UK Trade & Investment Annual Report and Accounts 2011–12

UK TRADE & INVESTMENT ANNUAL REPORT and ACCOUNTS 2011–12

(FOR THE YEAR ENDED 31 MARCH 2012)

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Annual Report presented to the House of Commons by Command of Her Majesty.

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

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Contents

The Bird's Nest, Beijing

Built for the 2008 Olympic Games, the iconic National Stadium in Beijing set new global standards for its spectator experience. UK consultancy Arup used advanced analysis to ensure the stadium would withstand major shocks regardless of their intensity or direction.

Minister's Foreword
Lord Green of Hurstpierpoint

Trade and investment are at the heart of the Government's plans for growth in the UK.

In the last year, Prime Minister David Cameron set us all a national challenge to get an additional 100,000 UK firms exporting.

And to underline the Government's ambition, the Chancellor has set a target of more than doubling the amount we export to £1 trillion by 2020.

That's why we have been running "Exporting for Growth" events around the country to encourage more firms to ask themselves the question: "How can exporting help my business grow?"

To get the message across, we are reaching out through networks of trusted business advisers; through business networks such as the Confederation of British Industry, the British Chambers of Commerce and the Institute of Directors; but also through social and personal networks.

We are looking to improve our export performance in emerging markets. The BRICs are a hugely important part of this, but there is significant growth in many other countries such as Indonesia, Turkey, Malaysia, Mexico, Colombia, Thailand, Vietnam, Saudi Arabia, Singapore, Qatar, Taiwan and the UAE.

We are encouraging firms to band together to bid for high-value opportunities and to take up the new services on offer from UK Export Finance.

Businesses that export are more innovative, more resilient and more productive. They are the firms that will form the backbone of the UK's economic success in the future.

Investment is the other side of the coin, which contributed to UKTI generating and safeguarding over 160,000 jobs in the UK last year. UKTI has helped to land nearly 60% of these projects.

In the budget in March, the Chancellor made it clear that the UK is open for business, cutting corporation tax to 24%, with the prospect of more cuts to come.

We are also committed to maintaining one of the best business environments in Europe.

There have been notable investment success stories such as the decision by the Chinese sovereign wealth fund, CIC, to invest in the holding company behind Thames Water and Nissan deciding to build its new model, the Invitation, here in the UK.

Our strategy of managing key investors is helping to achieve this goal.

UKTI has also been working closely with Number 10 and the FCO to deliver the GREAT campaign internationally.

The campaign is tied to the once-in-a-lifetime opportunity provided by the Diamond Jubilee and the London 2012 Olympic and Paralympic Games to showcase the best of British business to the world.

At the British Business Embassy at London's Lancaster House, we are running 18 major events designed to help contribute to the delivery of a business legacy for the Olympics of £1 billion. I am grateful to all the UKTI staff for their planning and preparation.

Stephen Green

Lord Green of Hurstpierpoint
Minister of State for Trade & Investment

Chief Executive's Foreword
Nick Baird

It's been almost a year since I joined UK Trade & Investment and we launched our five-year strategy "Britain Open for Business".

In the tough economic circumstances we face, it is clear that the UK must substantially improve our export performance and do even more to build on our excellent record at attracting inward investment. UKTI has needed significant change to ensure it can support business even more strongly going forward.

We have re-organised UKTI around four key priorities – substantially increasing the number of high-growth and innovative SMEs which export, campaigning for the highest-value opportunities overseas, creating an even stronger pipeline of inward investment, including into the UK's major infrastructure programme, and building strategic relationships with some of our biggest trade and investment clients.

We have also strengthened our top management team, bringing in highly experienced senior executives from the private sector. We are driving improved performance from our front line through incentivised contracts with our in-country trade and investment teams and through new performance agreements with Heads of Mission overseas.

We assisted 25,450 UK businesses during 2011-12. The total financial benefit to businesses across all trade services as a direct result of UKTI's assistance was around £31.8 billion of additional sales. We have set an ambitious new target of increasing to 50,000 the number of companies we help by 2014-15. To achieve this, the Prime Minister has launched a national campaign to get more companies exporting. We will introduce new services to support exporters, including a special programme for mid-sized businesses, a peer-to-peer web service and support in accessing foreign venture capital. Our partner, UK Export Finance, has introduced new insurance and bank guarantee products for SMEs. Our High Value Opportunities programme, helping large and small companies access the biggest projects overseas, is well underway.

And in a few weeks time we will use the once-in-a-lifetime opportunity of London 2012 to showcase the excellence of British business to the world.

We reported this past year our 2010-11 inward investment figures. Over that period, UKTI was directly involved in 849 inward investment projects, creating 16,400 new jobs and safeguarding 33,400. This was a strong performance, well above target. We will report 2011-12 performance later this summer. Tech City, our major project in East London, also continues to attract many new investors, large and small.

I would like to thank our staff and the wider delivery network for all their hard work this year. UKTI can only succeed as part of a whole-government approach that especially includes our parent Departments, BIS and the FCO. I would particularly like to thank Susan Haird, who acted as Chief Executive prior to me taking up my appointment, for taking forward the first stage of the major strengthening of this organisation. This will enable us to support exporters and investors ever-more effectively as we return the UK to growth through internationalisation.

Nick Baird CMG CVO
UKTI Chief Executive

Introduction

Who We Are

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

1.2 UKTI is the UK's international trade and inward investment promotion organisation. In England, it has a network of trade advisers providing support and assistance to new and existing exporters of goods and services and to outward investors both at home and overseas. It also leads an inward investment network which helps overseas-owned firms – from high-tech start-ups to global industry leaders – to locate and build their business in and from the UK. UKTI has an England-wide foreign direct investment (FDI) network (excluding Greater London) to ensure seamless delivery of support to foreign direct investors into the UK, working closely with Local Enterprise Partnerships and other local bodies.

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

What We Do

1.4 UKTI is a major contributor in the drive to grow and rebalance the UK economy through trade and investment. The Trade and Investment for Growth White Paper (February 2011) and The Plan for Growth White Paper (March 2011) set out the Government's overall strategy and ambitions. UKTI's five-year strategy, Britain Open for Business (May 2011), sets out how the Government will provide practical expertise and support to exporters and investors. The strategy marks a step change in the way UKTI and the rest of Government will focus their efforts, by adopting a proactive approach to delivering opportunities, and focusing on the export and investment markets that provide the best prospects for growth. More detail is given in Annex A, Performance Framework and Resources.

1.5 This report records UKTI's activity and performance against its key aims and objectives, for the financial year 1 April 2011 to 31 March 2012. It also looks ahead, highlighting the new strategy and resources agreed in the Spending Review 2010 (SR10).

Basis of Accounts and Resources Deployed

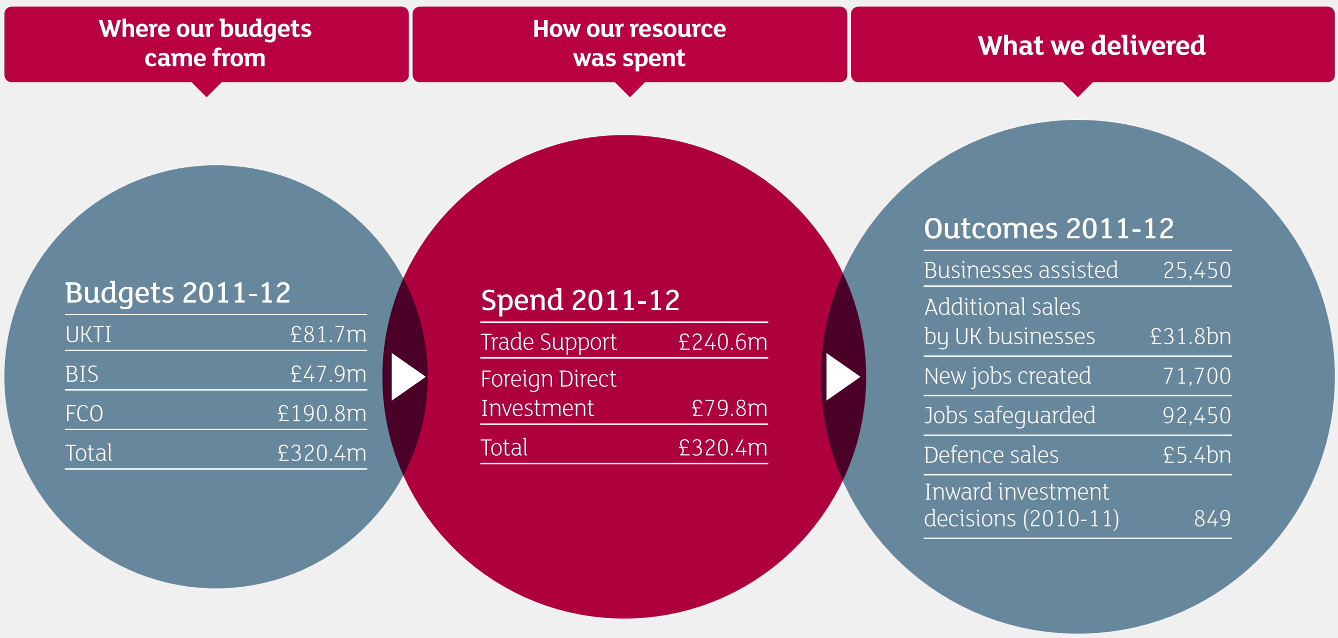
1.6 The accounts on pages 44 to 60 show UKTI's voted resource only. They have been prepared in accordance with directions given by HM Treasury in pursuance of Section 5(2) of the Government Resources and Accounts Act 2000. (2010-11 figures are shown in brackets).

1.7 To arrive at the total resources used, the resources expended by UKTI's parent Departments – BIS and the FCO – must also be added to UKTI's voted resource. This reflects the shared governance arrangements between BIS, the FCO and UKTI for the delivery of their shared objectives for trade promotion and foreign direct investment. These have been included by way of Memorandum Notes providing an estimate of the total resources used by UKTI to deliver its activity – see pages 61 to 63 for further details.

1.8 The illustration below sets out what UKTI achieved for the total resource it consumed and how this is split between trade support and foreign direct investment.

1.9 Year on year, UKTI's net spend has decreased by £11.7m or 3.5%. This can be disaggregated into an UKTI Programme decrease of £3.4m, a BIS Admin decrease of £1.4m and a FCO Admin and Programme decrease of £6.9m. The decrease is due to the ongoing drive to increase efficiency and value for money, including relocating all staff in London into one building.

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



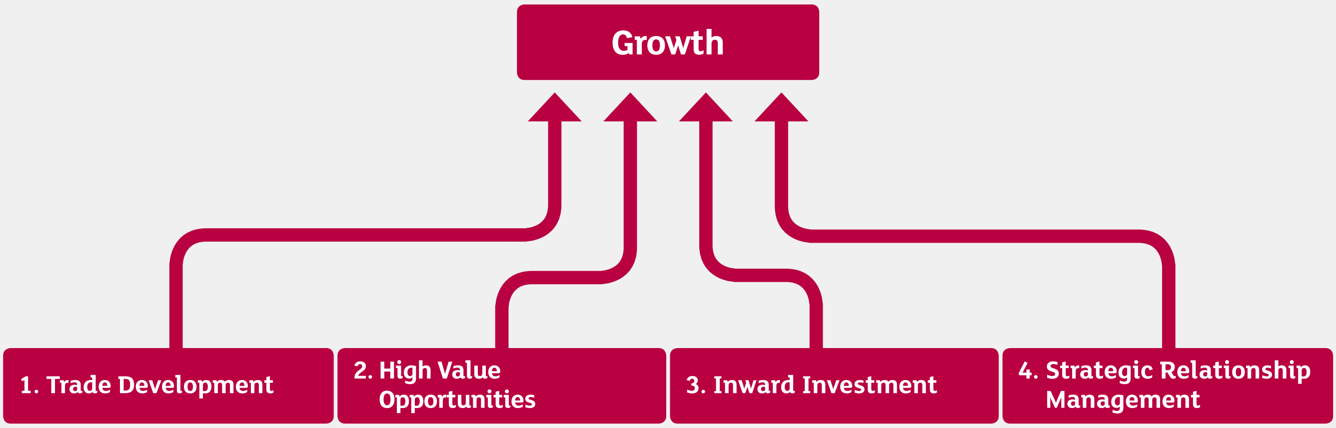
Our Strategy

Britain Open for Business

1.10 UKTI's five-year strategy, Britain Open for Business (www.ukti.gov.uk/uktistrategy), builds on a successful track record of delivering real benefits for business but acknowledges that UKTI can – and must – do more. Particularly required is a new drive to ensure the UK remains one of the top destinations for foreign direct investment and a new thrust to increase exports, especially to the high-growth and emerging markets of the new global economy. UKTI, working with all parts of Government, has a central role to play in rebuilding the UK's economic reputation and boosting confidence in the UK as an international business partner of choice.

1.11 In partnership with other Government Departments, UKTI has focused its efforts in 2011-12 on tirelessly pursuing the four pathways. In addition, over the course of the year it has realigned its organisation around these pathways, which has helped ensure better co-ordination and distribution of resources, making it easier for our customers to interact with UKTI, and ensuring accountability for each pathway, not least at senior level.

Fig 2: The Four Pathways to Growth



1. Trade Development

Encouraging significantly more small and medium-sized enterprises (SMEs) to export: UKTI is targeting a range of new services at innovative and high-growth SMEs – including a major new approach to e-connectivity and programmes to link SMEs to trade finance, credit insurance and venture capital – as well as using established, award-winning bespoke products aimed at boosting export capability and helping firms break into new markets.

2. High Value Opportunities

Helping to bring high-value opportunities home through a programme of intensive support for larger companies seeking to win overseas contracts ranging from £250 million upwards: The market for very large-scale, high-value projects, which also bring major supply chain opportunities for SMEs, runs into trillions of pounds and covers a wide range of sectors.

3. Inward Investment

Creating a pipeline of high-quality inward investment projects and winning investment for major UK infrastructure and regeneration projects: Delivering a target of 750 FDI projects per annum which benefit the UK economy through productivity spillovers, and by bringing new ideas and ways of working, as well as valuable knowledge and technologies to promote growth and competition; and targeting institutional investors, such as Sovereign Wealth Funds and overseas pensions funds, to win investment for large-scale infrastructure and regeneration projects in the UK.

4. Strategic Relationship Management

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

UKTI's 2011-12 Objectives

1.12 UKTI's objective is further broken down into two sub-objectives for Trade Support and Foreign Direct Investment. From 2010-11, Government Departments are required to apply International Financial Reporting Standards 8 (IFRS 8), which covers Segmental Reporting.

1.13 UKTI's two sub-objectives are:

- to enhance the competiveness of companies in the UK through overseas trade and investments; and
- to attract a continuing high level of foreign direct investment (FDI).

1.14 These objectives are agreed by Ministers and used by management to measure performance, and to allocate resources see Note 4, page 53.

UKTI is Changing

1.15 Not only has UKTI realigned, it has also sharpened its delivery focus by becoming more enterprising through bringing in private-sector talent and expertise across the organisation and to the senior management team, including a business secondment programme. It is also forging new delivery partnerships with the private sector to reach out to more UK companies with the potential to grow through international trade and win investment for the UK economy from overseas. In addition, UKTI is delivering its inward investment and trade support programmes around the English regions through incentivised contracts with private-sector organisations.

1.16 As part of the realignment, new Managing Directors have been appointed to lead each pathway. At the time of writing, UKTI has appointed four new Managing Directors from the private sector who will take up their posts by Summer 2012.

People Strategy

1.17 UKTI has developed a People Strategy to underpin Britain Open for Business which identifies four people priorities for the organisation through to 2015:

Understanding business – getting under the skin of its customers to enhance its credibility and ability to build effective relationships.

Focus on delivery – improving individual and team skills to ensure services are delivered consistently to the highest standards.

Best people, best team – getting the most from UKTI staff by recruiting the best, building leadership capability, developing talents and motivating people by making UKTI a great place to work.

Changing our culture – creating an enterprising culture where people put customers first and strive for continuous improvement.

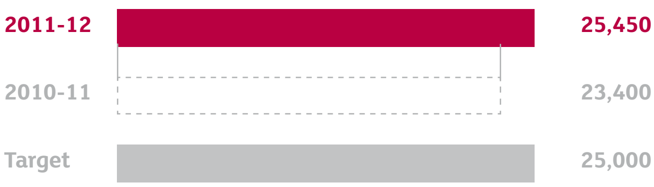
1.18 A targeted, highly professional, learning and development programme is being developed to deliver these priorities to be rolled out from 2012 through to 2015.

What We Have Achieved

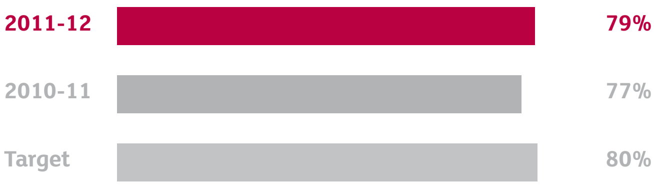
2.1 In conjunction with our new strategy, Britain Open for Business, a new performance framework was developed.

Below, key performance measures have been reported on which show the results UKTI achieved during 2011-12.

