops processes and polices to ensure that this happens.

UKTI Board Awards

5.17 The "Awards for Outstanding Achievement" scheme, introduced in 2003, recognises and celebrates achievement by staff.

In 2007 the scheme recognised achievement in three categories: Outstanding Achievement by an Individual, by a Team, and Outstanding Manager. At a ceremony in the Durbar Court at the Foreign and Commonwealth Office in June 2007, Andrew Cahn presented 15 Awards to individuals and representatives of teams representing 52 winners across the global network.

The 2008 "UKTI Awards for Excellence" were presented at a ceremony on the evening of 2 June 2008 at the Millennium Gloucester Hotel in Kensington, London, by Meg Munn, M.P. Parliamentary Under Secretary of State at the FCO.

Investors in People (IiP)

5.18 UKTI received recognition as an Investor in People worldwide in December 2005. The recognition is valid until December 2008 and is scheduled to be reviewed in October 2008.

UKTI Staff Survey 2007

5.19 The second UKTI Staff Survey took place in October 2007. 50% of staff overall participated (62% in UKTI's HQ offices, 56% in the English regions and 43% overseas). Performance against external benchmarks was generally strong and employee engagement was found to be high. An action plan has been drawn up to address areas identified for improvement and a member of UKTI's Executive Team will champion each area.

Internal Communications

5.20 UKTI's Internal Communications channels and engagement initiatives help staff understand where they fit in and how they add value. This is particularly important for UKTI where staff are in 99 locations, across the UK and around the world. We were therefore delighted that UKTI's internal communications team was recognised at the Communication In Business (CIB) Awards in 2007, winning the award of excellence as Best Internal Communications Team.

5.21 UKTI has a communications strategy in place to inform and engage its staff across the network on key strategic, corporate and operational issues and uses a range of channels to communicate with its staff in the UK and abroad. These include:

- *Our World:* a magazine for all staff demonstrating UKTI's values with dedicated sections for information on progress against corporate plan, key business messages, plus items on best practice, professionalism and staff moves.
- UKTI's portal: a tailored website designed to encourage knowledge sharing between staff. This is accessible via a password regime and includes corporate, human resources and training material, as well as a "People Directory" of all UKTI staff and partners.
- Access to the Foreign Commonwealth Offices' (FCO) global email directory. This is available to all HQ staff in London and Glasgow via the desktop IT service. Some HQ staff also have direct access to installations on the FCO Firecrest system and e-Grams service.
- Weekly e-bulletin: a weekly email communication containing a synopsis of important global messages across UKTI with embedded email and links to the intranet.
- Exchange: UKTI's communication feedback programme, which assists managers to share key messages face to face and engage with their staff to elicit feedback to the senior management team.

- Online TV channel for staff to view internal communication videos and examples of best practice.
- Two day Senior Managers Conference bringing together senior managers across the network. The objective was to engage leaders in managing change for the forthcoming year and to share good practice.
- A range of communication projects to support strategic initiatives. Examples include a range of information for staff transferring from MoD, and promoting the Staff Survey.
- Training events, stakeholder workshops and face-to-face meetings.

Corporate Social Responsibility

5.22 UKTI takes an integrated approach to its environmental and social responsibility, pursuing the Government's agenda on environmental, economic and social objectives. UKTI aims to deliver on its corporate social responsibility agenda through its global network of staff in over 99 markets overseas and the nine English regions, encouraging UK business trading internationally to take account of their economic, social and environmental impacts as appropriate in their business development. This agenda is achieved through a range of activities: training and support to its staff and customers, enhancing the professionalism of its staff, awareness raising workshops in the UK and in overseas and an e-business suite for online information and advice on how to trade successfully internationally. UKTI works closely with its two parent departments in delivering this agenda.

Better Evaluation

5.23 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.

5.24 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,
- track progress against PSA indicators,
- identify which types of activity generate greatest impact,
- inform and drive continuous improvement,
- understand the needs of different groups of customers, and thus inform targeting and service development, and
- inform resource allocation.

5.25 The approach UKTI has taken builds on work the BERR has done to upgrade its business support monitoring and evaluation systems. The objective is to ensure independent rigour and consistency, as well as comparability with relevant BERR performance measures.

5.26 There are four main elements:

- Universal capture of data on businesses helped by UKTI. 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 of users of its business services. This has already been described, in Chapter 2, in the context of measuring UKTI's performance against its PSA target and indicators. 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.
- Point of delivery performance assessment based on quick and simple customer feedback. The Economics and Evaluation Team has developed a set of short feedback forms, consistent with the PIMS survey, which are available for use at local level by UKTI teams where appropriate. The forms will not substitute for the survey interviews, but can be given by delivery teams to customers at an earlier stage, for example, to obtain quick feedback on the quality of events or other services.
- 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. In 2007 Reading Business Group, a firm of independent consultants at the University of Reading, looked at the trade development work of UKTI's Sector Teams. Their findings, published in December 2006, estimate that the services provided by UKTI's ITTs in the English regions produce a benefit to cost ratio of 25:1.[12] This represents good value for money and compares favourably with the findings of the 2006 Relative Benefits Study, which showed that an investment of £65m in four trade development services generated more than £1.1 billion additional benefit for users of these services – a benefit to cost ratio of almost 17:1.[13]

5.27 Impact evaluation in UKTI is supported by a programme of wider research on issues related to strengthening the economic rationale for government roles in supporting trade and investment.[14] Activities are focused on two key areas, economic evaluation and economic research.[15] They show that there are economic benefits to the UK from international trade and investment in terms of direct and indirect productivity effects, strengthening competition and increases in returns to business investment in innovation. The most recent addition to this body of evidence suggests that over the period 1996-2004 some 60% of UK productivity growth was attributable to UK exporting firms, both established and new exporters, despite these being a minority of UK firms overall.[16] In addition, firms new to export experienced on average a 34% long-term productivity boost as a result of beginning to export. This is consistent with the findings of previous research commissioned by UKTI, which showed new exporters experienced a productivity gain from entering and staying in export markets, with firms with a high share of total sales coming from exports gaining the highest benefit.[17] This indicates that the economy as a whole will benefit if more companies do business internationally.

12 SQW (2006), *UK Trade & Investment Impact Evaluation of International Trade Teams: A final Stage 2 report to UK Trade & Investment*
13 BERR Evaluation Report Series No. 9, *2004-2005 Study of the Relative Economic Benefits of UK Trade & Investment Support for Trade & Investment*, Chapter 5, Appendix A, op cit.
14 BERR Economics Paper Number 18 op cit: The economic rationale for UK Trade & Investment is set out in more detail at Annex A.
15 Research commissioned during 2005: -Harris, R. and Q. Cher Li, (2005a), *Review of the Literature: the Role of International Trade and Investment in Business Growth and Development*; Harris, R. and Q. Cher Li (2005b), *Establishment Level Empirical Study of Links Between Exporting, Innovation and Productivity*; SQW (2005), *Review of the Evaluation Evidence on Trade Promotion: Final Report to UK Trade & Investment.*
16 Harris, R. and Q. Cher Li (2007), *Firm Level Empirical Study of the Contribution of Exporting to UK Productivity Growth.*
17 Kneller R. (2004), *Participation in export markets and productivity in UK manufacturing*, Final Report for UKTI.

Chapter Six
Resource Accounts

06

6.1 Introduction

This chapter presents the Resource Accounts which set out the resources voted to, and used by, UKTI. In order to obtain the full view of the total resources used to deliver UKTI's services, the resources which have been voted to BERR and FCO must be included. These can be found in the "Memoranda Notes" which appear on pages 90 to 92.

Basis of accounts

These accounts 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.

Management commentary

Main estimates

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

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

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 administration and capital expenditure items other than those purchased from UKTI's programme budget during 2007-08 were funded by BERR or the FCO and remained the responsibility of the Accounting Officers for those departments. The controls BERR and the FCO exercised over these resources are reported on in the individual Statements on Internal Control in their respective accounts.

The Accounting Officers for the FCO and BERR have provided UKTI's Accounting Officer with details of administration expenditure and capital items for inclusion as memoranda notes in these accounts. These memoranda notes are not covered by the Comptroller and Auditor General's opinion on pages 71 to 72.

The Comptroller and Auditor General issued a report on UKTI's 2002-03 Accounts in which he commented on the progress being made to establish mechanisms to allow the UKTI Accounting Officer to assume effective control over the administration resources deployed on UKTI activities in addition to the programme resources. Such a change in responsibilities would allow UKTI to account for all the resources consumed in the pursuit of UKTI's objectives in the financial statements.

During 2006-07 UKTI management, in conjunction with the Treasury, the FCO and the NAO, re-examined the current Accounting Officer arrangements and the barriers to producing a consolidated set of financial statements reflecting all of the resources consumed in providing UKTI's services. These discussions confirmed that, in light of the underlying business processes, the current Accounting Officer responsibilities were appropriate. It was accepted that the costs and effort involved in moving to a position where the UKTI Accounting Officer would account for all the UKTI's resources would not be justified in light of the benefits that would be obtained.