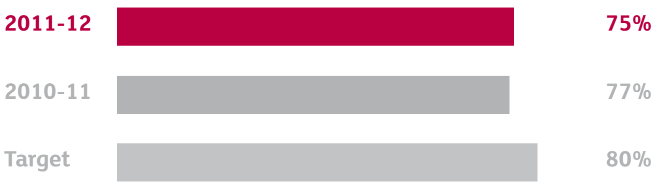
Trade Development
Businesses assisted:



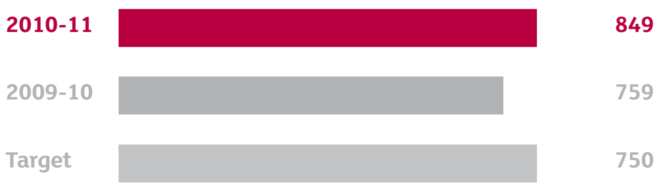
Quality:



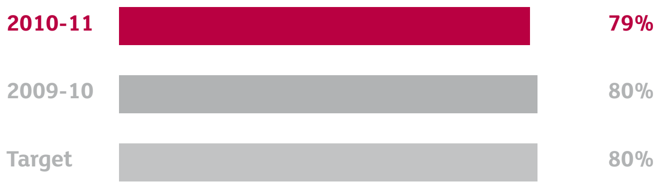
Satisfaction:



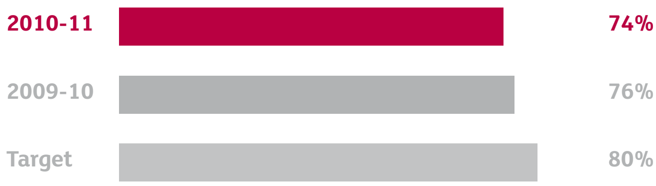
Inward Investment
Number of involved success:



Quality:



Satisfaction:



Notes:

1. The 2010-11 Businesses Assisted figure of 23,400 is in a dotted line as it does not represent a direct comparison to the figure reported for 2011-12 due to changes in measurement;
2. Inward Investment figures for 2011-12 are not available until late Summer 2012 and as such final outturn figures have been reported on for 2010-11; and
3. For full details of our new performance framework, please see Annex A.

Fig 3: Analysis of Trade Development's customer satisfaction

Customer Satisfaction – Trade Development

2.2 In terms of both quality and satisfaction, UKTI has fallen short of our target of 80% for Trade Development. Further analysis on satisfaction has been provided above which shows that 75% of people are either fairly satisfied or very satisfied with the service they have received from UKTI. However, 7% say that are either fairly dissatisfied or very dissatisfied with the service received.

2.3 As part of the realignment process, UKTI has focussed significant resources in ensuring that our scores for both satisfaction and quality improve in the year to come. Our primary focus has been on our People Strategy and providing our people with the training required. We are also developing further our Customer Care Strategy.

2.4 UKTI has also contributed in terms of jobs, with not only 92,450 jobs being safeguarded during 2011-12 but a further 71,700 being created within the UK.

Management Commentary

2.5 UKTI operates in over 162 locations in 96 countries. These countries (markets) cover over 98% of the world's Gross Domestic Product (GDP). Full details of UKTI's market coverage can be found in Annex G.

2.6 UKTI started 2011-12 from a position of advantage, having been voted by its peers in the World Trade Promotion Organisation as Best Trade Promotion Organisation from a Developed Country at its biannual awards in 2010. Alongside this, UKTI has a strong track record of winning high-quality inward investment for the UK. However, these advantages also presented challenges to ensure that the UK remains one of the top destinations for foreign direct investment.

2.7 The performance system used to derive UKTI's achievements is known as the Performance and Impact Monitoring System (PIMS). This system is based around independent market research of those who have used UKTI services and also non-users. As per their Value for Money review completed in 2009, the National Audit Office confirmed PIMS as the performance measurement system as "a robust system for assessing delivery".

Trade Development

2.8 Over the last year, UKTI has helped 25,450 companies, of which 91% were SMEs, to export and break into new high-growth markets, with an average estimated benefit – additional profit attributed by clients to UKTI support – of £219k. Overall, this support equates to £31.8 billion additional sales for UKTI clients.

2.9 In 2011-12, the Government launched a National Export Challenge to encourage 100,000 more companies, particularly SMEs and mid-sized businesses (MSBs), to export by 2020. UKTI has led this work through:

- An extensive campaign of conferences in every region of the UK to promote the benefits of exporting and encourage more companies to use UKTI's services;
- A new partnership with UK Export Finance to promote an expanded range of products aimed at SMEs (soon to be expanded to include a network of specialists across the country and in key markets overseas);
- Developing active engagement with support networks; and targeted support of SMEs at trade fairs and on trade missions;
- Partnerships with all the major banks (HSBC is sponsoring the National Export Challenge; RBS is supporting the work of the Asia Task Force to take more companies to market; Lloyds TSB is piloting export mentoring; Barclays is piloting export training for their frontline business managers and providing clinics for novice exporters; Santander is working with UKTI to help business develop in South America);
- A competition to award an Exporting for Growth prize to encourage more companies to innovate and break into new markets;
- A white-label export guide for intermediary organisations to brand and give to customers or members;
- A competition, won by Yell, to deliver an online peer-to-peer community called "Open to Export", providing a network for SMEs to share experiences, learn best practice and mentor each other;
- A new programme of Parliamentary engagement to get more MPs involved in export events in their constituencies and across the country;

- Free business mentoring by Catalyst UK, a global network of business leaders, influencers and academics with a strong affinity to the UK. There are currently 175 members, helping UK-based SMEs to develop their global footprint and to champion the UK as the international business partner of choice; and
- A competition to appoint new private-sector partners for 2012-13 onwards to deliver trade support services to companies around England on an incentivised basis.

2.10 To assess the outcome of its support, each quarter UKTI asks, through its independent market researchers, 1,000 businesses who have received its services in the previous four to seven months about their experience of quality, satisfaction and the outcome of our service. They are also asked specifically whether the help resulted in financial benefit and, if so, can they quantify it. The performance measurement system which underpins these results is recognised by UKTI's peers and by academics as world leading. It was highlighted by the World Trade Promotion Organisation as a key factor underpinning UKTI's achievement in winning the 2010 award for Best Trade Promotion Organisation from a Developed Country in the world.

2.11 Approximately 71% of UKTI's clients report significant benefits to their productivity and competitiveness because of UKTI's support. These benefits include improvements to products and processes, and to their approach to doing business overseas, which will help to underpin sustainable growth in jobs and revenues over time. This is reflected in the fact that over 40% of UKTI trade clients report that they expect their business to see substantial growth over the next five years, while 90% expect at least moderate growth.

2.12 Evidence from UKTI's performance measurement system and evaluation programme shows that benefits, both quantitative and qualitative, most recently result from helping companies to overcome barriers to business in new overseas markets, and gain the knowledge and contacts they need to upgrade their existing approach. Substantial benefits can also result from help in overcoming other barriers to entering new markets, such as specific legal or regulatory issues. Many of UKTI's customers report that they have improved their products and services as a result of gaining exposure to new contacts and new ideas through UKTI trade services. Over 3,000 report additional investment in research & development. These benefits have a lasting positive impact on business performance in both domestic and overseas markets.

2.13 In the year ahead, expansion into new export markets will be a key route to growth for many UK businesses, and a key contributory factor to returning the UK economy to stronger growth. Three-quarters of UKTI trade service customers see exporting as a means of achieving a level of growth not otherwise possible, while just over two-thirds report that their business has benefited from sustained economic growth or increasing demand in overseas countries.

2.14 Over the last four years, UKTI has cut the average cost per customer of assisting business by 22%, from around £14k to around £10.9k. Over this same period, the quality of our work and the satisfaction of our trade customers have remained steady, demonstrating that UKTI is becoming more efficient by delivering more for less, but not to the detriment of our trade customers.

Trade Development Case Study: Open to Export

Open to Export is a new online platform that will enable UK companies to connect to service providers that are operating in the international trade market. These include lawyers, accountants, freight forwarders, market research specialists and government support bodies (including UKTI).

The site will provide companies access to relevant content and information and the facility to ask detailed questions to help them through their export journey.

UKTI is working in partnership with Yell to develop the site after an open grant competition was held late last year. Yell's bid was judged to be the best and did not require any grant. The site is currently undergoing beta testing before release in the summer.

Trade Development Case Study: New York Delhi

New York Delhi, a London-based supplier of gourmet snacks, spices and food, was set up by a former retail buyer, Nina Uppal, in 2007. Having achieved considerable success in the domestic market, Nina contacted UKTI to help seek out opportunities overseas.

Since then, Nina has regularly exhibited at food shows both in the UK and abroad, commissioned Overseas Market Introduction Service (OMIS) reports and participated in trade missions to target markets. This strategy has proved highly successful, with New York Delhi enjoying unprecedented international sales in recent months.

The company has gained accounts in a number of European markets, including Denmark, France, Germany, Norway and Sweden. Thanks to a UKTI Meet-the-Buyer event, New York Delhi has also secured orders in Hong Kong, Malaysia and Singapore, while attending trade shows has led to clients in the Middle East and Portugal.

"The help and support that we have received from UKTI has been invaluable to us," says Nina. "Meet-the-Buyer events are brilliant as introductions to key distributors in export markets, and so far we have managed to convert every meeting to orders."

"Through UKTI, we were also selected to participate in the recent Export to Growth day, which was attended by heads of industry, as well as David Cameron and Lord Green. Not only did we get to meet the Prime Minister personally, but I also managed to get a photo with him, which has been fantastic PR for New York Delhi, both in the UK and internationally."

She concludes: "UKTI has nurtured our business so much, and I'd recommend it to any company that wants to expand overseas. We are now hugely excited about what else New York Delhi is going to achieve in 2012. We are close to being listed by Japan and Korea and are currently in talks with two major distributors in Thailand."

High-Value Opportunities

2.15 In April 2011, UKTI launched the High Value Opportunities programme, a new initiative which seeks to identify large scale and high-value overseas procurement opportunities and to support UK businesses in accessing these. The programme has had a very encouraging first year – 57 priority High Value Opportunities (HVOs) are being actively pursued around the world and UKTI has already supported UK businesses in securing more than £800 million of associated contract wins. Early successes include:

- Multiple UK companies winning £80 million of contracts associated with the Singapore Mass Rapid Transport project;
- Invensys Rail winning £420 million of business from the Saudi Land Bridge rail project; and
- Carillion winning business worth £296 million relating to the Musheireb Redevelopment project in Qatar.

2.16 UKTI has achieved this by:

- Using its overseas network and market and sector knowledge to identify potentially lucrative projects around the globe;
- Evaluating these projects using a robust methodology which looks at, for example, match with UK capability and the value of projects to UK companies;
- Using its regional network to identify relevant UK capability and to cascade intelligence on priority opportunities; and
- Working with UK companies of all sizes to deliver longer-term, systematic and sustained support in developing and implementing strategies to win contracts.

2.17 In the year ahead, UKTI will continue to identify multi-million pound projects, focussing on those that offer the very best opportunities for UK companies wherever these may be. Over the next three years, UKTI expects to support a further £11.5 billion of wins for the UK. The coming year alone should see businesses accessing around £3 billion of opportunities, as a result of assistance provided by UKTI, in areas such as sports infrastructure, mass rapid transport, healthcare and urban infrastructure.

Inward Investment

2.18 UKTI has worked hard to ensure the UK remains the top destination for inward investment in Europe. This has involved the introduction of an enhanced bespoke service for foreign direct investors, including in-depth market analysis, predictive targeting and tailored business propositions. UKTI is on track to meet its goal of helping to deliver 750 inward investment projects, of which 90% are of 'high quality'. Full results will be announced in July 2012.

2.19 The Tech City initiative, established in April 2011 to support the growth of the tech cluster in East London, has made huge strides. Major tech companies have invested in the cluster, with Google establishing an innovation centre and Intel partnering with UCL (University College London) and Imperial College London to set up a Smart Cities Technology and Enterprise Centre in Shoreditch. Cisco is committed to setting up a Virtual Incubator, while other leading companies such as Amazon, Expedia, Buongiorno, Yammer and SAE have also set up or expanded in the area. In all, nearly 60 new companies have committed to Tech City this year, generating more than £180 million in investment. For further information, see www.techcityuk.com.

2.20 During 2010-11, the Government announced that the inward investment activity previously undertaken by the Regional Development Agencies, excluding London, would transfer to UKTI. At the end of March 2011, following a competitive process, PA Consulting was appointed as our new private-sector delivery partner. This is a three-year contract valued at approximately £41.7m.

2.21 In the year ahead, UKTI's inward investment group is reviewing its FDI targeting methodology with the principal objective of better reflecting how key sectors are targeted in each market based on the perceived market opportunity. UKTI's top-level goal for FDI remains unchanged for FY 2012-13; 750 inward investments projects, of which at least 90% (675) must be 'High Quality' (of which at least 425 must be 'High Value') with the remainder being 'Good Quality'.

2.22 Whilst the FDI targets for 2012-13 remain unchanged from last year, there will be stretch targets for the network, supported by a private sector-led 'rapid innovation' (hot-house) development programme to be introduced in a number of 'pilot' markets during the first half of the new financial year. This will:

- Increase the overall (network average) project volume by at least 10% each quarter;
- Increase the percentage of high-value projects attracted to the UK; and
- Raise the client satisfaction level in the FDI services UKTI provides from its current 72% to 85% by the end of this financial year.

2.23 We will also be tracking a gross value added (GVA) measure to better represent the true value of the investments that are landed in the UK as well as establishing targets around employment and the value of the jobs created through inward investment.

2.24 In working to meet these stretch targets, we will work closely with overseas colleagues and partners in supporting clients to establish and/or expand their UK footprint as a place from which to grow their international presence.

Strategic Relationship Management

2.25 The roll-out of strategic relationship management began in September 2011 with an initial group of 38 companies. Since then, the Strategic Relations team in UKTI has, with support from other Departments, succeeded in developing and implementing a consistent cross-Government structure for productive and measurable strategic relationships with major wealth creators in the UK.

2.26 In the past year, we have targeted major institutional investors such as Sovereign Wealth Funds and overseas pensions funds, to secure investment for large-scale infrastructure and regeneration projects in the UK, with relationships being formed with over 100 developers, investors and intermediaries. Consequently, there has been significant interest from mainland China and the Gulf in investing in the UK, with the China Investment Corporation purchasing a 9% stake in Thames Water.

Inward Investment Case Study: Enthought Scientific Computing Solutions

Scientific software developer Enthought was looking to expand abroad, with the UK being its first choice, when a chance phone call to the British Consulate-General in Houston, USA, led to an interaction with UKTI.

Within a month of the phone call, Enthought had travelled to the UK, where UKTI helped the company to visit potential premises in London and Cambridge and meet service providers and trade groups.

Bill Cowan, Chief Financial Officer and Chief Operating Officer, said, "Our adviser was very open and honest about risk areas, and when we visited the UK, UKTI took us to meet the right people. That first trip was a tremendously efficient use of our time. It's taken less than one year from us deciding to come to the UK to us being in profit, which is amazing. We're expecting to make £2 million by December 2012."

He continued: "The help we got from UKTI meant we were able to go through all the necessary steps in a much shorter time. The best thing about working with UKTI is that you're warned about the difficult parts, so they don't come as a surprise. If you're thinking about doing business in the UK, get in touch with UKTI. They put you on the right path from the beginning."

2.27 Further recent examples of success include:

- A large company sitting down with Government to map joint objectives. This persuaded the company to expand its UK apprenticeship scheme. UKTI's Strategic Relations team is working with the Sector Skills Council to finalise the details.
- Identifying that a company's global headquarters misunderstood UK planning processes and that this was acting as a barrier to a specific investment. Working with our Overseas Post and agencies across Government, the company's senior decision makers were given the clarity they needed to make the investment decision.
- Combining intelligence received from Post with commentary from industry and government analysts to identify that a major investor was about to enter an acquisition and investment phase. This intelligence was used to emphasise to a global board member the benefits of further investment in the UK and to highlight early opportunities.

2.28 In the year ahead, UKTI will continue to roll out cross-Government Strategic Relationship Management to a greater number of companies. The approach will be proactive and strongly informed by best practice in industry. This expansion will enable Government to realise economic opportunities and offer prompt, coherent and appropriate responses to the issues faced by a wider range of very large investors and exporters. In parallel, we aim to use the principles developed when relationship managing very large companies to increase the professionalism of Government's engagement with small and medium-sized businesses. This means driving cultural change across UKTI and other Government Departments; ensuring that relevant knowledge is consistently shared and that Government is responsive to the individual needs of businesses of all sizes.

Public Interest

Going Concern

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

Payment of Suppliers

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

2.31 In accordance with Government policy, UKTI endeavours to pay all invoices within five days. The five days allows for three days to process the invoice and a further two days for the payment to be received by the supplier. During 2011-12, 92.2% of invoices were paid within five days. The proportion of trade creditors compared to amounts invoiced expressed in days is three (four days).

Transparency Reporting

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

Working across the pathways: UKTI Defence & Security Organisation (UKTI DSO)

During 2011-12, UKTI DSO continued to work closely with the Ministry of Defence (MOD), the Home Office and other Government Departments to deliver the essential government-to-government dimension to company-led marketing campaigns, in pursuit of maintaining the UK's strong position in the global defence & security export markets.

Defence and security companies continue to represent an important part of the UK economy, contributing billions of pounds of exports each year and providing tens of thousands of jobs. The Government made it clear in the White Paper "National Security through Technology," published in February 2012, that it would continue to support responsible defence and security exports.

For the calendar year 2011, defence statistics released by UKTI DSO show that the UK was the second most successful global exporter, achieving £5.4 billion of new defence business. This represents a 15% share of the global market for defence exports. Measured over a 10-year period (2002-2011), which smoothes fluctuations caused by major contract awards, the UK retained a 20% average share of the global market – in keeping with UKTI DSO's long-term target.

UK security exports were valued at £2.6 billion in 2011, up from £2 billion in 2010. The like-for-like increase is 5%, with the remainder made up of a new, more accurate measurement for the fast-growing cyber security sector. The UK was the sixth-largest security exporter, accounting for 4% of the global security export market.

Defence and security exports total around £8 billion, which is the same amount as that achieved in 2010.

Whistleblowing Policy

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

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

Auditors

2.35 These financial statements have been audited, under the Government Resources and Accounts Act 2000, by the Comptroller & Auditor General (C&AG), who is appointed under statute and reports to Parliament. The audit opinion is on pages 41 to 42. The notional cost to UKTI of the external audit of its resource account by the NAO for the C&AG was £52k (£50k), which was split between the administration costs of BIS and the FCO. See Memorandum Notes for further details.

Disclosure of Audit Information

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

Complaints to the Departments and Parliamentary Ombudsman

2.37 During the year, UKTI received no complaints that went to the Parliamentary Ombudsman. UKTI is committed to providing a high-quality, accessible and responsive service to businesses and the community and takes all of its few complaints very seriously. We give all our staff advice on how to deal with complaints in line with Cabinet Office guidance[1] and the Freedom of Information Act.

Complaints are handled by our parent Departments, BIS and the FCO. For further details please contact the:

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

Sustainability

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

2.39 In March 2011, UKTI moved out of its Head Office accommodation based at Kingsgate House, 66-74 Victoria Street, London and is now co-located with BIS in 1 Victoria Street, London. This move has saved UKTI £1.4m in accommodation charges, meeting our efficiency saving in space occupancy by 40%. This has also resulted in carbon emission savings relating to accommodation.

UKTI DSO Case Study: Bridge maker secures £57m Swiss army deal

North West-based WFEL, which manufactures military bridges, has signed a two-year, £57 million deal with the Swiss government which will commence in 2013. As part of the deal, the company faced the challenge of satisfying an offset obligation. UKTI Defence & Security Organisation worked closely with WFEL and negotiated an arrangement directly with the Swiss offset authority to help secure the deal.

WFEL, which supplies bridges to more than 40 different armed forces across the world, will provide the Swiss army with one of its newest developments – the Dry Support Bridge (DSB).

Designed for military operations, the pioneering DSB can span gaps of up to 46 metres in less than 90 minutes and has a maximum load capacity of 120 tonnes.

1 http://www.ombudsman.org.uk/improving-public-service/ombudsmansprinciples/principles-of-good-administration

Looking Forward

UKTI's Aspirations

2.40 In order to return the UK economy to growth, rebalance it and reduce the trade deficit the Government has an ambition to more than double annual UK exports to £1 trillion by 2020. This involves:

- Getting another 100,000 companies exporting under the National Export Challenge;
- Increasing the number of SMEs receiving UKTI support to 50,000 by 2014-15.

2.41 UKTI is considered key to the Government achieving these ambitions – our targets, set out as part of our strategy, are as follows:

Target		2012-13	2013-14	2014-15
Businesses Assisted		32,000	40,000	50,000
HVOs		£3.0bn	£4.0bn	£4.5bn
UKTI DSO	Average market share for defence exports	20%	20%	20%
	Increase average share of global security market	4%	4.5%	5%
Inward Investment	Involved successes	750	750	750
	Jobs	50,000	50,000	50,000
Building Strategic Relationships Global Companies	150 companies will have effective virtual teams and cross-Whitehall strategies	52	100	150
Institutional Investors	£4.5bn will have been invested in UK priority projects.	£1bn	£2.5bn	£4.5bn

Additional Funding in Autumn Statement

2.42 As part of meeting these targets, in the Autumn Statement the Chancellor of the Exchequer announced an additional £45 million for UKTI over the three years from 2012-13. These funds will be used primarily to expand UKTI's annual client base from 25,000 to 50,000 by 2015 as part of the National Export Challenge. This will include a new bespoke package of support for mid-sized businesses (MSBs) to double UKTI's level of support to 3,000 companies. UKTI will extend its reach through new incentivised private-sector contracts around England and by building on the programmes launched in 2011-12. UKTI will also:

- Forge new delivery partnerships overseas (UKTI has established a new venture with the Council of British Chambers of Commerce in Europe focused on eastern Europe and the Balkans and will seek further ventures);
- Take joint trade missions overseas with key business organisations such as the Confederation of British Industry (starting with a pilot mission to Turkey focused on MSBs);
- Launch a new programme of support to link innovative SMEs with overseas venture capital; and
- Appoint a team of Prime Minister's Country Trade Representatives, alongside the successful Business Ambassadors Programme, to raise the profile of British business in key markets and boost the profile of these markets in the UK.

Making the Most of London 2012

2.43 UKTI's role in the delivery of the Olympic legacy is to maximise the economic benefits to the UK from hosting the 2012 Games, and to profile the country as a world-class deliverer of major projects and a destination with which and in which to do business.

2.44 UKTI has developed a comprehensive programme that will deliver benefit before, during and after the Games. 2011-12 has seen the planning and preparation for our keynote activity at Games time – the British Business Embassy programme at Lancaster House, which will run for the duration of the event, and the launch of the British Business Club (www.britishbusinessclub.org).

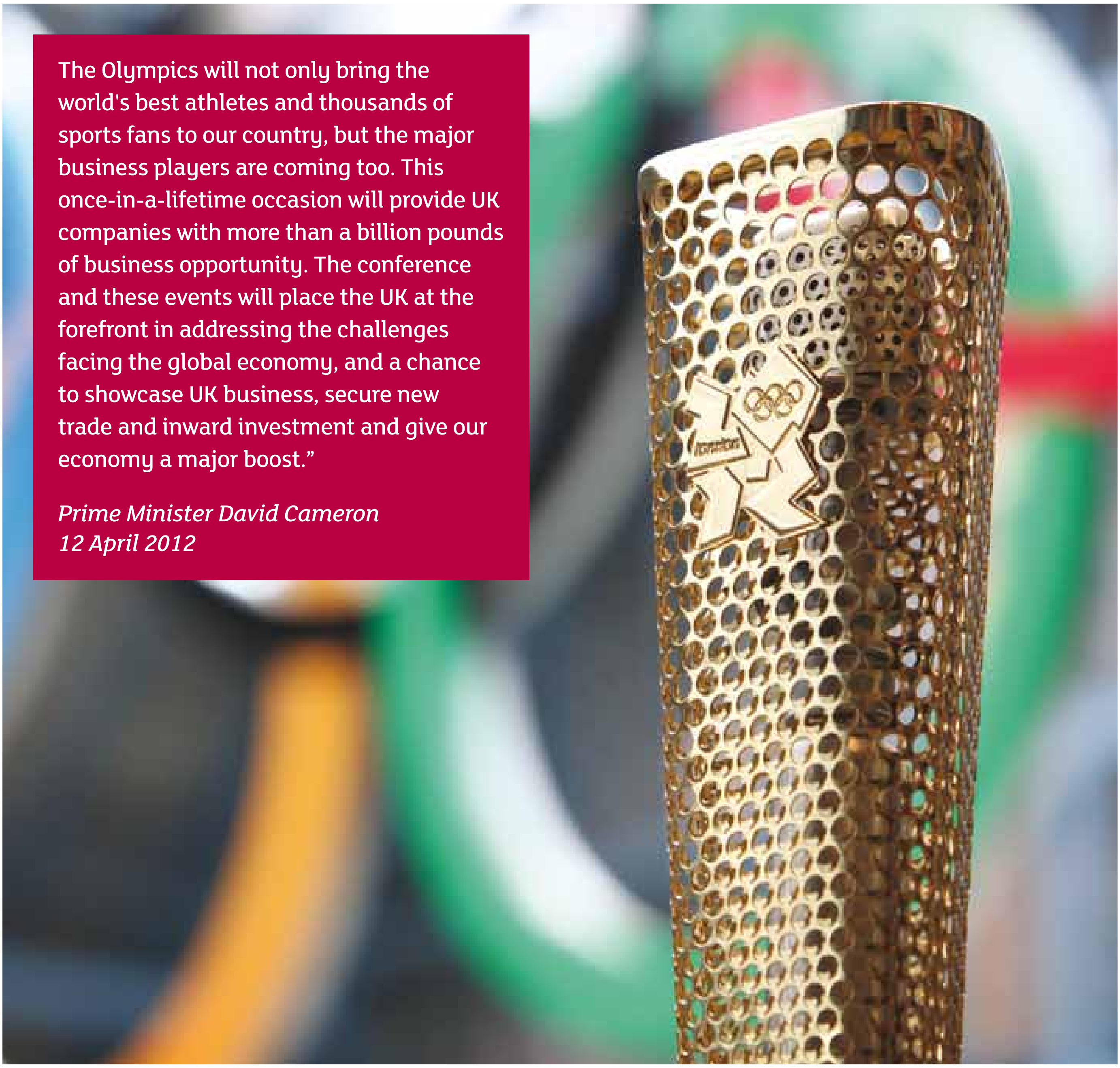
2.45 Complementary business promotion activities will be taking place across the UK and the UKTI network between July and September, when the eyes of the world will be on the UK, and will be promoted on the British Business Club website.

2.46 In addition, UKTI has promoted CompeteFor, the supply chain for contracts with London 2012; UK Government has signed a Host2Host agreement with South Korea; and UKTI has produced Imagine, a digital showcase promoting British innovation, which will be used worldwide.

2.47 UKTI has set itself an ambitious target of achieving a £1 billion benefit to the UK economy, which will be delivered at Games time and in the following years.

“The Olympics will not only bring the world's best athletes and thousands of sports fans to our country, but the major business players are coming too. This once-in-a-lifetime occasion will provide UK companies with more than a billion pounds of business opportunity. The conference and these events will place the UK at the forefront in addressing the challenges facing the global economy, and a chance to showcase UK business, secure new trade and inward investment and give our economy a major boost.”

Prime Minister David Cameron
12 April 2012



UKTI London 2012 Programme – the business legacy

Great Britain Delivers
Digital Showcase of how Britain has delivered the Olympic Games on time and on budget
Specification at ITT stage
(closed 6 April)

British Business Embassy
GIC: 26 July
China Day: 27 July
10 Sector Summits
US/UK VC Conference: 30 July
Brazil Day: 11 August
Paralympic Programme

Tech City
Le Web: 19–20 June
Hackney House: May–September
Start-Up Games: 29–30 August

Imagine Innovaton Showcase
Digital Showcase showcasing UK Technology & Innovation
Builds on Love & Money
Launched April 2012

Marketing

OLU

British Business Club
Sir John Armitt President
Hosted on TSB _Connect Platform
Partnering Tool in place
Aim – 10,000 registrations
Promote Sporting/ Business Events

Host2Host
Agreements with: Brazil, Sochi, British Columbia, Singapore, South Africa and South Korea *(target exceeded)*
In negotiation: Qatar and Russia

Suppliers directory – springboard to success
Version 1: published
Version 2: launched at Sport Accord in May 2012.
Over 600 companies profiled on British Business Club website (www.britishbusinessclub.org)

Regions and Posts
A series of events will be held in the English regions and at Post before, during and after the Olympic and Paralympic Games.
Includes: British Business Club @ Weymouth in partnership

British Business Club

In September 2011, Prime Minister David Cameron launched the British Business Club, a key part of UKTI's international business programme to deliver the economic legacy of the London 2012 Games.

This initiative, developed in partnership with London & Partners, London Business Network and BIS, aims to maximise the business networking opportunities resulting through the UK's status as host nation.

An online, one-stop-shop, the British Business Club is free for members to join wherever they are based in the world. The Club brings up-to-date details of networking events, business activity and international sports events. It also allows members to showcase their business capability, expertise and know-how by creating an online profile, boosting the opportunities for UK and overseas companies to make valuable international business connections.

In March 2012, Sir John Armitt, CEO of the Olympic Delivery Authority, became President of the British Business Club, saying: "The British Business Club is sure to be a powerful business networking tool for both British and international firms. By allowing firms to build their networks and connect with business partners worldwide, it will increase their opportunities to meet and engage with potential partners during the unique atmosphere of the Olympic and Paralympic Games."

The British Business Club will continue after London 2012 at Glasgow 2014, Sochi 2014, Rio 2016, PyeongChang 2018 and beyond.

Register now at www.britishbusinessclub.org or follow on twitter: @britbizclub

Financial Review

Introduction

2.48 This financial review records information on the use of resources voted by Parliament directly to UKTI via the Supply Estimates process. It does not include other resources provided by BIS and the FCO, which are required to provide a full picture of the resources consumed. These are set out in the Memorandum Notes on pages 61 to 63. The resources voted to BIS (HC 60) and the FCO (HC 59) are shown in their respective Annual Report and Accounts.

2.49 UKTI continues to market the unique selling points of the UK as a springboard to global growth and in the tough economic climate of 2011-12, we are delivering more, for less resource.

Resources (Estimates)

2.50 Estimates are the means by which the Government seeks and obtains authority from Parliament for its spending each year. This covers expenditure on specified services for which the Accounting Officer is accountable to Parliament. The Accounts report Outturn figures against Estimate, as well as other key control figures. (Fig 4).

2.51 In 2011-12, UKTI's net Resource Outturn, which is equal to UKTI's Net Operating Cost, was £81.7m (£85.7m) – a 2.6% (7.8%) underspend against Resource budget of £83.9m (£92.9m) (Fig 5).

2.52 The UKTI gross programme underspend of £2.2m was mainly due to a combination of targeted savings, including renegotiating key contracts, spending restrictions on activity including marketing, resulting in cancelled events, and delays to the start of IT projects, resulting in lower depreciation.

Fig 4: Summary of Outturn Against Key Control Totals

	Actual £m	Voted total £m	Variance £m	Variance %
Net Resource Outturn	81.7	83.9	2.2	2.6%
Capital	2.6	3.2	0.6	18.8%
Net Cash Requirement	83.3	88.7	5.4	6.1%
Income	(9.1)	(9.0)	(0.1)	1.1%

Fig 5: Reconciliation of Resource Expenditure between Estimates, Accounts and Budgets

	2011–12 £000	2010–11 £000
Net Resource Outturn (Estimates)	81,743	85,731
Total Resource budget Outturn (Budget)	81,743	92,910
Of which:		
Departmental Expenditure Limits (DEL)	81,743	92,889
Annually Managed Expenditure (AME)	–	21
Net Operating Cost (Accounts)	81,743	85,106

Resource Spend Against Budget

2.53 Resources consumed by major programmes in enhancing the competitiveness of companies in the UK through overseas trade support and inward investments during 2011-12 are compared against the original budget allocation as follows (with previous year's expenditure in brackets):

Trade Support

- £19.6m (£18.3m) was spent on funding private sector-delivered customer-facing activity (International Trade Teams) delivering international trade support in the English regions. The budget for the year was £20.5m,
- £8.8m (£11.0m) was spent on sector-specific activities in markets and sectors with strong potential for British business. The budget for the year was £8.9m. The reduced spend reflects removal from baseline of a two-year funding injection from HM Treasury for large sector events.
- £6.7m (£8.4m) was spent to support new and inexperienced exporters through overseas exhibitions, seminars and mission support schemes. The budget for the year was £6.7m.
- £1.9m (£2.1m) was spent on the Passport to Export programme, aimed at providing practical advice and support to SMEs which are new to or inexperienced in exporting. The budget for the year was £1.9m.
- £6.5m (£5.8m) was spent on trade marketing events and publicity. The budget for the year was £6.8m.
- £2.0m (£2.1m) was spent on major defence and security events. The budget for the year was £2.4m. The reduced spend is mainly due to the cancellation of events in-year.
- £2.9m (£2.7m) was spent on the High Value Opportunities (HVO) programme. The budget for the year was £3.0m.
- £4.6m (£4.5m) was spent on private-sector business specialists who help deliver our key programmes. The budget for the year was £4.3m.
- £9.1m of income (£6.9m) exceeded the budget of £9.0m. The increase compared with last year is mainly due to a continuing strategic push to increase our income-generating activities. The income received from the Overseas Market Introductin Service (OMIS) was £7.3m, while £1.8m was generated by defence, marketing and other cost-recovery activities.

Inward Investment

- £13.9m (£14.1m) Foreign Direct Investment support delivered in the regions. The budget for this year was £13.1m. The additional spend was due to a mid-year redistribution of priorities between regional delivery of investment and spend on other investment programmes.
- £15.5m (£12.1m) was spent on inward investment programmes. This included marketing the UK abroad and the production of publicity materials. The budget for the year was £15.8m.

2.54 The tables overleaf record UKTI's programme expenditure for the period 2007-08 to 2011-12 together with 2012-13 plans, in accordance with HM Treasury reporting requirements (Figs 6 to 8).

Capital Spend Against Budget (2011-12)

2.55 UKTI's capital budget for the year was £3.3m. In the Supplementary Estimate, £0.1m was transferred to the 2012-13 budget to cover the re-phased costs of replacing key IT systems in UKTI.

2.56 Outturn was £2.6m (£1.0m), compared to a final budget of £3.2m, spent on developing replacement business-critical systems, both customer-facing and internal knowledge-sharing. The unutilised budget is a result of delays to a number of key programmes, in particular to CRM and OMIS information system replacements (Fig 8).

Taxpayers Equity (Capital)

2.57 The Statement of Financial Position as at 31 March 2012 shows negative taxpayers' equity of £5.5m (£7.1m). This is the net sum of total assets less total liabilities. The negative figure reflects the inclusion of liabilities falling due in future years, which are to be financed by drawings from the UK Consolidated Fund (the Fund). Such drawings will be from grants of Supply approved annually by Parliament to meet UKTI's net cash requirement (NCR). Under the Government Resources and Accounts Act 2000, no funds may be drawn from the Exchequer ahead of need.

Fig 6: Summary Table of UKTI Programme Expenditure on Trade and Investment (2007-08 to 2012-13)

	2007–08 Outturn £m	2008–09 Outturn £m	2009–10 Outturn £m	2010–11 Outturn £m	2011–12 Outturn £m	2012–13 Plans £m
Expenditure	93.8	95.4	100.5	92.0	90.8	105.5
Income	(3.6)	(4.6)	(6.0)	(6.9)	(9.1)	(19.0)
Net	**90.2**	**90.8**	**94.5**	**85.1**	**81.7**	**86.5**

General notes:

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

Fig 7: Table of UKTI's Capital Expenditure (2007-08 to 2012-13)

	2007–08 Outturn £m	2008–09 Outturn £m	2009–10 Outturn £m	2010–11 Outturn £m	2011–12 Outturn £m	2012–13 Plans £m
Total Capital Expenditure	**0.4**	**0.1**	**3.9**	**1.0**	**2.6**	**2.6**

Fig 8: Table of UKTI Major Programme Expenditure (2007-08 to 2012-13)

	2007–08 Outturn £m	2008–09 Outturn £m	2009–10 Outturn £m	2010–11 Outturn £m	2011–12 Outturn £m	2012–13 Plans £m
Trade Development, which includes:	**57.6**	**58.9**	**62.1**	**58.9**	**52.3**	**58.1**
International Trade Advisers	16.4	17.3	18.3	18.3	19.6	21.8
Sector-Specific Support	9.3	8.8	11.2	11.0	8.8	8.1
Tradeshow Access	8.5	7.7	8.4	8.4	6.7	6.8
Export Services	4.9	3.9	2.8	2.1	1.9	1.5
Marketing & Publicity	3.4	5.4	7.2	5.8	6.5	6.4
Defence & Security export services	3.6	1.9	2.3	2.1	2.0	2.0
High-Value Opportunities	2.4	2.6	2.4	2.7	2.9	2.4
Business Specialists	3.6	3.6	4.2	4.5	4.6	6.9
Income	(3.6)	(4.6)	(6.0)	(6.9)	(9.1)	(19.0)
Inward Investment, which includes:	**32.6**	**31.9**	**32.3**	**26.2**	**29.4**	**28.4**
Grants to RDAs	17.2	16.8	16.4	14.0	–	–
Delivery of Foreign Direct Investment	–	–	–	0.1	13.9	13.9
Promotional Expenditure	15.4	15.1	15.9	12.1	15.5	14.5

General notes:

1. This is not a comprehensive list of all UKTI-funded programmes.
2. It includes UKTI Defence & Security Organisation, the budget for which was transferred from the MoD in 2008-09. The 2007-08 figures are restated to include this change.
3. Outturns for 2009-10 and 2010-11 respectively include £5.5m and £4.5m additional resource awarded in the 2009 budget.
4. Where figures differ slightly between published reports, the latest published figures have been used.