Going concern

The balance sheet at 31 March 2008 shows negative taxpayers' equity of £11.4m. 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. 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.

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.

Financial review

The financial performance of UKTI is reported in the financial statements and supporting notes to the accounts, which can be found on pages 74 to 89. The Statement of Operating Costs by Departmental Objective, page 77, indicates the net programme expenditure incurred in delivering against each of UKTI's two sub-objectives. Highlights by sub-objective are shown below.

Resources consumed, by major programmes, in enhancing the competitiveness of companies in the UK through overseas trade and investments, during 2007-08 were as follows (2006 07 figures are shown in brackets):

- £16.4m (£17.6m) was spent on funding customer-facing activity (ITTs) delivering international trade support in the English regions. The budget for the year was £16.6m. Savings were made against the budget for some regional activity. In addition, there was deferment of some activities to the next financial year relating to a new delivery provider from 1 April 2008 in one region.
- £9.3m (£13.5m) was spent on sector specific export promotional activities in markets and sectors with strong potential for British business. The budget for the year was £8.4m.
- £8.5m (£10.5m) was spent to support new and inexperienced exports through overseas exhibitions, seminars and mission support schemes. The budget for the year was £8.6m.
- £4.9m (£6.1m) was spent on the Passport to Export programme, aimed at providing practical advice and support to small and medium sized firms, which are new to or inexperienced in exporting. The budget for the year was £5.1m. Savings were made against the budget due to lower costs for some events. Also, some events were cancelled or postponed at the end of the year.
- £3.4m (£5.7m) was spent on trade marketing events and publicity. The budget for the year was £3.4m.

To attract a continuing high level of quality foreign direct investment, resources consumed by major programmes during 2007-08 were as follows:

- Grant in aid for RDAs totalled £17.2m (£17.2m). This was in line with budget.
- £15.4m (£13.5m) was spent on Inward Investment programmes. This included marketing the UK abroad, production of publicity materials and advertising. The budget for the year was £15.1m.

Outturn against Estimate

In 2007-08 UKTI's net RfR was £89.3m and net resource outturn was £87.8m – a 1.7% underspend. This was largely due to late cancellation or postponement of events, over estimation of cost for overseas activities.

Risk management

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

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

Reconciliation of resource expenditure between Estimates, Accounts and Budgets

	2007-08 (£000s)	2006-07 (£000s)
Net Resource Outturn (Estimates)	87,807	94,088
Net Operating Cost (Accounts)	87,807	94,088
Resource Budget Outturn (Budget)	89,329	95,329
of which:		
Departmental Expenditure Limits (DEL)	89,308	95,308
Annually Managed Expenditure (AME)	21	21

There were no adjusting items between Net Resource Outturn, Net Operating Costs and Resource Budget Outturn 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.

Liquidity and currency risks

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 18 to these accounts.

Reporting of personal data related incidents

UKTI reported no incidents of the loss of any "Protected Personal Data" to the Information Commissioners Office in 2007-08 (or prior years). There were no "Other Protected Personal Data" incidents in 2007-08 (or prior years) such as the loss of: inadequately protected or insecure disposal of electronic equipment, devices or paper documents from secured Government premises, or any other unauthorised disclosure.

UKTI will continue to monitor and assess its information risks, in order to identify and address any weaknesses and ensure continuous improvement of its systems.

Corporate Governance

Ministers

During 2007-08 joint ministerial responsibilities were as follows:

Secretary of State for Foreign and Commonwealth Affairs

The Rt. Hon. Margaret Beckett MP (to 27 June 2007)
The Rt. Hon. David Miliband MP (from 28 June 2007)

Secretary of State for BERR (formerly DTI)

The Rt. Hon. Alistair Darling MP (to 27 June 2007)
The Rt. Hon. John Hutton MP (from 28 June 2007)

Portfolio Responsibility:

Minister for Trade and Investment

Ian McCartney MP (to 27 June 2007)
Digby, Lord Jones of Birmingham (from 29 June 2007)

Board

Details of Board membership appear on pages 6 and 21.

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. It also exceeds by three the minimum number of independent board members as recommended within the Treasury's "Corporate Governance – Code of Good Practice".

The Board has determined that all Non Executive Board Members are independent in character and judgement and that there are currently no relationships which could affect the member's judgement 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.

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 department'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.

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.uktradeinvest.gov.uk

Audit Committee

The Audit Committee met four times during 2007-08. 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 five Non Executive Board Members are members of the Committee.

The Committee's role is to promote confidence in UK Trade & Investment'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.

During 2007-08 the composition of the UKTI Audit Committee was as follows:

Claire A Ighodaro CBE (Chair)
Non Executive Board Member

Barry Stickings CBE
Non Executive Board Member

Susan Haird CB
Deputy Chief Executive, UKTI

Curtis Juman (to 30 September 2007)
Director, Finance and Strategy, BERR
(from 1 October 2007)
Director of Finance, UKTI

Nike Payne (from 1 October 2007)
Director, Financial Controller, BERR

Jonathan Knott (to 1 November 2007)
Head of Financial Planning & Performance Department, FCO

Stephanie Beardsworth (from 2 Nov 2007 to 31 March 2008)
Team Leader, Budget Monitoring Team, FCO

From 1 April 2008 UKTI has changed the composition of its Audit Committee to conform with best practice as set out in HM Treasury's "Audit Committee Handbook". The Committee now consists of four Non Executive Directors. As with previous years the following will also normally be present at meetings:

- Chief Executive (UKTI)
- Directors of Finance (UKTI, BERR & FCO)
- Representative from Internal Audit (BERR & FCO)
- Representatives from the National Audit Office

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

Resources and Evaluation Panel (REP)

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.

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

UK Trade & Investment's policy is to comply with the Better Payment Practice Code, which includes the Late Payments of commercial Debts (Interest) Act 1988. UKTI standard terms and conditions for the supply of goods and services specify payment within 30 days, or other agreed credit terms, of receipt of goods or services or valid invoice, whichever, is the later. In 2007-08, UKTI paid 100% of undisputed invoices within the credit term (96% in 2006-07).

Auditors

These financial statements have been audited, under the Government Resources and Accounts Act 2000, by the Comptroller and Auditor General (C&AG), who is appointed under statute and reports to Parliament. The audit opinion is on pages 71 to 72. The notional cost to UKTI of the external audit of their resource account by the National Audit Office for the C&AG was £43k (2006-07 – £45k), which was split between the administration costs of the BERR and FCO. See memoranda notes for further details. There was no auditor remuneration (actual or notional) for non-audit work.

Disclosure of audit information

- So 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.

6.2 Departmental Remuneration Report

Remuneration Policy

A remuneration report has been included for transparency. UKTI has no Remuneration Committee. This is because the remuneration of FCO and BERR 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 Memoranda Note 1 on page 90.

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

The Review Body also advises 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.

In reaching its recommendations, the Review Body is 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

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.

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

Unless otherwise stated below, the officials covered by this report hold appointments which are open-ended until they reach the normal retiring age of 65. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

- Andrew Cahn CMG (Chief Executive) was appointed on a 4-year contract commencing 27 March 2006. The notice period for the employee is 3 months. For the employer the notice period is 6 months or a period, if less, equal to the unexpired part of the fixed term contract.

- Brian Shaw was appointed on a 4-year contract commencing 3 July 2006. The notice period for the employee is 3 months. For the employer the notice period is 6 months or a period, if less, equal to the unexpired part of the fixed term contract.

- Danny Lopez was appointed on a 3-year contract commencing 2 April 2007. The notice period for the employee is 3 months. For the employer the notice period is 6 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

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

During 2007-08 joint ministerial responsibilities were as follows:

Secretary of State for Foreign and Commonwealth Affairs
The Rt. Hon. Margaret Beckett MP (to 27 June 2007)
The Rt. Hon. David Miliband MP (from 28 June 2007)

Secretary of State for BERR (formerly DTI)
The Rt. Hon. Alistair Darling MP (to 27 June 2007)
The Rt. Hon. John Hutton MP (from 28 June 2007)

Portfolio Responsibility: Minister for Trade and Investment
Ian McCartney MP (to 27 June 2007)
Digby, Lord Jones of Birmingham (from 29 June 2007)

With the exception of Lord Jones, the details of Ministers' salary, pension and benefits are not disclosed in these accounts, and can be found in the respective 2007-08 resource accounts of the FCO and the BERR.

Ministers' salaries, allowances, taxable benefit in kind pension and benefits entitlements in 2007-08 were as follows:

	2007-08 Salary (in bands of £5,000) (2006-07 Salary)	Benefits in Kind (to nearest £100) (2006-07 Benefits)	Accrued pension at age 65 as at 31/3/08 (£000s)	Real increase in pension at age 65 (£000s)	CETV at 31/3/08 (£000s)	CETV at 31/3/07 (£000s)	Real increase in CETV (£000s)
Digby, Lord Jones of Birmingham[1] (from 29 June 2007) *Full year equivalent*	85-90 115-120	0	0-2.5	0-2.5	13	0	9

1. Salary paid by FCO

Salary

"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. This presentation is based on payments made by the FCO or the BERR.

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 (£61,820 from 1 November 2007, £61,181 from 1 April 2007, £60,277 from 1 November 2006, £59,686 from 1 April 2006) 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.

Benefits in kind

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

Ministerial pensions

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).

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

Benefits for Ministers are payable at the same time as MP's benefits become payable under the PCPF or, for those who are not MPs, on retirement from ministerial office from age 65. Pensions are increased annually in line with changes in the Retail Prices Index. Members pay contributions of 6% of their ministerial salary if they have opted for the 1/50th accrual rate or 10% 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 26.8% of the ministerial salary.

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)

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. It 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.

The real increase in the value of the CETV

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

Senior Management salaries, allowances, taxable benefit in kind and pension entitlements in 2007-08 were as follows:

	2007-08 Salary including Performance Pay	Benefits in kind	Accrued pension at pension age as at 31/3/08 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/3/08	CETV at 31/3/07	Real increase in CETV
	(in bands of £5,000) *(2006-07 Salary)*	(to nearest £100) *(2006-07 Benefits)*	(£000s)	(£000s)	(£000s)	(£000s)	(£000s)
Andrew Cahn CMG[2,4,5,6]	225-230 *(180-185)*	0 *(0)*	40-45 plus 0-5 lump sum	0-2.5 plus 0-2.5 lump sum	860	720	28
Susan Haird CB[2,4,6]	120-125 *(115-120)*	0 *(0)*	40-45 plus 130-135 lump sum	0-2.5 plus 0-2.5 lump sum	964	834	13
Dominic Jermey OBE[1,4,6] *(From 05/02/2007)* *Full year equivalent*	85-90 (10-15) *(80-85)*	0 *(0)*	10-15 plus 40-45 lump sum	2.5-5.0 plus 10.0-12.5 lump sum	205	131	49
Brian Shaw[2,4,6] *(From 03/07/2006)* *Full year equivalent*	125-130 *(85-90)* *(120-125)*	0 *(0)*	0-5 plus n/a lump sum	0-2.5 plus n/a lump sum	26	52	26
Danny Lopez[2,3,4,6] *(From 03/07/2006)* *Full year equivalent*	95-100 *(60-65)* *(85-90)*	0 *(0)*	n/a	n/a	n/a	n/a	n/a
Curtis Juman[2,4] (from 01/10/07 Full year equivalent [6]	35-40 80-85	0	15-20 plus 45-50 lump sum	0-2.5 plus 0-2.5 lump sum	244	201	1
Ian Fletcher[2,4] (to 30/04/07) Full year equivalent	5-10 90-95 *(100-105)*	0 *(0)*	25-30 plus 80-85 lump sum	0-2.5 plus 0-2.5 lump sum	419	434	-5
Ed Quilty[2,4] (to 30/09/07) Full year equivalent [6] *(from 01/11/06)* *Full year equivalent*	30-35 70-75 *(25-30)* *(65-70)*	0 *(0)*	20-25 plus 60-65 lump sum	0-2.5 plus 0-2.5 lump sum	327	314	7

1. Salary paid by FCO.
2. Salary paid by BERR.
3. Opted out of Civil Service Pension arrangements.
4. There were no employer contributions to partnership pension account.
5. Has a supplementary pension agreed by the Cabinet Office from 1st July 2007 with a double accrual rate. Aggregated service prior to this date is at a single rate. CETV start date (this year) differs from the CETV at end date (last year) as this arrangement was not agreed until November 2007.
6. 'Salary including performance pay' paid during the year.

Civil Service Pensions

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

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’ 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 in respect of service before 1 October 2002 calculated broadly as per **classic** and benefits for service from October 2002 calculated as in **premium.** In **nuvos** a member builds up a pension based on his 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 lump sum up to the limits set by the Finance Act 2004.

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).

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 CSP arrangements can be found at the website www.civilservice-pensions.gov.uk

Cash Equivalent Transfer Values

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. The figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional pension benefits at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

Real increase in CETV

This reflects the increase in CETV effectively funded by the employer. It does not include the increase in accrued pension due to inflation, 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.

Due to certain factors being incorrect in last year's CETV calculator there may be a slight difference between the final period CETV for 2006-07 and the start period CETV for 2007-08.

Compensation for loss of office

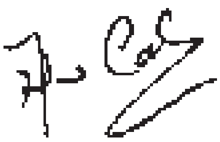
No compensation for loss of office was paid to any Senior Manager.

Fees paid to Non Executive Board Members

Below are the annual fees plus expenses paid to the Non Executive Board Members of the UK Trade & Investment. The total payments for the year to each person were in the following ranges.

	2007-08 (£000s)	2006-07 (£000s)
Peter John Hill CBE	5-10	5-10
Claire A Ighodaro CBE	5-10	5-10
Bill McGinnis CBE	5-10	5-10
Barry Stickings CBE	5-10	5-10
Tim Robinson (from 29/10/2007)	0-5*	0

*Tim Robinson receives no fees; they are paid direct to a charity, on the same basis as BERR's salary sacrifice scheme.



Andrew Cahn CMG
Accounting Officer

9 July 2008

Statement of Accounting Officer's responsibilities

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.

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.

HM Treasury has appointed the Chief Executive as Accounting Officer of UK Trade & Investment. 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.

Statement on Internal Control

This statement is given in respect of the Annual Report and Accounts for UKTI, which incorporates the programme transactions and programme assets and liabilities, which fall within the boundary for resource accounting purposes. 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, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money.

UKTI brings together the work of the Department for Business, Enterprise & Regulatory Reform (BERR – formerly the Department for Trade & Industry) and the Foreign and Commonwealth Office (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, Enterprise & Regulatory Reform 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 to the achievement of UKTI's objectives through my membership of the Management Boards of BERR and the FCO.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of departmental policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in UKTI for the year ended 31 March 2008 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

Capacity to handle risk

A risk management framework has been established within UKTI, which is subject to continuous review. There is a corporate risk register which is regularly reviewed by UKTI's Audit committee and Executive Board. In addition, discussions around specific risks take place when the cause for concern increases and impact and likelihood become higher. 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 overleaf for details provided under the risk and control framework).

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 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 BERR's Agencies Risk Management Network ensure that we keep up to date with best practice on risk management.

The risk and control framework

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.

The group registers are formally reviewed and updated at quarterly intervals and inform the corporate level risk register which reflects all higher level risks and has been used as a management tool by UKTI's Audit Committee and the Executive Board. Named senior managers have responsibility for risk ownership. Risk priorities for UKTI centre on the e-business programme, finance-related issues, organisational transformation and regional delivery mechanisms.

A risk management policy that forms part of UKTI's internal control and corporate governance arrangements has been designed to be consistent with best practice and forms the basis of the risk control framework. Risk assessment and management are built into all operational activities and into the governance arrangements for project and programme management. Levels of risk appetite in relation to the risk themes, which appear in the corporate risk register, have been agreed by senior managers and communicated to staff.

The internal auditors report regularly on risk management processes to ensure that UKTI keeps abreast of current developments in the field of corporate governance. A programme of work carried out by internal auditors also provides assurance that control processes are working effectively within UKTI.

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

Review of effectiveness

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 on the implications of the result of my review of the effectiveness of the system of internal control by the Board and the Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The system of internal control is 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 of the weaknesses identified during the accounting period, and up to the date of the signing of the 2007-08 Annual Report and Accounts.

During the accounting period, risk management was supported by the following processes:

- An Executive Board, which consisted of our Minister, five Directors, five Non Executive Board Members and me, who collectively provide 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 independent members from the organisation's parent departments. The Audit Committee regularly reviews the risk management framework and gets assurance from management on the appropriateness of mitigation strategies.
- The organisation has the services of the Internal Audit units of BERR 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 independent (Managing) Directors and me, who meet regularly to discuss performance against targets.
- A Performance Management Group (previously the Strategy Implementation Programme Board) whose ongoing role is to monitor the implementation of strategy. This Group aims to meet three times a year and consists mainly of Executive Directors.
- The Resources and Evaluation Panel whose 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; and

to make recommendations to the management board.

- The ICT Programme Board whose role is to define UKTI's Information Communication Technology (ICT) strategy and to provide the link between business objectives and ICT investments and also to 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 BERR's Agencies Risk Management Network in order to keep in touch with best practice.
- An implementation team was put in place to ensure the smooth transfer of the Defence Export Service Organisation (renamed Defence & Security Organisation) from the Ministry of Defence to UKTI.
- 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.