Fig 9: Breakdown of UKTI Major Programme Expenditure against Budget

Programme Expenditure	Budget 2011–12 £m	Actual 2011–12 £m	Variance 2011–12 £m
International Trade Advisers	20.5	19.6	0.9
Sector-Specific Activities	8.9	8.8	0.1
Tradeshow Access Programme	6.7	6.7	–
Passport to Export	1.9	1.9	–
Trade Marketing & Publicity	6.8	6.5	0.3
Security Events	2.4	2.0	0.4
High-Value Opportunities	3.0	2.9	0.1
Business Specialists	4.3	4.6	(0.3)
Investment Delivery Contract	13.1	13.9	(0.8)
Promotional Expenditure	15.8	15.5	0.3
Other Programmes	9.5	8.4	1.1
Gross Programme Expenditure	**92.9**	**90.8**	**2.1**
Income	(9.0)	(9.1)	0.1
Net Programme Expenditure	**83.9**	**81.7**	**2.2**

Fig 10: Summary of Total Resources Consumed and Outputs / Outcomes

2.58 The table below summarises the total resources used during 2011-12, with comparators and key outputs/outcomes. Details of the total resources deployed by UKTI can be found in the Memorandum Notes on pages 61 to 63.

Objective	2011-12			2010-11		
	Resource £m		Outputs/Outcomes	Resource £m		Outputs/Outcomes
To enhance the competitiveness of companies in the UK through overseas trade and investments	UKTI	£52.3	25,450 business assists	UKTI	£58.9	23,400 business assists
	BIS	£36.6	£31.8bn additional sales for UK business[1]	BIS	£39.0	£6bn additional profit for UK business
	FCO	£151.8	£9.1m income	FCO	£158.4	£6.9m income
		£240.7	£5.4bn defence sales		**£256.3**	Over £6.7bn defence sales
To attract a continuing high level of quality foreign direct investment	UKTI	£29.4	849 inward investment decisions[2]	UKTI	£26.2	849 inward investment decisions
	BIS	£11.3	16,400 new jobs created[2]	BIS	£10.3	16,400 new jobs created
	FCO	£39.0	33,400 jobs safeguarded[2]	FCO	£39.3	33,400 jobs safeguarded
		£79.7			**£75.8**	
Total		**£320.4**			**£332.1**	

1. As per our new strategy for 2011-12, UKTI now measures the export sales recorded by businesses who attribute UKTI's support to their success.
2. Inward Investment figures are not available until late Summer 2012, and as such final 2010-11 figures have been reported on.

Our People and Business Partners

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

Our People

2.60 UKTI – the organisation by numbers…

2,252 UKTI people supporting British business, of which:	
1,852 Are from BIS, the FCO and the MOD…	**400** Are from private sector partners (approximately)…
623 Within the UK… • 494 in London (of whom 50 are MoD secondees and 45 are diplomats) • 81 are in nine English Regions • 48 are in Glasgow	Working on Trade… • Approximately 320 working alongside the English Regions trade delivery teams
1,229 Overseas… • 1,060 are locally employed • 169 are diplomats	Working on Investment… • Approximately 80 people responsible for co-ordinating and managing delivery of foreign direct investment support

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

- Approximately 320 private-sector people working alongside our 81 staff within the nine English regions who make up the trade delivery teams. A key feature of our new contracting arrangement, which was completed in the second half of 2011-12, is the incentivisation arrangements. This requires the partner to achieve specific quality and quantity targets for the remaining part of the funding to become available.
- Approximately 80 private-sector people are working as part of our inward investment service. They are responsible for co-ordinating and managing delivery of FDI support for the UK with prospective foreign direct investors; working with strategic and local partners across England, the three Devolved Administrations and the Greater London Authority; and, providing direct relationship management and investor development, in association with international, national and local stakeholders, to nominated existing investors in the UK.

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

Interchange Programme

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

2.64 Capitalising on such key industry expertise goes some way to adding real value to UKTI's work. For the 2011-12 period, UKTI seconded 22 individuals from the private sector, while seven UKTI people were seconded out.

Working With Our People

2.65 The aim of UKTI's people policies and practices is to support the people working for us to enable them to deliver our business objectives and targets while taking advantage of the development opportunities the organisation can offer – both formal and informal. They also need to support organisational change wherever it may be required. We work to ensure that these policies, practices and guidelines are implemented effectively and professionally.

2.66 There are several strands to achieving this. We work closely with the FCO and BIS to ensure that the people, policies, practices and guidance of both Departments work smoothly within UKTI. This includes ensuring that UKTI people understand and make the most effective use of established organisational policies and procedures to:

- recruit the right people and provide them with tailored corporate induction programmes,
- manage the performance of individuals and teams in order to maximise both their potential and their contribution to the business,
- ensure that they have the opportunity to develop their skills and capability and to acquire new ones as appropriate,
- develop leadership capability,
- pursue their career aspirations,
- support and develop an inclusive culture which values the contribution of all its people,

- ensure the right organisational structure,
- and facilitate the seamless movement of people into and out of UKTI posts,
- Understanding business and build effective relationships.

Excellent Leadership and Management

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

2.68 These twin approaches – leadership and management – build on UKTI's Investors in People (IIP) global accreditation. UKTI is an Investor in People worldwide and in 2009 was awarded Bronze status following successful review. Our accreditation is scheduled to be reviewed again in June 2012. IIP is one of the ways in which UKTI measures how well it is doing in leading and developing its staff. The organisation also runs regular staff surveys across the network to enable employees to have their say and measure staff engagement as part of our commitment to continuous improvement. A main staff survey ran during August 2011 with encouraging results, showing relatively high levels of engagement across the UKTI global network. A series of short "pulse" surveys are planned during 2011-12 to monitor progress.

Learning and Development

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

2.70 Corporate priorities for 2011-12 were to continue to deliver the knowledge and skills required to improve our professionalism in delivering the strategy, chiefly:

- knowledge-based courses;
- induction-level training provided by the in-house team for all staff in the UK and overseas who are new to UKTI, supported by an e-learning welcome programme;
- Induction programme for the UKTI Defence & Security Organisation;
- Induction programme for new heads of trade and investment overseas;
- UKTI contribution to briefing programmes for heads of British embassies, high commissions and consulates overseas;
- Induction programme to support the FCO Commercial Diplomacy and Prosperity agenda;
- Induction programme for all staff in UK Export Finance (formerly ECGD) and
- Skills-based training for the overseas network.

Systems training

- Overseas Market Introduction Service (OMIS);
- Customer Relationship Management (CRM) system; and
- Performance Impact Measurement Surveys (PIMS).

2.71 From April 2011 to March 2012, UKTI's corporate induction team:

- managed and delivered 80 in-house training courses for around 499 delegates;
- received feedback showing that more than 98% of staff were either "fully satisfied" or "mostly satisfied" with the training they received;
- in addition to the corporate induction programme, managed and delivered training for:
  - UK Export Finance
  - FCO Commercial & Economic Diplomacy team
  - FCO Prosperity team
  - UKTI DSO
- delivered 12 bespoke one-to-one training sessions for heads and deputy heads of UK embassies, high commissions and consulates overseas.

Skills Programmes

2.72 **Developing Successful Client Relationships (DSCR).** Since 2007, this programme has been delivered to over 105 teams in the regions and overseas, resulting in increased OMIS revenue and improved PIMS scores. This course is now an integral part of the UKTI induction programme and 11 courses have been delivered this year.

2.73 **Client Relationships and Key Account Management Skills.** This programme was introduced in September 2010 as a successor to DSCR and goes more deeply into the area of managing client relationships and key accounts. Its content is closely tied to the four pathways of the UKTI strategy. There were 35 workshops delivered to 22 teams in the overseas network in 2011-2012.

2.74 **The Journey to Business Intimacy** develops key account management skills for investment staff. It provides practical tools to identify potential investors and skills practice in developing propositions for key clients. During 2011 this programme was delivered three times – in the US, Japan and Europe.

Diversity

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

2.76 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 reasonable 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.

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

2.78 With staff in London, Glasgow, the English regions and 96 countries around the world, UKTI is, by its nature, a very diverse organisation. To ensure that it can benefit fully from the talents of its people, UKTI works closely with its parent Departments to ensure that diversity is embedded in all aspects of its work, both internally and externally.

2.79 In the UK, UKTI participates in the work being undertaken by BIS under the Single Equality Act. UKTI is represented on the Equality & Diversity Board and contributes to the equality plans of both parent Departments. It also participates in the diversity training and development opportunities available through BIS and the FCO. UKTI monitors performance against organisational targets and other performance measures through PIMS. Annually, PIMS also provides information about the use of UKTI's services by minority groups, focused on the gender, race and age of business owners, partners or directors; and whether they have any long-standing illnesses or disabilities.

2.80 UKTI monitors the number of currently underrepresented groups accessing services. This information was benchmarked against the first year of collection in 2006. Results for the support provided during January-March 2010 to October-December 2010 show that:

- 4% of the firms surveyed had owners, partners or directors with a long-standing illness, disability or infirmity;
- 38% of supported firms has at least one female owner, partner or director; and
- 13% of directors, partners or directors were from an ethnic minority group.

Significant Work of Senior People Helping UKTI Deliver for UK Business

2.81 HRH The Duke of York announced in his Annual Review, published on 21 July 2011, that he was relinquishing the role of UK Special Representative for International Trade and Investment. During almost a decade in this role, The Duke has made a valuable contribution to promoting British business overseas, marketing the UK to potential inward investors and forging long-term relationships in support of UK business interests.

2.82 Following the announcement, The Duke honoured a number of existing commitments through to the end of March 2012. In the year 2011-12, The Duke's overseas programme in support of UKTI included nine overseas visits, taking in eight markets – China, Indonesia, Malaysia, Qatar, Saudi Arabia, Singapore, Switzerland and Thailand.

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

2.84 The Duke continues to be a strong supporter of British business and may still undertake overseas visits on behalf of this cause in the same way as other members of the Royal Family do. For example, during this financial year, The Earl of Wessex attended a UKTI event in Nigeria and the Duke and Duchess of Cambridge attended a seminar in Los Angeles during their tour of North America. From 1 April 2012, UKTI will no longer hold a specific budget to support any trade and investment work undertaken by The Duke of York. In future, the associated costs of official overseas travel by The Duke will be met by the FCO in the same way as for other members of the Royal Family.

Business Ambassadors

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

2.86 The Business Ambassadors Network not only includes a wide range of expertise and experience, but also a new generation of entrepreneurs and business leaders covering a range of sectors, including Financial Services, Advanced Engineering, Energy, Life Sciences, Education, Infrastructure, Creative Industries and ICT.

2.87 In 2011-12, the Business Ambassadors Network undertook a total of 111 events in 32 countries, including key markets such as India, China, Brazil, UAE, Qatar, Saudi Arabia, Turkey, Brazil and the USA. These engagements have ranged in scale from major events, such as leading British overseas trade missions, exhibitions and seminars and delivering key messages at international conferences and seminars, to attending lower-profile functions such as business breakfasts, lunches and dinners organised by our UKTI teams in diplomatic missions overseas. The majority of these engagements were carried out by Business Ambassadors whilst on their own personal or business travel, thereby reducing the cost to UKTI.

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

Catalyst UK

2.89 Lord Green officially launched Catalyst UK, a network of business leaders, influencers and academics that have agreed to work with UKTI, and other parts of government, to promote UK excellence internationally, in March 2011. Catalyst UK members are individuals from all business sectors, British born, or with a connection to the UK, located in the UK and overseas. There are currently 176 members. Since its launch, members have been involved in over 85 interactions helping UK companies in support of UKTI objectives.

2.90 Key deliverables for the Catalyst UK network include:

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

2.91 UKTI has put in place arrangements to monitor the effectiveness and outcomes of the Catalyst UK programme and will report next year.

Sector Advisory Groups

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

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

Departmental Remuneration Report

Introduction

3.1 As UKTI is not an employer in its own right, we do not have a Remuneration Committee. The remuneration of BIS and FCO staff working for UKTI is met from the administration resource controlled by these sponsoring Departments and both have Remuneration Committees. Staff costs are reported under Memorandum Note 3 on page 62.

Disclosure of Salary Multiples

3.2 As part of the 2011-12 Remuneration Report, the Financial Reporting Manual (FReM) requires UKTI to disclose the top to median staff pay multiples, including the following:

- the mid-point of the banded remuneration of the highest-paid director, whether or not this is the Accounting Officer or Chief Executive; and
- the ratio between this and the median remuneration of the reporting entity's staff.

3.3 It is not appropriate for UKTI to provide the above disclosure as it is not an employer in its own right. BIS and the FCO are providing full disclosure of their respective Departmental Remuneration Reports.

Remuneration Policy

3.4 The remuneration of Senior Civil Servants is set by the Prime Minister following independent advice from the Senior Salaries Review Body (SSRB).

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

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

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

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

Senior Official Appointments

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

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

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

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

- Richard Paniguian CBE was appointed on a three-year contract commencing 11 August 2008. His appointment was extended by a further year. The notice period for the employee is three months. For the employer, the notice period is six months or a period, if less, equal to the unexpired part of the fixed-term contract.

Ministers' salaries, allowance and taxable benefits in kind in 2011-12 were as follows:

	2011-12		2010-11	
Ministers	Salary £000	Benefits in kind (to nearest £100)	Salary £000	Benefits in kind (to nearest £100)
Lord Green* of Hurstpierpoint	–	–	–	–

This table has been subject to audit.
*Received no salary or benefit.

- Crispin Simon was appointed on a three-year contract commencing 27 February 2012. The notice period for the employee is three months. For the employer, the notice period is six months or a period, if less, equal to the unexpired part of the fixed-term contract.
- Michael Boyd is supplied through our contract with PA Consulting. The notice period for both the employee and employer is three months.

Remuneration Report – Ministers

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

Salary

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

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

Benefits in Kind

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

Bonuses

3.16 Bonuses are based on performance levels attained and are made as part of the appraisal process. Bonuses relate to the performance in the year in which they become payable to the individual. The bonuses reported in 2011-12 relate to performance in 2010-11 and the comparative bonuses reported for 2010-11 relate to the performance in 2009-10.

Ministerial Pensions

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

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

3.19 Benefits for Ministers are payable at the same time as MPs' benefits become payable under the PCPF or, for those who are not MPs, on retirement from Ministerial office from age 65. Pensions are re-valued annually in line with Pensions Increase legislation. From 1 April 2009, members pay contributions of 5.9% of their Ministerial salary if they have opted for the 1/60th accrual rate, 7.9% of salary if they have opted for the 1/50th accrual rate or 11.9% of salary if they have opted for the 1/40th accrual rate. There is also an employer contribution paid by the Exchequer representing the balance of cost as advised by the Government Actuary. Increases to member and Exchequer contributions will apply from 1 April 2012.

3.20 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)

3.21 This is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme

Ministers' pension and benefits entitlements in 2011-12 were as follows:

Ministers	Accrued pension at age 65 as at 31/03/12 £000	Real increase in pension at age 65 £000	CETV at 31/03/12 £000	CETV at 31/03/11 £000	Real increase in CETV £000
Lord Green* of Hurstpierpoint	–	–	–	–	–

This table has been subject to audit.
*Received no pension benefits.

or arrangement when the member leaves a scheme and chooses to transfer the pension benefits they have accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total Ministerial service, not just their current appointment as a Minister. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Value) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

The Real Increase in the Value of the CETV

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

Remuneration Report – Senior Officials

3.23 Senior Officials (the Executive Team) salaries, allowances and taxable benefits in kind in 2011-12 were as follows (for those officials who only worked for part of the year, full time equivalent figures can be found in brackets):

Civil Service Pensions

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

Senior Officials' salaries, allowances and taxable benefits in kind in 2011-12 were as follows:

	2011-12			2010-11		
Officials	Salary £000	Bonus Payments £000	Benefits in Kind (to nearest £100)	Salary £000	Bonus Payments £000	Benefits in Kind (to nearest £100)
Nick Baird[1] (from 01/09/11)	80-85 (135-140)	–	–	N/A	N/A	N/A
Susan Haird CB[2]	120-125	10-15	–	115-120	5-10	–
Richard Paniguian CBE[2]	180-185	10-15	–	195-200	15-20	–
Edward Oakden CMG[1]	100-105	–	–	90-95 (100-105)	0-5	–
Robin Barnett OBE[1] (to 03/06/2011)	15-20 (90-95)	–	–	45-50 (90-95)	–	–
Andrew Levi[1] (from 06/06/2011 to 10/06/2012)	65-70 (80-85)	5-10	–	N/A	N/A	N/A
Michael Boyd[3] (from 06/02/2012)	N/A	N/A	N/A	N/A	N/A	N/A
Crispin Simon[2] (from 27/02/2012)	10-15 (130-135)	–	–	N/A	N/A	N/A
Curtis Juman[2]	80-85	5-10	–	80-85	5-10	–
Caoimhe Buckley[2] (to 29/02/2012)	75-80 (80-85)	–	–	80-85	–	–
Jeff Wilson[1, 4] (from 01/03/2012)	0-5 (55-60)	–	–	N/A	N/A	N/A

This table has been subject to audit.

1. Salaries and bonuses are paid by the FCO. Those paid in relation to periods prior to joining UKTI are disclosed within the FCO's accounts.
2. Salary paid by BIS
3. Michael Boyd is supplied through our contract with PA Consulting. UKTI pays PA Consulting £15-20k (£95k-£100k) for these services.
4. Appointed Acting Director from 1 March 2012

3.25 Employee contributions are set at the rate of 1.5% of pensionable earnings for Classic and 3.5% for Premium, Classic Plus and Nuvos. An increase in employee contributions will apply from 1 April 2012. Benefits in Classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years' initial pension is payable on retirement. For Premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike Classic, there is no automatic lump sum. Classic Plus is essentially a hybrid, with benefits for service before 1 October 2002 calculated broadly as per Classic and benefits for service from October 2002 worked out as in Premium. In Nuvos a member builds up a pension based on 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 Pensions Increase legislation. In all cases, members may opt to give

Senior Officials' pension and benefits entitlements in 2011-12 were as follows:

Officials	Accrued pension at pension age as at 31/03/12 and related lump sum £000	Real increase in pension and related lump sum at pension age £000	CETV at 31/03/12 £000	CETV at 31/03/11[6] £000	Real increase in CETV £000	Employer contribution to partnership pension account[5] Nearest £000
Nick Baird[1] (from 01/09/11)	45-50 plus lump sum of 140-145	2.5-5.0 plus lump sum of 7.5-10.0	791	724	44	–
Susan Haird CB[2]	50-55 plus lump sum of 160-165	0-2.5 plus lump sum of 2.5-5.0	1,214	1,099	21	–
Richard Paniguian CBE[2]	15-20 no lump sum	2.5-5.0 no lump sum	228	164	45	–
Edward Oakden CMG[1]	35-40 plus lump sum of 115-120	–	713	670	-14	–
Robin Barnett OBE[1] (to 03/06/2011)	35-40 plus lump sum of 75-80	–	703	699	-3	–
Andrew Levi[1] (from 06/06/2011 to 10/06/2012)	30-35 no lump sum	2.5-5.0 no lump sum	447	368	50	–
Michael Boyd[3] (from 06/02/2012)	N/A	N/A	N/A	N/A	N/A	N/A
Crispin Simon[2] (from 27/02/2012)	0-5 no lump sum	0-2.5 no lump sum	3	–	2	–
Curtis Juman[2]	20-25 plus lump sum of 60-65	0-2.5 plus lump sum of 0-2.5	297	274	–	–
Caoimhe Buckley[2] (to 29/02/2012)	5-10 no lump sum	0-2.5 no lump sum	28	19	5	–
Jeff Wilson[1, 4] (from 01/03/2012)	10-15 plus lump sum of 40-45	0-2.5 plus lump sum of 0-2.5	209	205	3	–

This table has been subject to audit.

1. Salaries and bonuses are paid by the FCO. Those paid in relation to periods prior to joining UKTI are disclosed within the FCO's accounts.
2. Salary paid by BIS
3. Michael Boyd is supplied through our contract with PA Consulting and therefore does not accrue any pension benefit.
4. Appointed Acting Director from 1 March 2012
5. There were no employer contributions to partnership pension account
6. The actuarial factors used to calculate CETVs were changed in 2011-12. The CETVs at 31/03/11 and 31/03/12 have both been calculated using the new factors, for consistency. The CETV at 31/03/11 therefore differs from the corresponding figure in last year's report, which was calculated using different factors.

up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

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

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

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

Cash Equivalent Transfer Values

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

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

Real Increase in CETV

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

Compensation for Loss of Office

3.32 No compensation for loss of office was paid to any senior manager in 2011-12.

Fees Paid by UKTI to Non-Executive Board Members

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

Name	2011-12 £000	2010-11 £000	Note
Tim Robinson	–	–	Receives no fees; the sum of between £0k-£5k (£0k-£5k) is paid direct to a charity, on the same basis as BIS's salary-sacrifice scheme.
Sir Eric Peacock CMG DL	0-5	0-5	From 1 October 2009
Alan Jenkins	0-5	0-5	From 1 October 2009
Chris Fitzpatrick	5-10	5-10	From 1 October 2009. Expenses of £0k-5k (£0k-5k) are included within this figure.
Mark Gostick	0-5	0-5	From 1 October 2009

This table has been subject to audit.

Nick Baird CMG CVO
Accounting Officer
June 2012

Statement of Accounting Officer's Responsibilities

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

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

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

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

Annual Governance Statement

Purpose of the Governance Statement

3.37 This is the first Annual Governance Statement for UKTI and its aim is to explain how we have complied in all material respects with the principles of the Corporate Governance Code for Central Government Departments.

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

Governance Structure

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

Ministers

3.40 During 2011-12, joint ministerial responsibilities were as follows:

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

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

Portfolio Responsibility

Minister of State for Trade and Investment
Lord Green of Hurstpierpoint

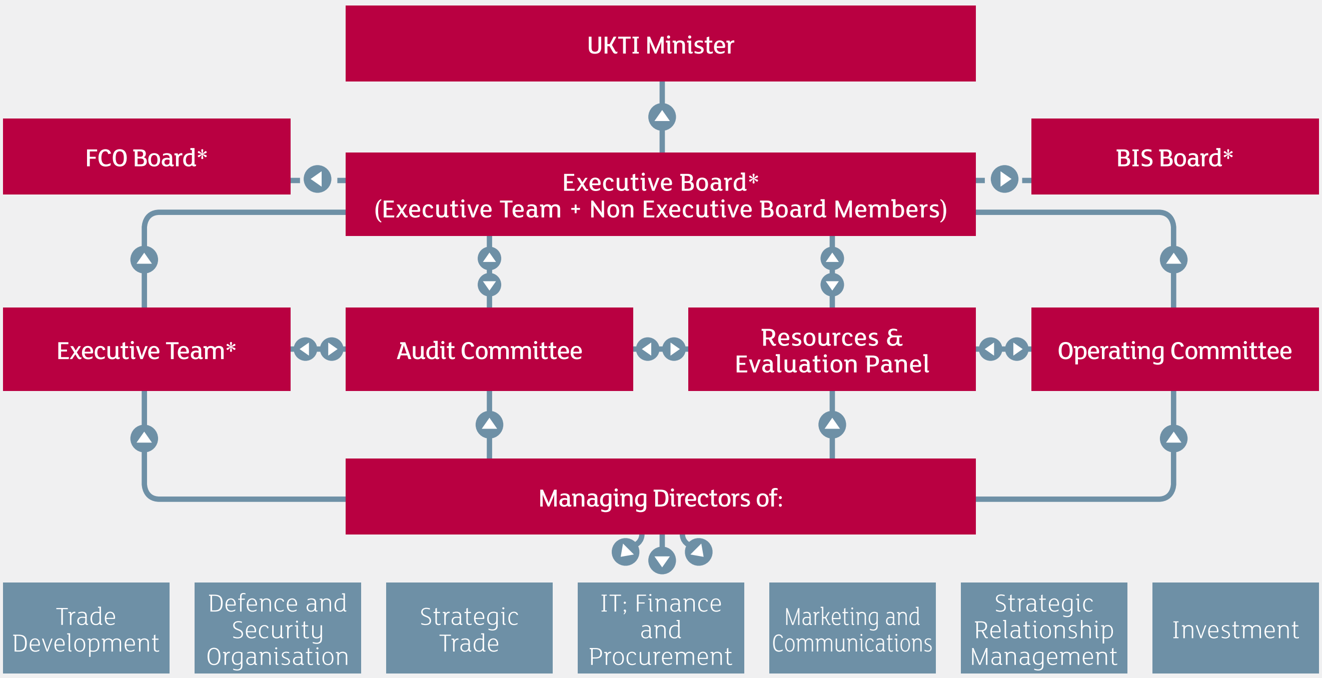
Accounting Officer

Nick Baird (from 1 September 2011)
Susan Haird CB (to 31 August 2011)

Appointment of New UKTI Chief Executive

Nick Baird, took up post in September 2011 as UKTI's Chief Executive and Accounting Officer (appointed May 2011).

UKTI's Corporate Governance Structure



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

UKTI Executive Team

Top (from left to right): Andrew Levi, Crispin Simon, Edward Oakden, Michael Boyd, Richard Paniguian, Jeff Wilson and Curtis Juman.
Bottom (from left to right): Susan Haird and Nick Baird

UKTI Executive Board Members

3.41 This section sets out the membership, role and structure of UKTI's Board as at 31 March 2012.

The role of the UKTI Board is to provide strategic and operational leadership in UKTI. The Board is led by the Chief Executive and (at 31 March 2012) comprises eight Executive Directors and five Non-Executive Board Members in addition to the Chief Executive.

Chairs

Nick Baird CMG CVO – Chief Executive (from 1 September 2011)

Susan Haird CB – Acting Chief Executive (to 31 August 2011)

Deputy Chair

Susan Haird CB – Deputy Chief Executive (from 1 September 2011) and Chief Operating Officer (from 1 May 2012)

Executive Members

Richard Paniguian CBE – Head, UKTI Defence & Security Organisation

Edward Oakden CMG – Managing Director, Strategic Trade

Robin Barnett OBE – Managing Director, Business Group (to 3 June 2011)

Andrew Levi – Managing Director, Investment (from 6 June 2011 to 10 June 2012)

Michael Boyd – Managing Director, Strategic Relationship Management (from 6 February 2012)

Crispin Simon – Managing Director, Trade Development (from 27 February 2012)

Curtis Juman – Director of Finance & Information Technology

Jeff Wilson – Acting Managing Director, Marketing & Communications (from 1 March 2012)

Caoimhe Buckley – Managing Director, Marketing & Communications (to 29 February 2012)

Executive Team

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

Non-Executive Board Members

Tim Robinson

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

Sir Eric Peacock CMG DL

Eric is a serial entrepreneur with wide experience of growing businesses by internationalising their trade and attracting inward investment. He currently chairs the Peacock Foundation, Uniqueness (charities operating in the children's field), Baydonhill Plc, Halo International (Hong Kong) Ltd, Stage Technologies Ltd, Buckley Jewellery Ltd, Stevenage Packaging Ltd and The Consulting Consortium Ltd. He is President of the Institute of Sales and Marketing Management and is a past member of the DTI and BERR Enterprise Boards.

Alan Jenkins

Alan sits on the boards of various companies and organisations in the private, public and voluntary sectors and is a member of the Council of the Institute of Directors. A former solicitor, Alan was until April 2011 a Partner and until May 2010 Chairman of the Board at Eversheds LLP. In addition, he is a fellow of the Royal Society of Arts, Manufactures and Commerce and Chair of the UKTI Audit Committee.

Chris Fitzpatrick

Chris is a materials scientist who developed a series of novel high-performance adhesives exported globally though his own SME. His speciality is technology commercialisation, marketing and developing organisations both strategically and operationally within the SME and social enterprise context. He is currently Chief Executive of Elements Of Sherwood Ltd and a Director of Renewable Energy East Midlands Ltd. He is also a member of the Rural Community Action Nottinghamshire and North Nottinghamshire College governing boards and a Member of The Export Guarantees Advisory Council of UK Export Finance

Mark Gostick

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

Representation at UKTI Board Meetings

Patrick Crawford

Chief Executive, UK Export Finance.

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

BIS, the FCO and Overseas Posts

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

- Philip Rutnam, Director General Business and Skills, for BIS (until 11/04/2012),
- Dominic Martin, Prosperity Director, for the FCO; and
- Danny Lopez, Consul-General New York, representing the UKTI overseas network.

Board Operation

3.45 The composition of the Board provides UKTI with the right mix of skills required to lead delivery of the organisation's strategy and is well balanced to support objective decision-making. All Non-Executive Board Members are independent in character and judgement and there are currently (as at 31 March 2012) no relationships which could affect a member's judgment when participating in Board decisions.

3.46 The Board operates within written terms of reference available at www.ukti.gov.uk/uktihome/aboutukti/keypeople/executiveboard.html. It meets regularly and is supported by a dedicated secretariat. The role of the UKTI Board is to provide strategic and operational leadership. The Board contributes to the delivery of the organisation's objectives by:

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

3.47 In addition to focussing on planning, policy and performance, the Board also focussed on implementing UKTI's new strategy. This covered the realignment the organisation and the performance measures.

Sub-Committees of the Board

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

- Audit Committee (AC); and
- Resources and Evaluation Panel (REP).

3.49 Additionally, the Operating Committee has been established for 2012-13, chaired by the Chief Operating Officer.

Audit Committee

3.50 The Audit Committee's (AC) role is to advise the Chief Executive as Accounting Officer and the Board on the adequacy of UKTI's risk management, governance and internal control. Amongst other things, this is performed through the review of the work of Internal Audit and also the National Audit Office (NAO).

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

3.52 During 2011-12, the composition of the UKTI Audit Committee was as follows:

Alan Jenkins (Chair).
Non-Executive Board Member

Tim Robinson (until 31 July 2011)
Non-Executive Board Member

Mark Gostick (from 1 August 2011)
Non-Executive Board Member

Robert Hull (from 1 December 2011)
Independent Member and Managing Director, Commercial, OFGEM

Nigel Addison Smith
Independent Member and Finance Director for Export Credits Guarantee Department (ECGD) – now UK Export Finance.

Stephen French (until 31/07/2011)
Independent Member and Director, International Acquisition Policy, Ministry of Defence (MOD).

3.53 The following are also present at meetings:

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

3.54 During the year, the Audit Committee considered 25 internal audit reports – 13 overseas and 12 UK based. These reports covered a wide range of risk management and governance issues including annual reviews of core financial systems and risk management processes. Whilst in some cases there were areas for improvements identified, no major control failures or unmanaged risks were reported.

Resources and Evaluation Panel (REP)

3.55 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 and other research to assess the effectiveness of UKTI's programmes, to identify business needs for support and to provide the evidence base for future decision making.

3.56 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 Director of Economics and Evaluation, Heather Booth Di Giovanni, and Managing Directors.

Operating Committee

3.57 The Operating Committee established at the start of 2012-13 reports to the Executive Board of UKTI. It is responsible for supporting the Chief Executive in the delivery of UKTI's strategy, business plan and its targets, including through the allocation of human and financial resources. The role is to:

- Provide oversight and support in preparing for each Autumn Statement, Budget and Spending Reviews,
- Oversee the approach and timing of each Business Planning Round,
- Advise on managing interdependencies between Pathways, review corporate and strategic risks and issues, suggesting appropriate action,
- Allocate the targets for delivery across the organisation,
- Recommend the annual allocation of resources (both human and financial) for Groups and the overseas network; and also agree any subsequent in-year changes, and
- Actively monitor organisational performance through the use of PIMS and other management information to support Managing Directors in delivering their targets.

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

3.58 The following were in attendance at Board and Committee meetings:

	Board	AC	REP
Number of Meetings in year	5	4	1
Executives			
Nick Baird – CE (from 01/09/2011)	3		
Susan Haird – Deputy CE	5		1
Richard Paniguian	4		
Edward Oakden	3		
Curtis Juman	5		1
Robin Barnett (until 03/06/2011)	1		

	Board	AC	REP
Number of Meetings in year	5	4	1
Caoimhe Buckley (until 29/02/2012)	4		1
Andrew Levi (from 06/06/2011 to 10/06/2012)	4		1
Michael Boyd (from 06/02/2012)	1		
Crispin Simon (from 27/02/2012)	0		
Jeff Wilson (from 01/03/2012)	0		
Non-Executives			
Sir Eric Peacock	5		
Alan Jenkins	5	4	
Tim Robinson (AC member until 31/07/2011)	4	1	
Chris Fitzpatrick	3		
Mark Gostick (AC member from 01/08/2011	4	2	
Board Attendees			
Patrick Crawford	4		
Sir Alan Collins (until 30/11/2011)	3		
Audit Committee Members			
Stephen French (until 31/07/2011)		2	
Robert Hull (from 01/12/2011)		1	
Nigel Addison Smith		4	

3.59 There were five Board meetings, four Audit Committee meetings and one Resource Evaluation Panel meeting held during the year, with a 86.7%, 91.7% and 75% attendance by members respectively. The total cost of hosting these meetings, excluding Non-Executive Board Members' fees, was £3,589 (£4,262). This includes room hire, refreshments, equipment rental and travel expenses.

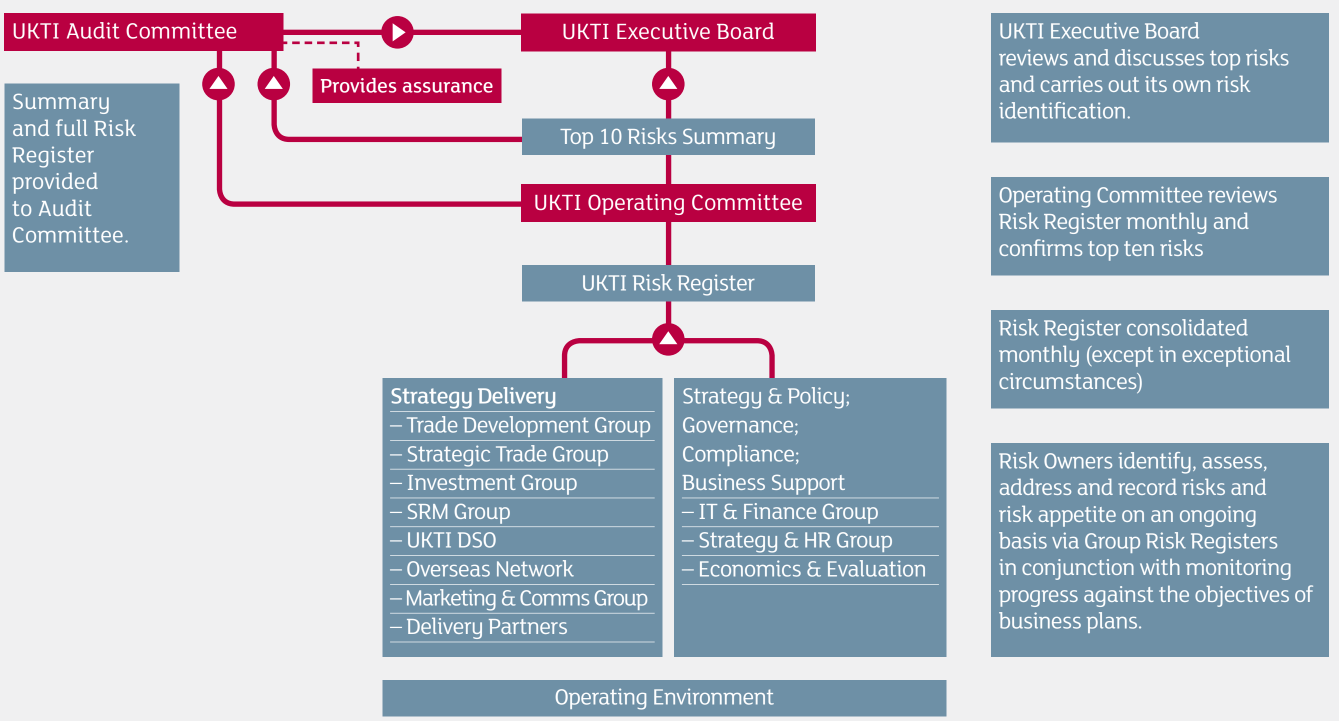
Risk Management

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

3.61 UKTI continually seeks to develop and improve its risk management processes. In 2011/12, a review and refresh of UKTI's Risk Management Framework was undertaken, with the direct involvement of the members of the Audit Committee and building upon best practice from the public and private sectors. It was concluded that, while the existing framework remained fundamentally sound, there was scope for enhancement to improve still further the ways in which UKTI assesses, articulates and manages risk, most notably in the explicit consideration of risk appetite.