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

Data handling

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. UKTI now has a Group Data Champion who will work with data owners and UKTI's delivery partners. The Group Data Champion will disseminate centrally produced security information, ensure minimum standards, covering electronic and paper data are applied, and also be responsible for reporting all Group data losses to Ministers. UKTI has also identified all the personal data sets across the organisation and confirmed that no personal sensitive datasets are stored or processed. UKTI had no reportable data losses during the period.

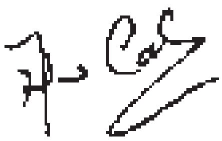
Following the loss of an MoD laptop in January 2008, and the Cabinet Secretary's instructions that no unencrypted material containing personal data should be taken outside secured office premises, BERR took the following steps that directly affected UKTI HQ:

- a shutdown of all removable data ports to prevent any personal and sensitive data being downloaded from BERR's desktop IT system, and
- installation of desktop encryption across BERR's IT system resulting in USB ports being re-opened.

UKTI took forward the following specific actions:

- imposed an immediate ban on removing unencrypted laptops and removable data from UKTI HQ offices and UKTI Regional Teams,
- instigated an immediate recall of all external laptops and removable data to UKTI HQ offices,
- loaded approved encryption onto non-encrypted 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, and
- worked with FCO on the approach for encrypting UKTI laptops used by UKTI's teams overseas.

There were no significant internal control issues during the course of 2007-08. Where weaknesses in the control environment were identified, action to strengthen control has taken place or is planned.



Andrew Cahn CMG
Accounting Officer

9 July 2008

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 2008 under the Government Resources and Accounts Act 2000. These comprise the Statement of Parliamentary Supply, the Operating Cost Statement and Statement of Recognised Gains and Losses, the Balance Sheet, the Cash Flow Statement and the Statement of Operating Costs by Departmental Aim and Objectives and the related notes. These financial statements have been prepared under the accounting policies set out within them.

Respective responsibilities of the Accounting Officer and Auditor

The Accounting Officer is responsible for preparing the Annual Report, which includes the Remuneration Report, and the financial statements in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions made thereunder and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of Accounting Officer's Responsibilities.

My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements have been properly prepared in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000. I report to you whether, in my opinion, certain information given in the Annual Report, which comprises the Introduction to the Resource Accounts, is consistent with the financial statements. I also report whether 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.

In addition, I report to you if the Department has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by HM Treasury regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal Control reflects the Department's compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or to form an opinion on the effectiveness of the Department's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This information includes the remaining sections of the Annual Report. I consider the implications for my certificate if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinions

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Accounting Officer in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the Department's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error, and that 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. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinions

Audit opinion

In my opinion:

- the financial statements give a true and fair view, in accordance with the Government Resources and Accounts Act 2000 and directions made thereunder by HM Treasury, of the state of the Department's affairs as at 31 March 2008, and the net cash requirement, net resource outturn, net operating cost, operating costs applied to objectives, recognised gains and losses and cashflows for the year then ended;

- the financial statements have been properly prepared in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000; and

- information which comprises the Introduction to the Resource Accounts, included within the Annual Report, is consistent with the financial statements.

Audit 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.

Report

I have no observations to make on these financial statements.

T.J. Burr
Comptroller and Auditor General
17 July 2008

National Audit Office
151 Buckingham Palace Road
Victoria
London SW1W 9SS

Statement of Parliamentary Supply

Summary of resource outturn 2007-08

Request for resources	Note	Estimate: Gross expenditure	Estimate: A-in-A	Estimate: Net total	Outturn: Gross expenditure	Outturn: A-in-A	Outturn: Net total	2007-08 £000s Net total outturn compared with estimate: saving/ (excess)	2006-07 £000s Outturn: Net total
RfR 1 Trade development and promotion and inward investment	2	91,929	(2,600)	89,329	90,132	(2,325)	87,807	1,522	94,088
Total resources		91,929	(2,600)	89,329	90,132	(2,325)	87,807	1,522	94,088

Explanation of variance between Outturn against Estimate is given on page 58.

Net cash requirement 2007-08

	Note	2007-08 £000s Estimate	2007-08 £000s Outturn	2007-08 £000s Net total outturn compared with Estimate: saving/ (excess)	2006-07 £000s Outturn
Net cash requirement	3	99,236	92,035	7,201	94,158

The saving can be further analysed as £4,313k at bank and £2,888k undrawn supply. The "saving" relates to the cash flows timing differences. It was anticipated circa £4.0m more cash would be required in the month of March but in the event the cash flows materialised in April.

Summary of income payable to the consolidated fund 2007-08

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).

	Note	Forecast 2007-08 £000s Income	Forecast 2007-08 £000s *Receipts*	Outturn 2007-08 £000s Income	Outturn 2007-08 £000s *Receipts*
Total income payable to the Consolidated Fund	4	-	*-*	56	*56*

The receipts consist of £3k bank interest and £53k previously held as third party assets (also see notes 4 and 22).

The notes on pages 78 to 89 form part of these accounts.

Operating Cost Statement

For the year ended 31 March 2008

Programme costs: Request for Resources 1	Note	2007-08 £000s	2006-07 £000s
Staff costs	5	519	1,290
Expenditure	6	89,613	94,474
Income	7	(2,325)	(1,676)
Net Operating Cost		87,807	94,088

All income and expenditure are derived from continuing operations.

Statement of Recognised Gains and Losses

For the year ended 31 March 2008

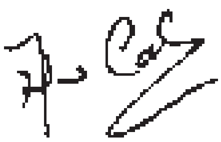
	Note	2007-08 £000s	2006-07 £000s
Net gain/(loss) on revaluation of tangible fixed assets	14	–	(1)
Recognised gains and losses for the financial year		–	(1)

The notes on pages 78 to 89 form part of these accounts.

Balance Sheet

As at 31 March 2008

	Note		2008 £000s		2007 £000s
Fixed Assets					
Tangible assets	8	257		324	
Intangible assets	9	20		30	
			277		354
Debtors (falling due after more than one year)	10		203		608
Current Assets					
Debtors	10	2,659		2,217	
Cash at bank and in hand	11	4,313		2,405	
		6,972		4,622	
Creditors (amounts falling due within one year)	12	(18,825)		(21,005)	
Net current liabilities			(11,853)		(16,383)
Total Assets less Current Liabilities			(11,373)		(15,421)
			(11,373)		(15,421)
Taxpayers' Equity					
General fund	13		(11,373)		(15,421)
Revaluation reserve	14		–		–
			(11,373)		(15,421)



Andrew Cahn CMG
Accounting Officer

9 July 2008

The notes on pages 78 to 89 form part of these accounts.

Cash Flow Statement

For the year ended 31 March 2008

	Note	2007-08 £000s	2006-07 £000s
Net cash outflow from operating activities	15.1	(91,978)	(93,958)
Capital expenditure and financial investment	15.2	(57)	(201)
Receipts due to the Consolidated Fund which are outside the scope of the organisation's activities	4	56	3
Payments of amounts due to the Consolidated Fund	4	(56)	(3)
Receipts due to BERR outside the scope of the organisation's activities	11	–	(7,606)
Financing	15.4	93,943	95,276
Increase/(decrease) in cash in the period	**15.5**	**1,908**	**(6,489)**

Statement of Operating Costs by Departmental Objective

For the year ended 31 March 2008

Objective

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.

Sub-objectives

			2007-08 £000s			2006-07 £000s
	Gross	Income	Net	Gross	Income	Net
Sub-objective 1: To enhance the competitiveness of companies in the UK through overseas trade and investments	57,551	(2,325)	55,226	65,085	(1,676)	63,409
Sub-objective 2: To attract a continuing high level of quality foreign direct investment	32,581	–	32,581	30,679	–	30,679
Net operating costs	**90,132**	**(2,325)**	**87,807**	**95,764**	**(1,676)**	**94,088**

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

The notes on pages 78 to 89 form part of these accounts.

Notes to the 2007-08 Accounts

1.1 Statement of accounting policies

These financial statements have been prepared in accordance with the 2007-08 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM follow UK generally accepted accounting practice for companies (UK GAAP) to the extent that it is meaningful and appropriate to the public sector.

In addition to the primary statements prepared under UK GAAP 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 Cost by Departmental Objective and supporting notes analyse UKTI's income and expenditure by the sub-objectives agreed with Ministers.

Where the FReM permits a choice of accounting policy, the accounting policy which has been judged to be most appropriate to the particular circumstances of UKTI for the purpose of giving a true and fair view has been selected. UKTI's accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

1.2 Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of fixed assets.

1.3 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, Enterprise & Regulatory Reform (BERR).

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 90 to 92).

1.4 Tangible fixed assets

Tangible fixed assets purchased by UKTI, and where the risks and rewards of ownership lie with UKTI, are stated at the lower of replacement cost and recoverable amount. The minimum level of capitalisation of a tangible fixed asset is £1,000 except for IT assets where the threshold is £nil. All tangible fixed assets are restated to current value each year on the basis of depreciated replacement cost using published Office of National Statistics indices appropriate to the category of asset.

Much of the business of UKTI is conducted through the offices of the FCO and BERR. The use of these departments' assets is reflected in appropriate cost allocations which appear as memoranda notes to these accounts. Control and beneficial interest in these tangible fixed assets vest in the FCO and BERR, who reflect their total value in their respective balance sheets.

1.5 Depreciation

Tangible fixed assets are depreciated at rates calculated to write them down to their estimated residual value on a straight line basis over their estimated useful lives. Assets are normally depreciated over the following periods:

IT Assets	3-5 years
Office Machinery	5 years

1.6 Intangible fixed assets

Intangible fixed assets are stated at the lower of amortised replacement cost and recoverable amount. The minimum level of capitalisation of an intangible fixed asset is £1,000. Software licences are amortised on a straight line basis over the shorter of the term of the licence and the useful economic life. The amortisation period is normally 3-5 years.

1.7 Research and development

Expenditure on research and development is treated as an operating cost in the year in which it is incurred.

1.8 Operating income

Operating income is income which relates directly to the operating activities of UKTI. It 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 which in accordance with the FReM should be treated as operating income. Operating income is stated net of VAT.

1.9 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 front-line 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. See also note 1.12.

1.10 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 fewer liabilities, except for:

i. cash balances with the Office of the Paymaster General, where the charge is nil,
ii. balances owed to or due from the Consolidated Fund, where the charge is nil.

1.11 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 balance sheet 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.

1.12 Pensions

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

1.13 Private Finance Initiative (PFI) transactions

PFI transactions have been accounted for in accordance with Technical Note No 1 (Revised), entitled "How to Account for PFI Transactions", as required by the FReM. Where the balance of the risks and rewards of ownership of the PFI property is borne by the PFI operator the PFI payments are recorded as an operating cost.

1.14 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.

1.15 Value added tax

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

1.16 Comparative amounts

Comparative amounts are restated where necessary to conform to current presentation.

2. Analysis of net resource outturn by section

	Outturn					2007-08 £000s Estimate		2006-07 £000s
	Other current	Grants	Gross resource expenditure	A-in-A	Net total	Net total	Net total outturn compared with Estimate	Prior year outturn
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								
	72,902	17,230	90,132	(2,325)	87,807	89,329	1,522	94,088
Resource outturn	72,902	17,230	90,132	(2,325)	87,807	89,329	1,522	94,088

3. Reconciliation of resources to cash requirement

				2007-08 £000s
	Note	Estimate	Outturn	Net total Outturn compared with Estimate: saving/(excess)
Resource outturn		89,329	87,807	1,522
Capital				
Acquisition of fixed assets	8,9	248	57	191
Accruals adjustments				
Non-cash items	6	(108)	46	(154)
Changes in working capital other than cash	15.1	9,767	4,125	5,642
Net cash requirement		99,236	92,035	7,201

The difference between the estimated change in working capital and the outturn was mainly due to additional cash requested in anticipation of paying more creditors, which did not materialise.

4. 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 2007-08 £000s		Outturn 2007-08 £000s	
	Income	Receipts	Income	Receipts
Other amounts collectable on behalf of the Consolidated Fund	-	-	56	*56*
	-	-	56	*56*

These amounts arise where UKTI receives sums which are not part of the ordinary course of continuing business.

5. Numbers and costs of people engaged in delivering UKTI's objective

Most personnel engaged on UKTI business are employees of either BERR or the FCO and details are shown in memoranda note 1. Contributions to the costs of employing International Business Specialists, seconded from private sector organisations for periods of up to 5 years, are made to the seconding organisations. The organisation also uses consultants for specialist tasks. Details are:

	2007-08	2006-07
Sub-objective 1: To enhance the competitiveness of companies in the UK through overseas trade and investments	8	19
Sub-objective 2: To attract a continuing high level of quality foreign direct investment	4	6
Average whole time equivalent number of international business specialists and consultants	12	25

	2007-08 £000s	2006-07 £000s
Staff costs	519	1,290

6. Non-staff programme costs

			2007-08 £000s			2006-07 £000s
Current grants			17,230			17,230
PFI service charges: off-balance sheet contracts		3,712			3,255	
External services		26,117			23,389	
Consultancy		6,660			5,990	
Customer grants		10,907			11,898	
Promotions and publications		8,415			11,701	
Events		9,867			11,611	
Other costs		6,751			9,283	
Non-cash items						
Depreciation	137			152		
Amortisation	10			9		
Revaluation of fixed assets	(34)			13		
Loss on disposal of fixed assets	21			–		
Cost of capital (credit)	(180)			(57)		
		(46)			117	
			72,383			77,244
Non-staff programme expenditure			89,613			94,474

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

6.1 Consultancy spend

The outturn for consultancy in 2007-08 was £6.7m (£6.0m 2006-07). Consultancy spend includes payments to contractors for third party delivery of UKTI services, and technical and economic consultancy support.

7. Income

Operating income

	2007-08 £000s	2006-07 £000s
Fees and charges to external customers for market information reports	2,172	1,440
Other charges	153	236
	2,325	1,676

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

			2007-08 £000s			2006-07 £000s
Service	Income	Full cost	Deficit	Income	Full cost	Deficit
Provision of overseas market information to UK exporters	2,172	3,079	(907)	1,440	2,220	(780)

This information is provided for fees and charges purposes, not for SSAP 25 purposes.

8. Tangible fixed assets

	Information technology £000s	Office machinery £000s	Total £000s
Cost or valuation			
At 1 April 2007	729	168	897
Additions	34	5	39
Disposals	(205)	(67)	(272)
Revaluations	103	13	116
At 31 March 2008	661	119	780
Depreciation			
At 1 April 2007	(416)	(157)	(573)
Charge in year	(131)	(6)	(137)
Disposals	203	66	269
Revaluations	(70)	(12)	(82)
At 31 March 2008	(414)	(109)	(523)
Net book value at 31 March 2008	**247**	**10**	**257**
Net book value at 31 March 2007	313	11	324
Asset financing			
Owned	247	10	257
Net book value at 31 March 2008	247	10	257

9. Intangible fixed assets

	Purchased software licences £000s
Cost or valuation	
At 1 April 2007	48
Additions	18
Disposals	(43)
At 31 March 2008	23
Amortisation	
At 1 April 2007	(18)
Charge in year	(10)
Disposals	25
At 31 March 2008	(3)
Net book value at 31 March 2008	**20**
Net book value at 31 March 2007	30

10. Debtors

Analysis by type

	31 March 2008 £000s	31 March 2007 £000s
Amounts falling due within one year		
Trade debtors	371	204
VAT	490	1,104
Other debtors	1	2
Current part of PFI prepayment	1,690	645
Other prepayments and accrued income	107	262
	2,659	2,217

Included within trade debtors is £1,000 (2006-07 £1,000) which will be paid to the Consolidated Fund on receipt.

	31 March 2008 £000s	31 March 2007 £000s
Amounts falling due after more than one year		
PFI prepayments	203	608
Other prepayments and accrued income	–	–
	203	608

Intra-government balances

	31 March 2008 £000s	31 March 2007 £000s	31 March 2008 £000s	31 March 2007 £000s
	Amounts falling due within one year		Amounts falling due after more than one year	
Balances with other central government bodies	798	1,111	–	–
Balances with public corporations and trading funds	–	12	–	–
Intra-government balances	798	1,123	–	–
Balances with bodies external to government	1,861	1,094	203	608
	2,659	2,217	203	608

11. Cash at bank and in hand

	2007-08 £000s	2006-07 £000s
Balance at 1 April	2,405	8,894
Net change in cash balances	1,908	(6,489)
Balance at 31 March	4,313	2,405
The following balances at 31 March were held at		
Office of HM Paymaster General	3,994	2,212
Commercial banks	319	193
Balance at 31 March	4,313	2,405

Included in the opening balance as at 1 April 2006 was an amount of £7.6m which was paid into UKTI's bank account instead of BERR's. This amount was repaid to BERR during 2006-07.

12. Creditors

Analysis by type

	31 March 2008 £000s	31 March 2007 £000s
Amounts falling due within one year		
Trade creditors	3,457	5,670
Accruals and deferred income	11,054	12,929
Amounts issued from the Consolidated Fund for Supply but not spent at year end	4,313	2,405
Consolidated Fund Extra Receipts due to be paid to the Consolidated Fund		
Received	–	–
Receivable	1	1
	18,825	21,005

Intra-government balances

	31 March 2008 £000s	31 March 2007 £000s
Amounts falling due within one year		
Balances with other central government bodies	6,814	6,028
Balances with local authorities	17	2
Balances with public corporations and trading funds	119	63
Intra-government balances	6,950	6,093
Balances with bodies external to government	11,875	14,912
	18,825	21,005

13. 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.