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

Application of the UKTI Risk Management Policy



3.63 The corporate strategic risk register provides a focus on the key risks to the organisation and includes "risk owners" at senior management level. It is formally presented and discussed at each Executive Board and Audit Committee meeting. A traffic light system is used to assess the status of each risk.

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

3.65 The internal auditors report regularly on risk management processes to ensure that UKTI keeps abreast of current developments in the field of corporate governance. Internal auditors have carried out a programme of work which helps provide assurance that control processes are working effectively within UKTI. During 2011-12, no significant controls weaknesses were identified and the overall opinion, expressed by the Heads of Internal Audit at BIS and the FCO on the system of internal control, was “satisfactory”, the highest opinion available.

3.66 The chart, on page 38, sets out the process by which UKTI assesses and manages risk, incorporating the UKTI Operating Committee.

UKTI's Key Risks

3.67 The table below provides a summary of UKTI’s key risks and mitigating actions over the course of 2011-12.

Risk	Impact	Mitigating Actions
Global economic conditions: UKTI fails to respond effectively to the continued fall-out from the global economic downturn.	Fewer UK businesses sell their products and / or services overseas, undermining the UK’s ability to export out of recession.	• Focus our resource on high-value opportunities, high-quality FDI, strategic relationship management and high-growth markets and sectors. • Encouragement of more businesses, including SMEs, to export and diversify into new markets.
External market / regional events: UKTI fails to respond adequately to disruption in key overseas markets/regions, whether as a result of natural disasters or political upheaval.	UK businesses involved in these markets receive a sub-standard level of service.	• Respond quickly and flexibly, rebalancing our teams in the affected market/region as necessary, and remaining engaged with the local competent authorities. • Via FCO and our own staff on the ground, we ensure that we are in a position continually to offer our customers, UK businesses, the most up to date and pertinent advice possible.
Olympics Business Legacy: UKTI fails to maximise the economic legacy from the London 2012 Olympics.	The London 2012 Olympics fail to yield a commercial legacy or enhance the UK’s reputation as a global investment destination or trade partner.	• UKTI is fully engaged with partners across government and the private sector to ensure that a high-quality events programme is delivered in conjunction with the Games, including the British Business Embassy at Lancaster House and a Global Investment Conference. Resources have been deployed so as to ensure the success of the programme.
Operational performance: UKTI fails to make the efficiency and productivity gains that were factored into its Spending Review settlement.	We fail to achieve the objectives set out in our strategy.	• Through active business planning and leveraging of private-sector partners, deploy our resources and establish our success criteria so as to achieve best value for money. • We maintain a robust culture of programme and project management to ensure that we deliver our strategy actions to time and to budget. • Use an effective performance measurement and monitoring mechanism which ensures, via independent survey of our customers, robust accountability, strong customer focus and increased professionalism, effective performance management and human resource development.

Review of Effectiveness

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

3.69 In 2011-12, UKTI managed a significant change in our internal structure with the realignment around our five-year strategy, Britain Open for Business. Responsibility for the delivery of inward investment services in England, previously undertaken by the Regional Development Agencies, has led to the use of incentivised contracts to provide these services. The change management process has led to additional risk being identified in relation to UKTI's capability to continue delivering and pressures on resource, which have been closely managed by the Executive Management team and also the Board.

3.70 The effectiveness of the Board was assessed through the use of a questionnaire sent to the Non-Executive Board Members. All aspects of the Board function were included, with the overall conclusion being that the Board was effective – the majority of markings falling within the 'strongly agree' and 'partly agree' categories. However, there were some points noted where improvement is required, including in the Delivery Chain and Project Management area.

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

Other Developments During the Year

3.72 In March 2012, UKTI was presented with a report on the 'Annual Progress of Financial Management and Budgetary Control in UKTI'. The report highlighted the progress made on performance in 2011-12 and the financial position going forward. UKTI met all internal and external targets for delivering financial data; this included the publication of the 2010-11 Annual Report and Accounts and transparency reporting.

3.73 UKTI is continuing to drive down costs on key activities through limiting the use of consultants by renegotiating key contracts, and is continuing to embed the new business-case approval process, with structured training for staff.

3.74 The future pressure for UKTI is on the Administration Cost budget, where full-time equivalent staff numbers will need to reduce by approximately 80 over the next three years.

3.75 The move to the new shared services covering HR, Finance, IT and Facilities Management will be tested and documented to ensure that there is a clear audit map of each process.

Data Handling

3.76 During 2011-12, UKTI had no reportable data losses.

Ministerial Directions

3.77 During 2011-12, no ministerial directions were given to UKTI.

Conclusion

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

Nick Baird CMG CVO
Accounting Officer
June 2012

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

I certify that I have audited the financial statements of the UK Trade and Investment for the year ended 31 March 2012 under the Government Resources and Accounts Act 2000. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. I have also audited the Statement of Parliamentary Supply and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Accounting Officer and auditor

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

Scope of the audit of the financial statements

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

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

Opinion on regularity

In my opinion, in all material respects:

- the Statement of Parliamentary Supply properly presents the outturn against voted Parliamentary control totals for the year ended 31 March 2012 and shows that those totals have not been exceeded; and
- the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the Department's affairs as at 31 March 2012 and of its net operating cost for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

Opinion on other matters

In my opinion:

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

Matters on which I report by exception

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

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

Report

I have no observations to make on these financial statements.

Amyas C E Morse
Comptroller and Auditor General
June 2012

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

ACCOUNTS 2011–12
PRIMARY STATEMENTS

The Dubai Metro, UAE

British contractors and consultants have been involved in some of the most iconic infrastructure projects in the UAE. The Dubai Metro is one of the worlds most advanced systems and the first of its kind in the Gulf and Middle East region. UK based company Serco has operated and maintained the Dubai Metro since the official opening in 2009.

Statement of Parliamentary Supply

Summary of Resource Outturn 2011–12

		Estimate			Outturn			2011–12 £000	2010–11 £000 Outturn (restated)
	Note	Voted	Non-Voted	Total	Voted	Non-Voted	Total	Voted outturn compared with Estimate: saving / (excess)	Net total
Departmental Expenditure Limit									
– Resource	2.1	83,882	–	83,882	81,743	–	81,743	2,139	85,106
– Capital	2.2	3,166	–	3,166	2,649	–	2,649	517	975
Annually Managed Expenditure									
– Resource	2.1	21	–	21	–	–	–	21	–
– Capital	2.2	–	–	–	–	–	–	–	–
Total		**87,069**	**–**	**87,069**	**84,392**	**–**	**84,392**	**2,677**	**86,081**
Total Resource	2.1	83,903	–	83,903	81,743	–	81,743	2,160	85,106
Total Capital	2.2	3,166	–	3,166	2,649	–	2,649	517	975
Total		**87,069**	**–**	**87,069**	**84,392**	**–**	**84,392**	**2,677**	**86,081**

Net Cash Requirement 2011–12

	Note	Estimate	Outturn	2011–12 £000 Outturn compared with Estimate: saving/ (excess)	2010–11 £000 Outturn (restated)
Net Cash Requirement	3	**88,654**	**83,342**	**5,312**	**87,190**

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

The Net Cash Requirement Outturn compared with Estimate can be further analysed as £2,104k cash at bank and £3,208k undrawn supply. The "saving" largely relates to the marketing budget not being spent due to the change in policy in line with Parliamentary guidance.

Further explanations of variances between Estimate and Outturn are given on page 20.

Statement of Comprehensive Net Expenditure

For the Year Ended 31 March 2012

Programme Expenditure:	Note	2011–12 £000	2010–11 £000
Staff costs	5	726	832
Other costs	6	90,100	91,188
Income	7	(9,083)	(6,914)
Net Operating Cost		**81,743**	**85,106**
Net gain / (loss) on revaluation		–	–
Total Comprehensive Expenditure		**81,743**	**85,106**

All income and expenditure are derived from continuing operations.

The notes on pages 49 to 60 form part of these accounts

Statement of Financial Position

As at 31 March 2012

	Note		2012 £000		2011 £000 (restated)
Non-current Asset					
Property, plant and equipment	8	573		152	
Intangible assets	9	4,588		3,731	
Total non-current assets			5,161		3,883
Current Assets					
Trade and other receivables	11	4,427		2,304	
Cash and cash equivalents	12	2,104		1,314	
Total current assets			6,531		3,618
Total assets			11,692		7,501
Current Liabilities					
Trade and other payables	13	(17,206)		(14,614)	
Total current liabilities			(17,206)		(14,614)
Total assets less net current liabilities			(5,514)		(7,113)
Non-current Liabilities					
Trade and other payables	13	–		–	
Total non-current liabilities			–		–
Assets less liabilities			(5,514)		(7,113)
Taxpayers Equity and Other Reserves					
General fund			(5,514)		(7,113)
Total equity			(5,514)		(7,113)

Nick Baird CMG CVO
Accounting Officer
June 2012

The notes on pages 49 to 60 form part of these accounts

Statement of Cash Flows

For the Year Ended 31 March 2012

	Note	2011–12 £000	2010–11 £000
Cash flows from operating activities			
Net operating cost		(81,743)	(85,106)
Adjustments for non-cash transactions	6	1,371	1,009
(Increase)/Decrease in trade and other receivables	11	(2,123)	701
Increase /(Decrease) in trade payables	13	2,592	(4,720)
Less movements in payables relating to items not passing through the Statement of Net Comprehensive Net Expenditure		(311)	(2,717)
Net cash outflows from operating activities		**(80,214)**	**(85,399)**
Cash flows from investing activities			
Purchases of property, plant and equipment	8	(511)	–
Purchases of intangible assets	9	(2,138)	(1,066)
Net cash outflows from investing activities		**(2,649)**	**(1,066)**
Cash flows from financing activities			
From the Consolidated Fund (Supply) – Current year	3	84,500	85,400
Advances from the Contingencies Fund		–	–
Repayments to the Contingencies Fund		–	–
Capital element of payments in respect of finance leases and on-balance sheet (SoFP) PFI contracts	9	(222)	(988)
Net financing		**84,278**	**84,412**
Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund			
Payments of amounts due to the Consolidated Fund	13.1	(625)	(105)
Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund		**790**	**(2,158)**
Cash and cash equivalents at the beginning of the period	12	**1,314**	**3,472**
Cash and cash equivalents at the end of the period	12	**2,104**	**1,314**

The notes on pages 49 to 60 form part of these accounts

Statement of Changes in Taxpayers' Equity

For the Year Ended 31 March 2012

	Note	General Fund £000
Balance at 1 April 2010		**(9,308)**
Net Parliamentary Funding – drawn down	3	85,400
Net Parliamentary Funding – deemed	12	3,472
Deemed restatement of Supply from retainable CFERs	13.1	(368)
Supply payable/(receivable) adjustment	13.1	(946)
CFERs payable to the Consolidated Fund	13.1	(257)
Comprehensive Expenditure for Year		(85,106)
Balance at 31 March 2011		**(7,113)**
Net Parliamentary Funding – drawn down	3	84,500
Net Parliamentary Funding – deemed	13.1	946
Supply payable/(receivable) adjustment	12, 13.1	(2,104)
CFERs payable to the Consolidated Fund	13.1	–
Comprehensive Expenditure for Year		(81,743)
Balance at 31 March 2012		**(5,514)**

The notes on pages 49 to 60 form part of these accounts

Notes to the 2011-12 Resource Accounts

1. Statement of Accounting Policies

These financial statements have been prepared in accordance with the 2011-12 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public-sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of UKTI for the purpose of giving a true and fair view has been selected. The particular policies adopted by UKTI are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

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

1.1 Accounting Convention

These accounts have been prepared on a going concern basis under the historical cost convention modified to account for the fair value revaluation of property, plant and equipment, and intangible assets as described in paragraphs 1.12 to 1.15.

1.2 Basis of Accounting

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

The primary statements and related notes report only on the programme activities and resources directly voted to UKTI. Indicative administration and programme expenditure incurred by our two parent Departments and the cost of the associated assets used are included by way of memoranda notes to the accounts (pages 61 to 63).

1.3 Estimates and Judgements

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

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

1.4 Operating Income

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

1.5 Administration and Programme Expenditure

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

1.6 Research and Development

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

1.7 Pensions

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

1.8 Value Added Tax (VAT)

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

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

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

1.9 Property, Plant and Equipment

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

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

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

1.10 Depreciation

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

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

1.11 Intangible Assets

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

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

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

1.12 Impairments

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

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

1.13 Trade and Other Receivables

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

1.14 Trade and Other Payables

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

1.15 Cash and Cash Equivalents

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

1.16 Foreign Exchange

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

1.17 Private Finance Initiative (PFI) Transactions

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

1.18 Impending Application of Newly Issued Accounting Standard Not Yet Effective

UKTI provides disclosure that it has not yet applied a new accounting standard, and known of reasonably estimable information relevant to assessing the possible impact that the initial application of the new standard will have on the resource accounts. There were no new standards issued for 2011-12 and not applied, which would materially affect the resource accounts. UKTI has also not adopted any standards early.

1.19 Restatement

The prior year SoPS and Payables note were restated due to a new accounting policy being adopted during the year issued by HM Treasury, allowing UKTI to keep up to 20% over and above its Voted Programme Income limit.

The restatement shows the effect of not surrendering the additional income to the Consolidated Fund.

2 Net Outturn

2.1 Analysis of Net Resource Outturn by Section

				2011–12 £000		2010–2011 £000 (restated)
			Outturn	Estimate		Outturn
			Programme		Net total compared to	
	Gross	Income	Net total	Net	Estimate	Total
Spending in Departmental Expenditure Limit						
Voted:						
A. Trade development and promotion and inward investment:	90,826	(9,083)	81,743	83,882	2,139	85,106
Annually Managed Expenditure						
Voted:						
B. Trade development and promotion and inward investment:	–	–	–	21	21	–
Total	**90,826**	**(9,083)**	**81,743**	**83,903**	**2,160**	**85,106**

Explanations of variances between Estimate and Outturn are given on page 20.

2.2 Analysis of Net Capital Outturn by Section

				2011–12 £000		2010–2011 £000
			Outturn	Estimate		Outturn
			Capital		Net total compared to	
	Gross	Income	Net total	Net	Estimate	Total
Spending in Departmental Expenditure Limit						
Voted:						
A. Trade development and promotion and inward investment:	2,649	–	2,649	3,166	517	975
Annually Managed Expenditure						
Voted:						
B. Trade development and promotion and inward investment:	–	–	–	–	–	–
Total	**2,649**	**–**	**2,649**	**3,166**	**517**	**975**

Explanations of variances between Estimate and Outturn are given on page 20.

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

	2011–12 £000 Outturn	2010–11 £000 Outturn (restated)
Net cash requirement	(83,342)	(87,190)
From the Consolidated Fund (Supply) – current year	84,500	85,400
Adjust restated retainable CFERs	–	(368)
Prior-year CFERs paid	(368)	–
Increase/(decrease) in cash held	**790**	**(2,158)**

4 Statement of Operating Cost by Sub-Objective

			2011–12 £000			2010–11 £000
	Gross	Income	Net	Gross	Income	Net
Sub-objective 1: To enhance the competitiveness of companies in the UK through overseas trade and investments	61,406	(9,083)	52,323	65,842	(6,914)	58,928
Sub-objective 2: To attract a continuing high level of quality foreign direct investment	29,420	–	29,420	26,178	–	26,178
Total Comprehensive Net Expenditure	**90,826**	**(9,083)**	**81,743**	**92,020**	**(6,914)**	**85,106**

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

Performance reporting under Department Strategic Objectives ended during 2010–11. Departments are now required to apply IFRS 8 Operating Segments in full. This requires Departments to identify their operating segments based on their main areas of activity reported to the Chief Operating Decision Maker (CODM).

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

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

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

Most personnel engaged on UKTI business are employees of either BIS or the FCO and details are shown in the Memorandum Notes on pages 61 to 63. Contributions to the costs of employing international business specialists – seconded from private-sector organisations for periods of up to five years – are made to the seconding organisations. UKTI also uses other short-term contracted staff for specialist tasks. These are not charged under consultancy in accordance with the financial reporting guidelines. Details are:

	2011–12	2010–11
Average full-time equivalent number of international business specialists	**12**	**19**

	2011–12 £000	2010–11 £000
Staff costs	**726**	**832**

6 Programme Costs

			2011–12 £000			2010–11 £000
Current grants			–			14,002
External services*		48,844			33,589	
Events		16,719			16,242	
Customer grants		10,415			12,421	
Promotions and publications		5,119			5,669	
Travel and subsistence		2,639			2,653	
Market research and evaluation		1,256			1,631	
IT PFI service charges		816			718	
IT service charges		1,004			629	
IT finance charge		3			11	
Consultancy**		291			250	
Other costs		1,623			2,364	
Non-cash items						
Depreciation	90			114		
Amortisation	1,281			895		
Loss on disposal of assets	–			–		
		1,371			1,009	
			90,100			77,186
Non-staff programme expenditure			**90,100**			**91,188**

* External Services consist of £33.2m for regional trade support services, of which £13.5m relates to the FDI activities previously undertaken by the Regional Development Agencies; £13.3m of private-sector frontline delivery specialists; £1.0m for the Export Market Research Scheme (EMRS); and £1.3m in relation to other services.