		2007-08 £000s		2006-07 £000s
Balance at 1 April		(15,421)		(15,435)
Net Parliamentary funding				
Drawn down	93,943		95,276	
Deemed Supply	2,405		1,288	
		96,348		96,564
Net financing from Contingencies Fund		-		-
Year end adjustment:				
Supply creditor		(4,313)		(2,405)
Net transfer from operating activities: net operating cost		(87,807)		(94,088)
Non-cash charges: cost of capital credit		(180)		(57)
Transfer from revaluation reserve		-		-
Balance at 31 March		(11,373)		(15,421)

14. Reserves

Revaluation reserve

The revaluation reserve reflects the unrealised element of the cumulative balance of indexation and revaluation adjustments.

	2007-08 £000s	2006-07 £000s
Balance at 1 April	-	1
Arising on revaluation during the year (net)	-	(1)
Transfer to general fund of realised element of revaluation reserve	-	-
Balance at 31 March	-	-

15. Notes to the Cash Flow Statement

15.1 Reconciliation of operating cost to operating cash flows

	Note	2007-08 £000s	2006-07 £000s
Net operating cost		87,807	94,088
Adjustments for non-cash transactions	6	46	(117)
Increase/(decrease) in debtors	10	37	(721)
Decrease/(Increase) in creditors	12	2,180	7,222
Add movements in creditors relating to items not passing through the operating cost statement	12	1,908	(6,514)
Net cash outflow from operating activities		91,978	93,958

15.2 Analysis of capital expenditure and financial investment

	2007-08 £000s	2006-07 £000s
Tangible fixed asset additions	39	196
Intangible fixed asset additions	18	5
Net cash outflow from investing activities	57	201

15.3 Analysis of capital expenditure and financial investment by request for resources

	Note	Capital expenditure £000s
Request for resources 1		57
Net movement in debtors/creditors		-
Total 2007-08	8,9	57
Total 2006-07		176

15.4 Analysis of financing

	Note	2007-08 £000s	2006-07 £000s
From the Consolidated Fund (Supply) – current year	13	93,943	95,276
Advance from Contingency Fund		6,000	-
Repayments to Contingency Fund		(6,000)	-
Net financing		93,943	95,276

15.5 Reconciliation of net cash requirement to increase/(decrease) in cash

	Note	2007-08 £000s	2006-07 £000s
Net cash requirement		(92,035)	(94,158)
From the Consolidated Fund (Supply) – current year	13	93,943	95,276
Amounts due to the Consolidated Fund – received in a prior year and paid over		-	-
Receipts due to BERR	11	-	(7,607)
Increase/(decrease) in cash		1,908	(6,489)

16. Note to Statement of operating costs by departmental objective

All programme costs of UKTI have been directly attributed to sub-objectives and there has been no apportionment between sub-objectives except for the attribution of the cost of capital credit which has been apportioned on the basis of capital employed where known or the proportion of expenditure where not known. Net average capital employed has been allocated to sub-objectives on the basis of use.

16.1 Capital employed by departmental aim and objectives at 31 March 2008.

		2007-08 £000s		2006-07 £000s
	Net average capital employed	Cost of capital credit	Net average capital employed	Cost of capital credit
Sub-objective 1	(9,308)	(128)	(11,090)	(40)
Sub-objective 2	(3,759)	(52)	(4,174)	(17)
	(13,067)	(180)	(15,264)	(57)

17. Commitments under PFI contracts

UKTI has entered into the following off-balance sheet PFI contract.

ELGAR

UKTI's HQ utilises BERR's ELGAR contract with Fujitsu to deliver key e-business projects to support services to customers and staff. In BERR, 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 2009-10.

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) are being paid annually in advance. As a result £240,000 was transferred to the balance sheet as a prepayment for services due to be received in the first six months of 2008-09. Payments for the initial development of the CRM application are being made monthly in arrears.

During 2007-08 further enhancements were made to the public facing element of the Portal and CRM applications for which £434,202 was recorded in the accounts as paid or payable.

The current estimated total capital value for the public web-based services provided under the agreement is £6.97m (2006-07 £6.62m).

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 off-balance sheet PFI transactions was £3,712,000 (2006-07 £3,255,000); and the charges to which UKTI is committed during 2008-09, analysed by the period during which the commitment expires, is as follows:

	2008-09 £000s	2007-08 £000s
Expiry within 1 year	200	–
Expiry within 2 to 5 years	3,546	3,315
	3,746	3,315

18. Financial instruments

FRS 13, Derivatives and Other Financial Instruments, requires disclosure of the role which financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. Because of the largely non-trading nature of its activities and the way in which government departments are financed, UKTI is not exposed to the degree of financial risk faced by business entities. Moreover, financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which FRS 13 mainly applies. Generally 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.

As permitted by FRS 13, debtors and creditors which mature or become payable within 12 months from the balance sheet date have been omitted from the disclosures below.

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. UKTI 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.

19. Related party transactions

UKTI is a joint operation between BERR 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, Food for Britain, Ministry of Defence, COI Communications and the London Development Agency.

No minister or member of the Executive Board of UKTI or other related party has undertaken any material transactions with UKTI during the year with the exception of the following contract which occurred before parties became related.

Andrew Cahn is a Non-Executive Director of International Financial Services London (IFSL), with which UKTI has a service contract. He joined the Board on 7 December 2006. The post is unremunerated. A UKTI contract with IFSL was awarded on 31 October 2006 through open procurement. This provides for the provision of services to assist UK Companies in the Financial Services sector with the aim of increasing international trade activities and promoting inward investment in order to deliver its City strategy.

The initial length of the contract is for three years with the option to extend for a further year. The value of the contract is between £650k and £750k. During the year UKTI paid IFSL £250k.

20. Contingent liabilities disclosed under FRS 12

There are no contingent liabilities.

21. Post balance sheet events

Defence Export Service Organisation

On 25 July 2007 the Prime Minister announced changes to how defence trade should be handled, namely that:

- the Government would look to move responsibility for defence trade promotion from the Defence Export Services Organisation to UK Trade and Investment, and
- no change was envisaged to existing and planned agreements between the Ministry of Defence and other Governments which will continue to be administered by the Ministry of Defence.

With effect from 1 April 2008 the Defence Export Service Organisation was transferred to UK Trade & Investment, under the Machinery of Government change, and renamed the Defence & Securities Organisation.

Audit Committee

With effect from 1 April 2008 a new Terms of Reference was adopted by the Audit Committee. This necessitated the appointment of two further Non Executive Audit Committers Members (see Audit Committee details of page 60).

22. Third party assets

UKTI holds no third party assets. The monies held on deposit in a commercial bank account last year was paid to the consolidated fund during the course of the year and the account has been closed (see note 4).

	2007-08 £000s	2006-07 £000s
Balance held in account	-	53

23. 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 2007-08 UKTI Resource Accounts the issue date is 17 July 2008.

Memoranda notes on administration, programme and capital costs

These memoranda notes are not covered by the Comptroller and Auditor General's opinion on pages 71 to 72.
Indicative administration expenditure and the cost of the associated assets used are included by way of the following memoranda notes (see also note 1.3).

1. Staff numbers and related costs

Staff working for UKTI are employees of either the FCO or BERR.

Staff costs consisted of:

	BERR				FCO				TOTAL	
			2007-08 £000s	2006-07 £000s			2007-08 £000s	2006-07 £000s	2007-08 £000s	2006-07 £000s
	Permanent staff	Other	Total	Total	Permanent staff	Other	Total	Total	Total	Total
Wages and salaries	14,498	1,268	15,766	17,424	13,406	–	13,406	13,681	29,172	31,105
Social security costs	1,201	–	1,201	1,379	431	–	431	732	1,632	2,111
Other pension costs	2,901	–	2,901	3,268	2,106	–	2,106	2,838	5,007	6,106
Locally employed staff costs	–	–	–	–	27,439	–	27,439	28,744	27,439	28,744
	18,600	1,268	19,868	22,071	43,382	–	43,382	45,995	63,250	68,066
Less recoveries for outward secondments	(203)	–	(203)	(309)	–	–	–	–	(203)	(309)
Total net costs	**18,397**	**1,268**	**19,665**	21,762	**43,382**	–	**43,382**	45,995	**63,047**	67,757

UKTI spent £519k (2006-07 £1,290k) from its programme budget on International Business Specialists seconded from private sector organisations and consultants (see note 5).