The large increase in External services can be largely attributed to the abolition of the Regional Development Agencies because funding to these bodies was on the basis of grants. The revised arrangement is with an external contractor and thus the £13.5m cost is included within External Services.

7 Income

	2011–12 £000	2010–11 £000
Fees and charges to external customers for market information reports	7,294	5,738
Other charges	1,789	1,176
	9,083	**6,914**

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

			2011–12 £000			2010–11 £000
Service	Income	Full cost	Deficit	Income	Full cost	Deficit
Provision of overseas market information to UK exporters.	**(7,294)**	**11,056**	**3,762**	**(5,737)**	**8,753**	**3,015**

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

8 Property, Plant and Equipment

2011–12

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

2010–11

	Information technology £000	Office machinery £000	Assets under construction £000	Total £000
Cost or valuation			–	
At 1 April 2010	1,098	85	–	1,183
Additions	–	–	–	–
Disposals	(105)	(6)	–	(111)
At 31 March 2011	**993**	**79**	**–**	**1,072**
Depreciation				
At 1 April 2010	(856)	(61)	–	(917)
Charge in year	(107)	(7)	–	(114)
Disposals	105	6	–	111
At 31 March 2011	**(858)**	**(62)**	**–**	**(920)**
Carrying amount at 31 March 2011	**135**	**17**	**–**	**152**
Asset financing				
Owned	135	17	–	152
Carrying amount at 31 March 2011	**135**	**17**	**–**	**152**

9 Intangible Assets

2011–12

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

2010–11

	Development costs £000	Software licences £000	Website £000	Information technology £000	Total £000
Cost or valuation					
At 1 April 2010	2,994	2,424	2,147	2,753	10,318
Additions	916	49	–	10	975
Disposals	–	–	(2,147)	–	(2,147)
Transfers	(3,627)	(47)	3,627	47	–
At 31 March 2011	**283**	**2,426**	**3,627**	**2,810**	**9,146**
Amortisation					
At 1 April 2010	–	(2,402)	(2,147)	(2,118)	(6,667)
Charge in year	–	(17)	(698)	(180)	(895)
Disposals	–	–	2,147	–	2,147
Transfers	–	8	–	(8)	–
At 31 March 2011	**–**	**(2,411)**	**(698)**	**(2,306)**	**(5,415)**
Carrying amount at 31 March 2011	**283**	**15**	**2,929**	**504**	**3,731**
Asset financing					
Owned	283	15	2,707	504	3,509
PFI	–	–	222	–	222
Carrying amount at 31 March 2011	**283**	**15**	**2,929**	**504**	**3,731**

10 Financial Instruments

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

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

11 Trade Receivables and Other Current Assets

11.1 Analysis by type

	31 March 2012 £000	31 March 2011 £000
Amounts falling due within one year		
Trade receivables	1,698	1,256
Trade receivables (CFER)	–	–
VAT	1,896	848
Other receivables	2	–
Current part of PFI prepayment	–	–
Prepayments and accrued income	831	200
	4,427	**2,304**

	31 March 2012 £000	31 March 2011 £000
Amounts falling due after more than one year		
PFI prepayments	–	–
	–	–

11.2 Intra-Government balances

	Amounts falling due within one year £000		Amounts falling due after more than one year £000	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011
Balances with other central Government bodies	2,126	1,302	–	–
Balances with other local authorities	–	450	–	–
Intra-Government balances	2,126	1,752	–	–
Balances with bodies external to Government	2,301	552	–	–
	4,427	**2,304**	–	–

12 Cash and Cash Equivalents

	31 March 2012 £000	31 March 2011 £000
Balance at 1 April	1,314	3,472
Net change in cash and cash equivalents	790	(2,158)
Balance at 31 March	**2,104**	**1,314**
The following balances at 31 March were held at:		
Government Banking Service	2,104	527
Commercial banks	–	787
Balance at 31 March	**2,104**	**1,314**

13 Trade Payables and Other Current Liabilities

13.1 Analysis by type

	31 March 2012 £000	31 March 2011 £000 (restated)
Amounts falling due within one year		
Trade payables	1,579	1,790
Capital payables	–	–
PFI liability	–	222
Accruals and deferred income	13,523	11,031
Amounts issued from the Consolidated Fund for Supply but not spent at year end	2,104	946
Consolidated Fund Extra Receipts due to be paid to the Consolidated Fund:		
Received	–	368
Receivable	–	257
	17,206	**14,614**

	31 March 2012 £000	31 March 2011 £000
Amounts falling due after more than one year		
PFI liability	–	–
	–	**–**

13.2 Intra-Government balances

	Amounts falling due within one year £000		Amounts falling due after more than one year £000	
	31 March 2012	31 March 2011 (restated)	31 March 2012	31 March 2011 (restated)
Balances with other central Government bodies	3,967	5,110	–	–
Balances with local authorities	–	2	–	–
Balances with public corporations and trading funds	4	54	–	–
Intra-Government balances	3,971	5,166	–	–
Balances with bodies external to Government	13,235	9,448	–	–
	17,206	**14,614**	**–**	**–**

14 Commitments under PFI Contracts

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

ELGAR

UKTI's HQ utilises BIS's ELGAR contract with Fujitsu to deliver key e-business projects to support services to customers and staff. In BIS, ELGAR covers the provision of a wide range of information systems and services, including IT infrastructure management, IT development, business process re-engineering, consultancy advice and technology refresh. Under this agreement, Fujitsu was also contracted to develop projects identified as part of UKTI's e-business strategy, which was first published in November 2000. UKTI's agreement under the contract for its e-business projects started during 2000-01 and is due to expire in 2013-14.

The public-facing elements of UKTI's portal and customer relationship management (CRM) system went live on a pilot basis during 2004-05. Managed service charges in respect of these services became payable from October 2004. The service charges for the portal (provision of system, hosting, development and support) and CRM (provision of system, hosting and support) were paid annually in advance. Payments for the initial development of the CRM application were made monthly in arrears. No charges were incurred during 2011-12 under the original agreements for these services.

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

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

The total amount charged in respect of the managed service element of PFI transactions was £816k (2010-11 £718k); and the charges to which UKTI is committed during 2012-13 and future years is as follows:

	2012–13 £000	2011–12 £000
Expiry within 1 year	275	739
Expiry within 2 to 5 years	–	268
	275	1,007

15 Losses and Special Payments

During 2011–12, UKTI made no special payments and had no reportable losses.

16 Related Party Transactions

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

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

Alan Jenkins, a Non-Executive Board Member and Chair of the Audit Committee, was a Partner at Eversheds LLP until May 2011. He was also the Chairman of the Board until May 2010. During the year, in the course of normal business, UKTI trade advisers held meetings / discussions with staff from Eversheds regional offices. No financial transactions took place between UKTI and Eversheds.

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

17 Events After the Reporting Period

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

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

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

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

With respect to FCO, the amounts stated are based on the latest information provided from the FCO Expenditure Allocation Report (EAR), on 11 June 2012. UKTI considers that the costs stated are reasonable estimates and are in line with management's expectations.

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

UKTI Programme amounts are taken directly from the audited accounts which can been seen on pages 44 to 60.

1 Statement of Comprehensive Net Expenditure

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

		UKTI Programme		BIS Administration		FCO Administration and Programme		Total	
	Note	2011–12 £000	2010–11 £000	2011–12 £000	2010–11 £000	2011–12 £000	2010–11 £000	2011–12 £000	2010–11 £000
Staff cost	3	726	832	30,988	29,999	54,399	52,952	86,113	83,783
Other costs	4	90,100	91,188	17,223	19,269	136,416	144,781	243,739	255,238
Income	5	(9,083)	(6,914)	(321)	–	–	–	(9,404)	(6,914)
Net Comprehensive Expenditure		**81,743**	**85,106**	**47,890**	**49,268**	**190,815**	**197,733**	**320,448**	**332,107**

2 Statement of Total Resources Deployed by Sub-Objective

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

	UKTI Programme		BIS Administration		FCO Administration and Programme		Total	
	2011–12 £000	2010–11 £000	2011–12 £000	2010–11 £000	2011–12 £000	2010–11 £000	2011–12 £000	2010–11 £000
Sub-objective 1: To enhance the competitiveness of companies in the UK through overseas trade and investments	52,323	58,928	36,565	38,954	151,765	158,441	240,653	256,323
Sub-objective 2: To attract a continuing high level of quality foreign direct investment	29,420	26,178	11,325	10,314	39,050	39,292	79,795	75,784
Net Comprehensive Expenditure	**81,743**	**85,106**	**47,890**	**49,268**	**190,815**	**197,733**	**320,448**	**332,107**

3 Staff Numbers and Related Costs

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

Staff costs consisted of:

	UKTI Programme				BIS Administration				FCO Admin and Programme				TOTAL	
			2011–12 £000	2010–11 £000			2011–12 £000	2010–11 £000			2011–12 £000	2010–11 £000	2011–12 £000	2010–11 £000
	Perm staff	Other	Total	Total	Perm staff	Other	Total	Total	Perm staff	Other	Total	Total	Total	Total
Wages and salaries	–	726	726	832	23,177	942	24,119	23,595	9,066	–	9,066	10,496	33,911	34,923
Social security costs	–	–	–	–	2,046	–	2,046	1,864	386	–	386	315	2,432	2,179
Other pension costs	–	–	–	–	4,993	–	4,993	4,701	1,802	–	1,802	1,762	6,795	6,463
Locally employed staff costs	–	–	–	–	–	–	–	–	43,145	–	43,145	40,379	43,145	40,379
	–	**726**	**726**	**832**	**30,216**	**942**	**31,158**	**30,160**	**54,399**	**–**	**54,399**	**52,952**	**86,283**	**83,944**
Less recoveries for outward secondments	–	–	–	–	(170)	–	(170)	(161)	–	–	–	–	(170)	(161)
Total net costs	**–**	**726**	**726**	**832**	**30,046**	**942**	**30,988**	**29,999**	**54,399**	**–**	**54,399**	**52,952**	**86,113**	**83,783**

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

Staff numbers consisted of:

	UKTI Programme				BIS Administration				FCO Admin and Programme				TOTAL	
			2011–12	2010–11			2011–12	2010–11			2011–12	2010–11	2011–12	2010–11
	Perm staff	Other	Total	Total	Perm staff	Other	Total	Total	Perm staff	Other	Total	Total	Total	Total
Sub-objective 1: To enhance the competitiveness of the companies in the UK through overseas trade and investment	–	7	7	11	366	8	374	397	1,019	–	1,019	1,014	1,400	1,422
Sub-objective 2: To attract a continuing high level of quality foreign direct investment	–	5	5	8	206	4	210	186	237	–	237	246	452	440
Total	**–**	**12**	**12**	**19**	**572**	**12**	**584**	**583**	**1,256**	**–**	**1,256**	**1,260**	**1,852**	**1,862**

4 Other Costs

	UKTI Programme		BIS Administration		FCO Admin and Programme		Total	
	2011–12 £000	2010–11 £000	2011–12 £000	2010–11 £000	2011–12 £000	2010–11 £000	2011–12 £000	2010–11 £000
Expenditure								
Current grants	–	14,002	–	–	–	–	–	14,002
PFI service charges	816	718	1,905	1,850	–	–	2,721	2,568
Finance charge	3	11	–	–	–	–	3	11
Consultancy	291	250	3	44	871	250	1,165	544
External services	48,844	33,589	–	–	4,501	3,310	53,345	36,899
Customer grants	10,415	12,421	–	–	–	–	10,415	12,421
Promotions and publications	5,119	5,669	194	320	–	–	5,313	5,989
IT service charge	1,004	629	53	169	447	328	1,504	1,126
Market research & evaluation	1,256	1,631	–	–	–	–	1,256	1,631
Events	16,719	16,242	132	178	–	–	16,851	16,420
Travel and subsistence	2,639	2,653	2,023	2,026	6,708	4,219	11,370	8,898
Rentals under operating leases	–	–	16	19	–	–	16	19
Accommodation	–	–	2,200	3,643	25,724	21,993	27,924	25,636
Programme	–	–	–	–	10,573	–	10,573	–
Other costs	1,623	2,364	2,798	2,924	8,728	9,327	13,149	14,615
Non-cash items								
Depreciation	90	114	–	–	6,198	5,754	6,288	5,868
Amortisation	1,281	895	–	–	–	–	1,281	895
Loss on disposal of assets	–	–	–	–	–	–	–	–
Apportionment of central overheads attributable to UKTI activities	–	–	7,873	8,071	72,640	99,575	80,513	107,646
Auditor's remuneration	–	–	26	25	26	25	52	50
Non-staff expenditure	**90,100**	**91,188**	**17,223**	**19,269**	**136,416**	**144,781**	**243,739**	**255,238**

5 Income

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

6 Capital Employed

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

	UKTI £000	BIS £000	FCO £000	Total £000
Carrying amount at 31 March 2012	**5,161**	**–**	**–**	**5,161**
Carrying amount at 31 March 2011	3,883	–	–	3,883

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

GREAT Campaign in Rio, Brazil

UKTI has successfully assisted more than 20 UK companies to win contracts for the 2014 World Cup and 2016 Olympics.

Annex A
Performance Framework and Resources

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

UKTI Performance Measurement Framework

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

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

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

Results for Inward Investment (2010-11)[1]

Number of Inward Investment Involved Successes: 849

Of which:
- Proportion which are High Quality or Good Quality: 76%
- Proportion which are High Quality: 52%
- Proportion which are Good Quality: 24%
- £Quality Additional Gross Value Added: Total for Good Quality and High Quality Projects: £1,461m

Total jobs created or safeguarded: 49,800

Of which:
- Additional jobs created: 16,400
- Jobs safeguarded: 33,400

Proportion reporting significant influence: 81%

Proportion overcoming barriers: 68%

Quality of service: 79%

Satisfaction: 74%

Results for Trade Development (2011-2012)

Number of businesses assisted: 25,450

Of which:
- Number innovative: 20,900
- Number expecting substantial growth: 11,000
- Number new to exporting: 4,550

£ Additional sales: £31.8bn

Total jobs created or safeguarded: 104,900

Of which:
- Additional jobs created: 36,400
- Jobs safeguarded: 68,500

% improve medium-term productivity and profit:
- All UKTI trade services 54%
- Intensive support: 74%
- Other tailored support: 54%
- Outreach events: 41%

Number increasing R&D: 3,210

% reporting significant business benefit: 71%

Quality:
- All trade services: 79%
- Intensive support only: 88%

Satisfaction:
- All trade services: 75%
- Intensive support only: 80%

Revenue:
- Total UKTI revenues of £9.1m

Definitions of Measures Used in the Performance Framework:

Trade Development:

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

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

Businesses Assisted

(a) Number of Businesses Assisted:

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

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

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

(c) Number of businesses expecting substantial growth:

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

1 The policy logic model for UKTI is set out in detail in BIS Economics Paper No 13: International Trade and Investment – the Economic Rationale for Government Support (May 2011), Chapter 7. This paper provides the economic evidence underpinning the new UKTI strategy published in May 2011.

All results relate to inward investment projects reported for 2010-11 This is because 2011-12 figures are not available at the time of preparing this report. Figures derived from PIMS are available with a year lag because interviews for PIMS are carried out between 6-12 months after the project was recorded as an involved success.

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

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

(e) % reporting significant business benefit:

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

(f) Additional sales: See Annex B

(g) Jobs created and safeguarded:

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

(h) Quality:

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

(i) Satisfaction:

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

Inward investment

FDI Involved Successes

(a) Number of involved inward investment successes:

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

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

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

(c) Quality additional GVA:

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

(d) Jobs:

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

(e) % influenced:

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

(f) Quality: As for Trade.

(g) Satisfaction: As for Trade.

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

Introduction

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

An estimate of total financial benefits generated by UKTI trade services is published annually in reports by OMB Research on results from the PIMS. Results published at the end of March 2012, based on data derived from surveys carried out during the financial year 2011-12, reported estimated total benefits of £31.8 billion measured in terms of additional sales attributed by UKTI trade clients to the help provided.

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

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

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

- **Discounting:** Expected future profits are discounted at 8% and counted over a limited period, normally up to five years, exceptionally up to a maximum of 10 years. After this period, the discount rate is, in effect, increased to 100%.
- **Additionality:** Two separate additionality tests are applied. Benefits which are not explicitly attributed by the client directly to the support are excluded. Clients who state that they could have achieved similar results without support are classified as having achieved zero additional sales.
- **Consistency:** Additional profits attributed to UKTI by the client are not counted unless the client has also reported significant impact on one or more qualitative indicators, showing how the service had enabled the additional profits to be made.

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

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

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

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

Other Possible Measures of Benefit

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

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

Calculation of Total Benefit

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

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

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

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

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

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

Annex C
Key Sources of UKTI Data

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

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

PIMS – our key performance measurement tool. It is an independent survey of our performance carried out on our behalf by a leading market research organisation, OMB[3].

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

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

Customer Relationship Management (CRM)

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

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

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

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

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

UKTI ICT Programme Board

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

The Performance and Impact Monitoring Survey (PIMS)

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

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

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

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

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

The second wave of interviews is designed to assess the longer-term impact of UKTI services, and to capture any revisions to the clients' initial assessment of this impact. These second-wave interviews are carried out 10 to 12

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

months later. The surveys concentrate on gathering information on business performance and processes; how these have changed over the period since service delivery; and the factors which lie behind the reported changes, such as improved knowledge and capabilities, or help with overcoming other barriers to overseas market entry. The emphasis is on factors affecting business competitiveness, and the measurement methodology aims to capture sustainable rather than unsustainable improvements in performance and competitiveness.