The average numbers of whole-time equivalent persons employed during the year are shown in the table below. These are based on figures supplied by BERR and FCO to the Office for National Statistics (ONS) in accordance with ONS guidance, "Guide to Official Statistics" 2000 edition, Chapter 17.2. The numbers are as follows:

	BERR				FCO				TOTAL	
			2007-08 WTE	2006-07 WTE			2007-08 WTE	2006-07 WTE	2007-08 WTE	2006-07 WTE
	Permanent staff	Other	Total	Total	Permanent staff	Other	Total	Total	Total	Total
Sub-objective 1: To enhance the competitiveness of companies in the UK through overseas trade and investment	271	29	300	383	978	-	978	1,022	1,278	1,405
Sub-objective 2: To attract a continuing high level of quality foreign direct investment	153	14	167	172	261	-	261	237	428	409
	424	43	**467**	555	**1,239**	-	**1,239**	1,259	**1,706**	1,814

2. Other administration costs

	BERR		FCO[c]		TOTAL	
	2007-08 £000s	2006-07 £000s	2007-08 £000s	Restated 2006-07 £000s	2007-08 £000s	Restated 2006-07 £000s
Rentals under operating leases	23	29	–	–	23	29
Accommodation	2,960	6,380	15,142	16,947	18,102	23,327
No-cash items						
Apportionment of central overheads attributable to UKTI activities[b]	5,802	5,809	93,852	78,173	99,654	83,982
Auditor's remuneration and expenses[a]	23	25	20	20	43	45
Depreciation	22	63	3,750	6,232	3,772	6,295
Revaluation of fixed assets	(32)	6	–	–	(32)	6
Loss on disposal of fixed assets	36	2	–	–	36	2
Cost of capital charge (credit)	–	1	3,408	4,723	3,408	4,724
Other expenditure[c]	10,455	9,030	8,676	9,271	19,131	18,301
Total administration expenditure	19,289	21,345	124,848	115,366	144,137	136,711

[a] There was no remuneration for non-audit work for either department.

[b] The method and calculation of overhead apportionment and other expenditure is outside the scope of responsibilities of the Chief Executive and Accounting Officer.

[c] During 2007-08 FCO changed the basis on which overheads are apportioned. This has resulted in UKTI attracting a much higher proportion of Management Support costs (Overheads). The previous year's figures have been restated on a comparable basis.

3. Administration income

The amounts included in the FCO's financial statements which underpin the figures shown in these memoranda 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 2 and 5.

4. Tangible fixed assets: Capital

Administration capital tangible fixed assets used in the delivery of UKTI's objective by parent department were as follows:

	BERR	FCO	TOTAL
	£000s	£000s	£000s
Net book value at 31 March 2007	29	–	29
Net book value at 31 March 2008	5	–	5

The FCO has purchased no tangible fixed assets for the sole purpose of delivering UKTI's objectives.

5. Statement of operating costs by departmental objective

The statement of operating costs by departmental objective shows programme resources consumed in the meeting of UKTI's sub-objectives (see page 77). Administration resources consumed by UKTI's parent departments in meeting UKTI's sub-objectives were as follows:

	UKTI		BERR		FCO		Total	
	2007-08 £000s	2006-07 £000s	2007-08 £000s	2006-07 £000s	2007-08 £000s	Restated 2006-07 £000s	2007-08 £000s	Restated 2006-07 £000s
Sub-objective 1: To enhance the competitiveness of companies in the UK through overseas trade and investments	55,226	63,409	30,831	35,601	132,115	129,481	218,172	228,491
Sub-objective 2: To attract a continuing high level of quality foreign direct investment	32,581	30,679	8,123	7,506	36,115	31,880	76,819	70,065
Net operating costs	87,807	94,088	38,954	43,107	168,230	161,361	294,991	298,556

Within BERR and FCO 'Statement of Operating Costs by Departmental Objective' UKTI is included under Objective 1 and Strategic Priority 5 respectively.

Annexes

Annex A – UKTI's Economic Rationale

International trade and investment bring benefits by enabling countries to concentrate their resources on the things they do best – specialising in their areas of "comparative advantage". Greater internationalisation can strengthen competition and innovation, and increase access to new ideas and technologies. The opportunity to sell on world markets raises the return to innovation, gives learning benefits, and enables businesses to achieve growth and economies of scale, which domestic markets alone would not allow.

UKTI intervention addresses market failures which would otherwise reduce the ability of UK business to achieve full potential benefits from international markets, and which would provide barriers to international investors who might otherwise locate in the UK. Where Government can address these problems effectively, it can increase the income generating power of market forces, and make an important contribution to UK productivity and prosperity that more than covers the costs to the taxpayer.

The BERR Economics paper No. 18 sets out the economic evidence base for government support for international trade and investment.[18] The paper suggests the rationale for government support rests on the following:

- Evidence of potential benefits to UK prosperity from increased trade and investment, for example the direct and indirect productivity effects of international trade and investment, competition and innovation effects.

- Evidence of barriers to international trade and investment arising from market failures which, if not addressed, would prevent the benefits from being fully recognised.

- Evidence that Government can intervene cost effectively to address these market failures, enabling businesses to generate sufficient additional benefit to justify the cost of intervention and increase national prosperity.

Benefits from trade and investment

The benefits of government support emerge through a number of channels:

- **Direct and indirect productivity effects on UK firms:**

  - UK firms improve productivity as a result of exporting ("learning from exporting"). Firms gain increased access to new ideas and technologies, and exposure to better organisational skills which in turn improves financial performance (by increasing revenues). Recent evidence suggests that over the period 1996 – 2004 some 60% of UK productivity growth was attributable to UK exporting firms, both established and new exporters, despite these being a minority of UK firms overall.[19]
  - Exporters (and multinationals) tend to have higher than average productivity, so when they expand their share in UK output, the average UK productivity rises ("batting average effect").

- **Competition effects:** Competition is stimulated by the opportunity for young innovative and high productivity firms to grow and strengthen their performance, hence presenting stronger competitive challenges to incumbents (existing firms) in the market.

- **Innovation effects:** The opportunity to sell overseas promotes incentives for firms to invest in innovation (including R&D) because the rewards from innovation will be potentially greater when firms are able to sell into larger markets.

Barriers and market failure

There are significant barriers to international trade and investment, both at the firm and collective level, such as:

- **Information problems:** Inexperienced exporters may not be well informed about the potential benefits, costs, and risks of exporting, or know how to go about finding the information they would need to assess these. Those who do decide to export often lack the skills and know-how to develop an effective marketing strategy, or to manage the risks. Potential inward investors may overlook the advantages of locating in the UK if relevant information is not available or too difficult to obtain.
- **Missing markets:** Through its network of diplomatic Posts overseas, the Government can provide access to contacts and key decision makers– and to some types of information– which private sector service providers might be unable to offer, or would not be able to offer as efficiently or as well. Government reputation, in particular for impartiality and trust, may also be an important aspect of the type and quality of help that UKTI is particularly well placed to provide. Without this unique help, UK businesses would find it more difficult to gain access to overseas market opportunities, and potential inward investors would find it more difficult to obtain the contacts and information they need about the UK.

18 BERR Economics Paper No. 18: *International Trade & Investment - the Economic Rationale for Government Support (2006)*
19 Harris, R. and Q. Cher Li (2007), *Firm Level Empirical Study of the Contribution of Exporting to UK Productivity Growth.*

- **Public goods:** Activities and information for which benefits are widely distributed, potentially accruing to all businesses in a given sector or market, can be under-provided by the private sector because of difficulties in recovering costs through charges to beneficiaries, or because no business has sufficient incentives to cover the initial fixed costs. For example, action to provide information about the merits of the UK as an investment location, or to promote awareness of the merits of the UK as a source of supply, benefit many businesses, but no individual business would have enough incentives to pay for them.
- **Networks and institutional failures:** The private sector alone may not be willing or able to develop and maintain adequately the institutions and networks that support international linkages and knowledge flows. Government help may be needed to facilitate and encourage private sector co-operation in these areas, or to complement private sector roles, for example through supporting organisations such as the China-Britain Business Council, or encouraging co-operation among trade associations in related sectors to research overseas opportunities.

Cost effectiveness

Some of the most important roles for Government in international trade and investment would be expected to generate types of benefits which either accrue to businesses collectively, or accrue mainly to business not directly involved in the support, such as knowledge spillovers, intensified competition, reputation effects and effects on social networks.

By strengthening the ability of UK businesses to exploit overseas opportunities successfully and by smoothing the path for high quality investment projects entering the UK, UKTI generates real benefits both to the businesses themselves and to the wider UK economy. The evidence suggests that Government support should therefore be focused on:

- strengthening the social networks which underpin international trade and investment flows, and helping individual businesses to gain access to key contact networks, by serving as a trusted intermediary,
- strengthening the international capabilities of innovative and high-growth businesses, who would not be able to fulfil their potential without being able to exploit opportunities overseas,
- providing access to information and advice which the private sector alone would not or could not provide, both to inward investors and to UK businesses seeking to exploit opportunities overseas, and
- facilitating beneficial co-operation among businesses, enabling them to work together to overcome barriers and develop potential trade and investment opportunities, for example by showcasing UK capabilities in overseas markets.

Annex B – Financial Tables: Performance in 2007-08

UK Trade & Investment programme expenditure: Major programmes

	2004-05 Outturn	2005-06 Outturn	2006-07 Outturn	2007-8 Outturn	2008-09 Plans[4]
	£m	£m	£m	£m	£m
Trade development which includes:	76.5	68.0	63.4	55.2	60.5
Support for exhibitions and seminars abroad (SESA)	19.5	14.7	Replaced by Tradeshow Access Programme from 2006-07		
International trade advisers	14.9	16.1	17.6	16.4	17.0
Sector specific support	11.6	13.1	13.5	9.3	10.0
Tradeshow access	–	–	10.5	8.5	8.0
Passport	5.2	5.8	6.1	4.9	4.4
Marketing & Publicity	8.5	6.3	5.7	3.4	5.3
Export promoters	2.0	1.0	0.8	0.5	0.5
Income	-1.1	-1.1	-1.7	-2.3	-3.7
Inward investment which includes:	22.9	27.4	30.7	32.6	31.0
Grants to RDAs	13.2	15.2	17.2	17.2	16.8
Promotional expenditure	9.7	12.2	13.5	15.4	14.2
R&D Programme[3]	–	–	4.7	7.7	8.3

Notes

1. This is not a comprehensive list of all UKTI-funded programmes but includes the main areas of spend only.
2. Overseas Project Fund, Outward Missions and Sales Lead Service, reported in previous Departmental Reports, ceased from 2006-07 and have been removed from this table.
3. R&D programme budgets started in Sept 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 (e.g. 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.
4. Includes Defence & Security Organisation, budget transferred 2008-09.
5. Where figures differ slightly between published reports (Departmental Report & Accounts) the latest published account figures have been used.

Expenditure on Trade and Investment

	2004-05 Outturn	2005-06 Outturn	2006-07 Outturn	2007-8 Outturn	2008-09 Plans
Expenditure	100.5	96.5	95.8	90.1	95.2
Income	(1.1)	(1.1)	(1.7)	(2.3)	(3.7)
Net	99.4	95.4	94.1	87.8	91.5

Annex C – 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 2007-08 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 2007-08

Sponsor	Amount	Event/Note
Mayor Brown	$14k (£7.0k)	Offshore Technology Conference
British Petroleum	$15k (£7.5k)	Next Generation Biofuels Conference
Royal Bank of Scotland	$15k (£7.5k)	
Invest Northern Ireland	£40k	UKTI Business Awards
The Midlands	£10k	
London Stock Exchange	£10k	
International Business Wales	£10k	
Virgin Atlantic	10 business flights value approx £20k	
City of London Corp	£30k	Production of UKTI's City Brochure
Solutions, Olexus, XJTAG	£15k (£5k each)	Technology World 2007
Yorkshire Forward	£9k	International Business Networking events (Doncaster & Denmark)
Royal Bank of Scotland	£10k	Producing the UKTI London region's "How to" guides.
Taipei Financial Centre Corp	use of venue & facilities approx £45k	Taiwan Cultural & Creative Industries Exhibition
Aviva Asia Pte Ltd (Taiwan Branch)	£12.5k	
Diageo Taiwan Inc	£7.5k & product sponsorship approx £5k	
Marks & Spencer (Taiwan)	£6k & refreshments approx £0.4k	
OPTI International Corp.	£3k	
The Sherwood Taipei Hotel	30 nights accomm approx £4k	
International Power	£15K	Partnership Day (Business to Business networking event) held at the time of the Saudi State Visit 31 October 2007 at the Goldsmiths' Hall, City
British Petroleum (Chongqing)	£5k	China-Britain Business Council -Climate Cool By Design Event
B&Q (Chongqing)	£10k	
HSBC, Premier Oil, Prudential, Rio Tinto, Standard Chartered Bank, AMEC, BP, Rolls-Royce, Shell and Unilever	£9.4k	In support of the celebration of HM The Queen's Birthday, held in Jakarta on 11 June 2007. The theme for the event was the companies' CSR work in Indonesia, and the sponsorship also covered the cost of display panels featuring their activities
Rolls-Royce, Airbus, BAE Systems, Thales and AgustaWestland	£31k	May 07 Tokyo Aerospace Conference, -Airlines also provided a number of free tickets for participants at the conference

Sponsor	Amount	Event / Note
Tokyo Midtown Management	venue approx £25k	DesignUK event
Nikkei Design and Toyota	£5k	Universal Design Symposium.
British Market Council.	¥6.7m (£29.2k)	Support for 6 events promoting trade between UK and Japan

Conversion at the average exchange rate for the year

The North America Scholarship Programme

The North America Marketing Scholarship Programme gives representatives from selected UK SMEs the opportunity to attend an intensive marketing course at one of the world's leading business schools, JL Kellogg School of Management in Illinois, Chicago. This is followed by a one week executive attachment to high profile American businesses and corporations, to see the marketing process in action. The Programme supports up to 20 scholarship placements a year, ten in the Spring and ten in the Autumn. The Programme, which has been running since 1992, covers the latest management theories and case studies to help participants develop long-term business relationships in the US, and the unique skills needed to succeed in North America. UK SMEs would be very unlikely to get access to the courses without the assistance of UKTI.

The Programme is run at zero cost to the companies and each placement is worth in the region of £6,200 (excluding expenses). It is funded by UKTI with its partner sponsors, the Ellis Goodman Foundation and British Airways (BA). In 2007 Ellis Goodman and BA contributed £70,500 (58%) against UKTI's contribution of £52,500 (42%).

The Canadian element of this scheme was discontinued in 2006.

Annex D – Acronyms

A-in-A	Appropriations in Aid
AME	Annually Managed Expenditure
AO	Accounting Officer
ATF	Asia Task Force
ATO	Accredited Trade Organisation
BA	British Airways
BERR	Department for Business, Enterprise & Regulatory Reform
BIM	Business Information Management
BMC	British Market Council
C&AG	Comptroller and Auditor General
CBBC	China-Britain Business Council
CBE	Commander of the British Empire
CETV	The Cash Equivalent Transfer Value
CIB	Communication In Business
CMG	Companion of the Order of St Michael and St George
COP	Committee on Overseas Promotion
CRM	Customer Relationship Management
CSR	Comprehensive Spending Review
DA	Devolved Administration
DEL	Departmental Expenditure Limit
DESO	Defence Export Service Organisation
DSO	Defence & Security Organisation
DSO	Departmental Strategic Objective
ECR	Export Communications Review
EMRS	Export Marketing Research Scheme
EU	European Union
FCO	Foreign and Commonwealth Office
FDI	Foreign Direct Investment
FReM	Financial Reporting Manual
FRS	Financial Reporting Standards
FSSAB	Financial Services Strategy Advisory Board
GAAP	Generally Accepted Accounting Practice
GDP	Gross Domestic Product
GEP	Global Entrepreneurs Programme
GO	Government Office
GPP	Global Partnership Programme
HGMP	High Growth Markets Pilot
HQ	Headquarter
HRH	His Royal Highness
IBDF	International Business Development Forum
IBPN	Indo British Partnership Network
ICT	Information and Communication Technologies
ID	Investor Development
IiP	Investors in People
IPR	Intellectual Property Rights
IFSL	International Financial Services London
ITA	International Trade Advisor
ITT	International Trade Team
JETCO	Joint Economic Trade Committee
KCB	Knight Commander Order of the Bath
MoD	Ministry of Defence
MP	Member of Parliament
NAO	National Audit Office
NCR	Net Cash Requirement
OBE	Order of the British Empire
OGC	Office of Government Commerce
OMIS	Overseas Market Introduction Service
ONS	Office of National Statistics
OTC	Offshore Technology Conference
OUBS	Open University Business School
PCPF	Parliamentary Contributory Pension Fund
PFI	Private Finance Initiative
PIMS	Performance and Impact Monitoring Survey
PSA	Public Service Agreement
R&D	Research and Development
RDA	Regional Development Agency
REP	Resources and Evaluation Panel
RfR	Request for Resources
RMAF	Royal Malaysian Air Force
SITPRO	Simplifying International Trade Promotions
SME	Small and Medium-sized Enterprises
SR	Spending Review
SSAP	Statement of Standard Accounting Practice
TAP	Tradeshow Access Programme
TOE	Tonnes of Oil Equivalent
UKIBC	UK India Business Council
UK-IPO	UK Intellectual Property Office
UKTI	UK Trade & Investment
UNCTAD	United Nations Conference on Trade and Development
VAT	Value Added Tax
WTE	Whole Time Equivalent

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