Issues covered by the survey questions include:

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

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

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

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

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

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

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

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

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

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

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

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

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

- more likely to be innovative and to undertake R&D,
- more growth-oriented, with over 80% expecting to grow, and 38% expecting to grow substantially, as compared with 70% and 18% respectively for non-users;
- more likely to report substantial business benefits from exporting, especially in terms of benefits from exposure to new ideas, cited by 51% of UKTI users as a substantial benefit, but by only 15% of non-users.[4]

Nevertheless, the non-user surveys also show that there is a significant minority of non-users which match the profile

4 PIMS Non-User Survey Report 2009

of users, but had not been aware of the availability of UKTI trade services.

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

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

Economic and Evaluation Research

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

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

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

For example, using these techniques, research on businesses which used UKTI's Overseas Market Introduction Service (OMIS)[5] indicates that users achieved over £1m in mean additional revenue as a result. The researchers point out that PIMS can only capture direct effects attributed by the client to the service, whereas the data on performance capture other effects as well. These other effects are likely to include sales resulting from contacts made as a longer-term consequences of engaging in the new business which the client had attributed to UKTI support at the time of the PIMS interview.

Using similar statistical techniques, an evaluation of the impact of UKTI support provided by the International Trade Advisers in the English regions estimated similarly large positive impacts on the performance of supported businesses.[5]

New academic research is also commissioned on occasion, where there is a clear need to fill a gap in the wider evidence relating to the economic rationale for UKTI services. For example, UKTI commissioned new quantitative research to investigate the causal links between exporting and productivity, at firm level and at aggregate economy level (Harris and Li 2007[7]). This study found that, on average, firms gained a 34% productivity up-lift – taking account of selection effects – as a result of beginning to export. The study also found that some 60% of UK productivity growth was attributable to exporters, with non-exporters mainly contributing to aggregate productivity growth through net exit.

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

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

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

5 Impact study of OMIS (2012) Breinlich et al
6 Evaluation of the International Trade Teams (2012) London Economics
7 Firm level empirical study of the contribution of exporting to UK productivity growth. Harris and Li (2007). Report to UKTI.

Annex D
Private-Sector Sponsorship

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

During 2011–12, 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 2011–12

Sponsor	Amount (£)	Event/Note
Huawei	20,000	Doing Business in Asia May 2011 events
Ellis Goodman Foundation	22,000	14 scholars @ US$2,500 each (approx costs in £)
PricewaterhouseCoopers Services Ltd	62,500	Co-sponsorship of the 'Exporting for Growth' campaign
HSBC Bank Plc	70,000	Co-sponsorship of the 'Exporting for Growth' campaign
PricewaterhouseCoopers	10,000	Global Investment Conference
RFI	5,500	MWC 2012
Huawei	20,000	TechWorld 2011
PA Consulting	30,000	TechWorld 2011
Yell	30,000	TechWorld 2011
Chinese provincial government	17,000	TechWorld 2011
Jaguar Land Rover UK	10,000	China Advanced Working Group Event
Welsh Government	5,000	Autosport 2012
BP	22,000	OTC 2011, Houston
Ensco	9,500	OTC 2011, Houston
BG Group plc	9,500	OTC 2011, Houston
Aggreko	9,500	OTC 2011, Houston

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

Annex E
The Business Ambassadors Network

In 2011–12, against a backdrop of a difficult economic environment, the Business Ambassadors' expertise and international experience helped to supplement the work of Government Ministers and senior officials by providing tremendous impetus to the UK's trade and investment activities and helping to raise UK plc's profile globally.

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

On 9 November 2010, the Prime Minister announced the new Government's Business Ambassadors. This included 16 new business and academic leaders joining the Business Ambassadors Network, bringing the overall number to 33. The network now not only includes a wide range of expertise and experience, but also a new generation of entrepreneurs and business leaders.

The Business Ambassadors are:

Name	Position
Marcus Agius	Chairman, Barclays Plc
Sir Anthony Bamford	Chairman and Managing Director, JCB
Sir Victor Blank	Former Chairman, Lloyds Banking Group
Sir Roger Bone	President, Boeing UK
Sir David Brewer	Former Lord Mayor of London/Chair, China British Business Council
Samir Brikho	Chief Executive, AMEC
Malcolm Brinded	Former Executive Director, Upstream International, Royal Dutch Shell
The Rt. Hon. The Lord Brittan of Spennithorne QC DL	Vice Chairman, UBS
Lord John Browne	Former President, Royal Academy of Engineering, and Managing Director of Riverstone Holding
Professor The Lord Darzi of Denham PC, KBE	Professor of Surgery, Imperial College London
Nick Fry	CEO, Mercedes GP Petronas
Professor Malcolm Grant, CBE	Provost and President, UCL (University College London)
Hermann Hauser, CBE	Co-founder, Amadeus Capital Partners
Anya Hindmarch, MBE	Founder, Anya Hindmarch
Larry Hirst	Non-Executive Director, ARM Holdings Plc & MITIE Group plc
Brent Hoberman	Chairman, mydeco.com
Baroness Sarah Hogg	Chairman, Financial Reporting Council
Digby, Lord Jones of Birmingham	Chairman of the International Business Advisory Board, HSBC
Lady Barbara Judge	Chair, Pension Protection Fund
Professor Julia King, CBE, FREng	Vice-Chancellor, Aston University
Sir Richard Lambert	Chancellor, Warwick University
Tamara Mellon OBE	Founder and former CEO, Jimmy Choo
Dick Olver	Chairman, BAE Systems
Alan Parker	Chairman, Brunswick Group
Lord Chris Patten	Chancellor,University of Oxford
Caroline Plumb	CEO, Freshminds Group
Lord Charles Powell	Chairman, International Advisory Board, Rolls-Royce
Sir David Reid	Chairman, Intertek
Paul Skinner	Chairman, Infrastructure UK
Sir Kevin Smith, CBE	Partner, Unitas Capital; former CEO, GKN
Sir John Sorrell	Chairman, London Design Festival, and Co-Chair, The Sorrell Foundation

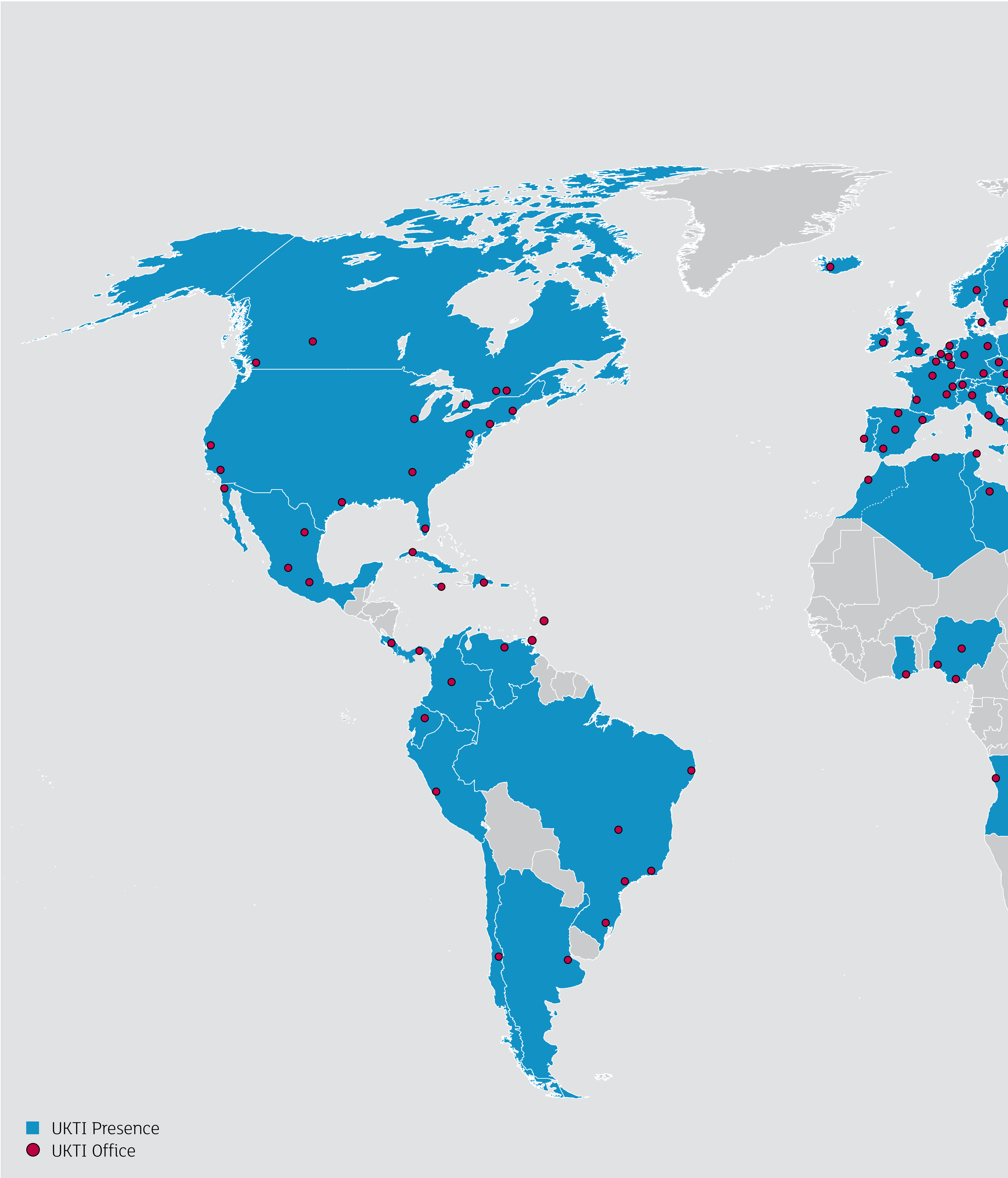
Annex F
Sector Advisory Groups and Chairs

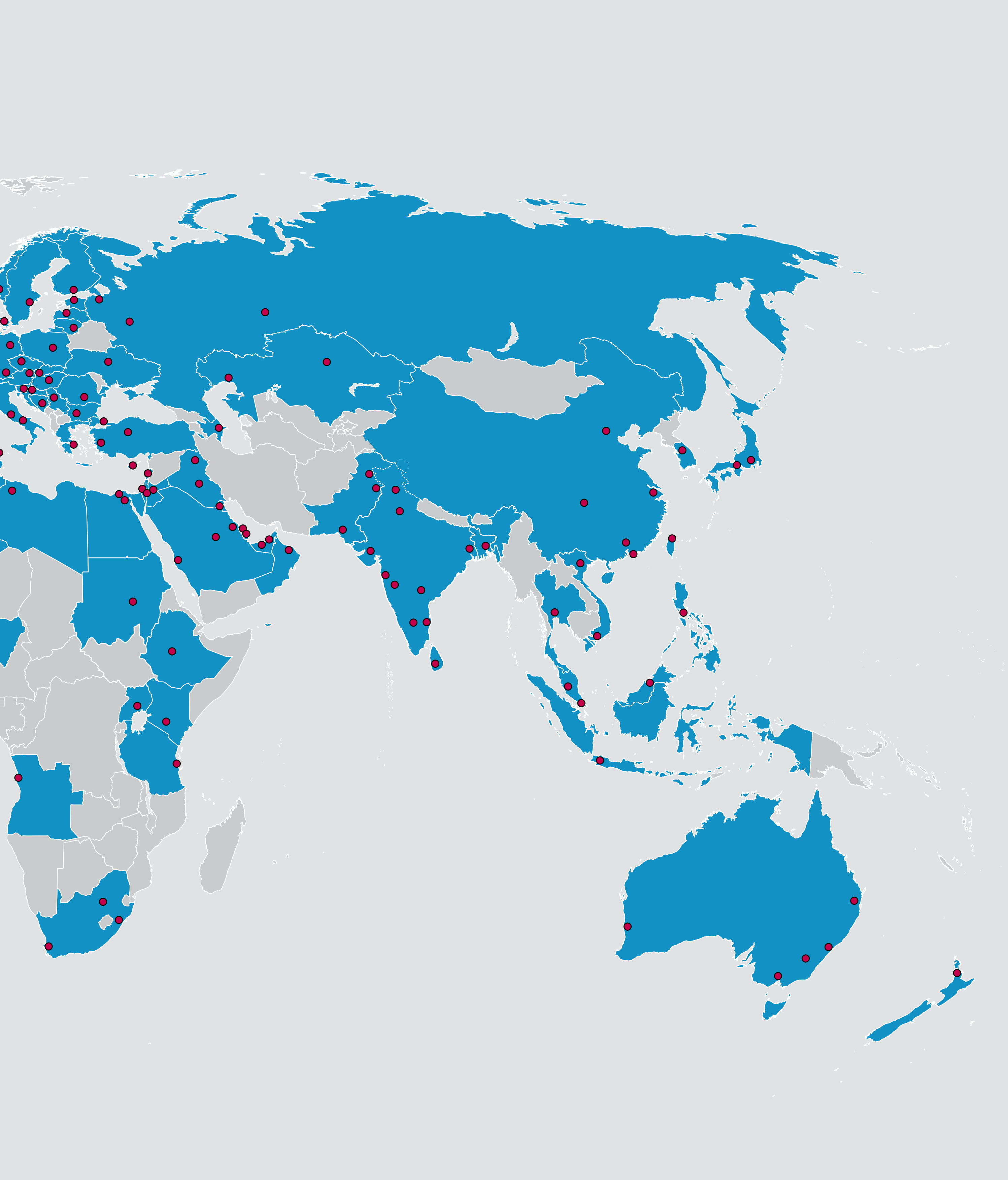
UKTI has established a series of Sector Advisory Groups formed of senior business representatives to advise it on issues pertaining to their sector. In practice, these groups of some 200 senior business figures form an important link to their industries, providing business validation and challenge as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

The Groups and their Chairs are:

Group name	Chair
Life Science Strategy Board	Chris Brinsmead: Government Business Adviser for Life Sciences
ICT Strategy Implementation Board	Larry Hirst CBE
Creative Industries Strategy Implementation Board	Sir John Sorrell: Director, The Sorrell Foundation
Advanced Engineering Strategy	Allan E Cook CBE: Chairman, WS Atkins plc; Chairman, Selex Galileo
Overseas Promotion Committee	Robert Gray: Chairman, Debt Finance and Advisory, HSBC.
Construction	Terry Hill: Chairman, Arup Group Trusts at Arup Group Ltd.
Power	Robert Lane CBE: Partner, Head of Regulated Industries, CMS Cameron McKenna LLP
Airports	Peter Budd: Global Business Leader, Aviation Arup, Scotland
Environment and Water	Colin Drummond: CEO, Viridor Waste Management Ltd
Global Sports Projects	Jon Tibbs: Jon Tibbs Associates
Rail	Haydn Abbott
Security	Stephen Phipson CBE
Defence	Sir Kevin Tebbit: Chairman, Finmeccanica UK
Marine	Currently vacant Formerly Robert Hill OBE (until January 2012): Managing Director, Marine Division, Chemring Plc
Oil and Gas	Neil Bruce: Chief Operating Officer, AMEC plc – Natural Resources
Education and Skills	Dominic Savage OBE: Director General, British Educational Suppliers Association
Ports	James Sutcliffe: Chairman, John Sutcliffe and Son Ltd
Design	Andrew Summers CMG: Chairman, Brandsmiths; Chairman, Companies House

Annex G
UKTI's Global Reach

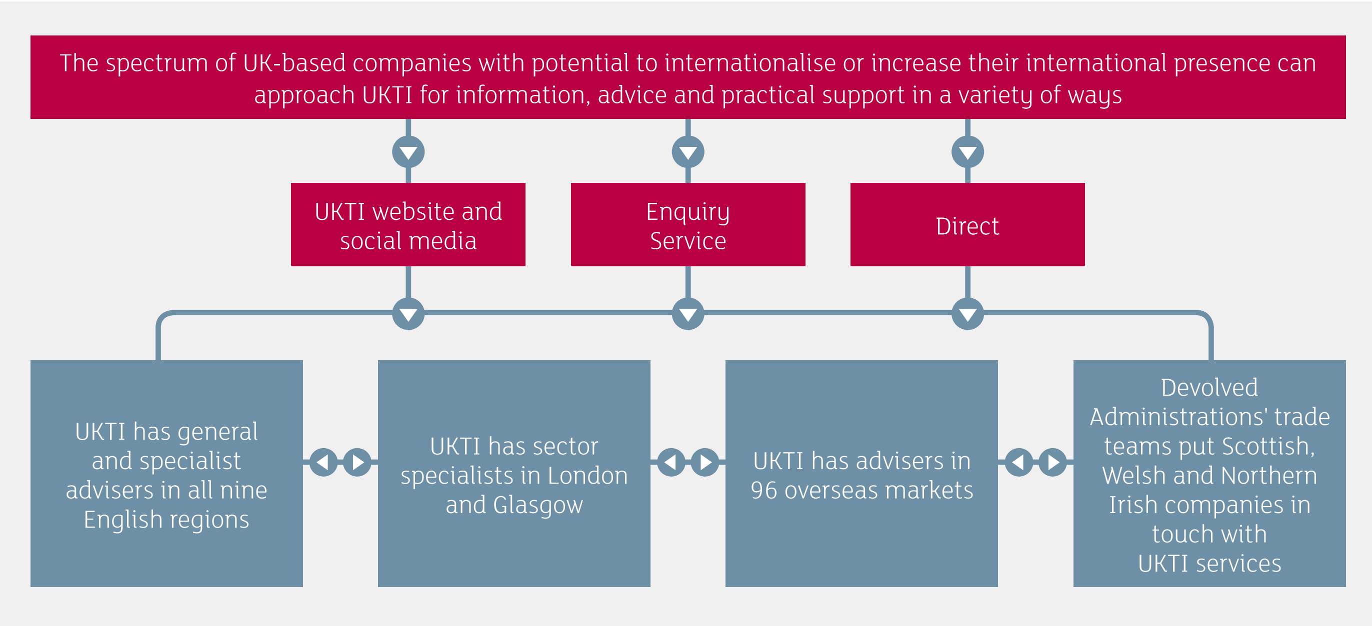




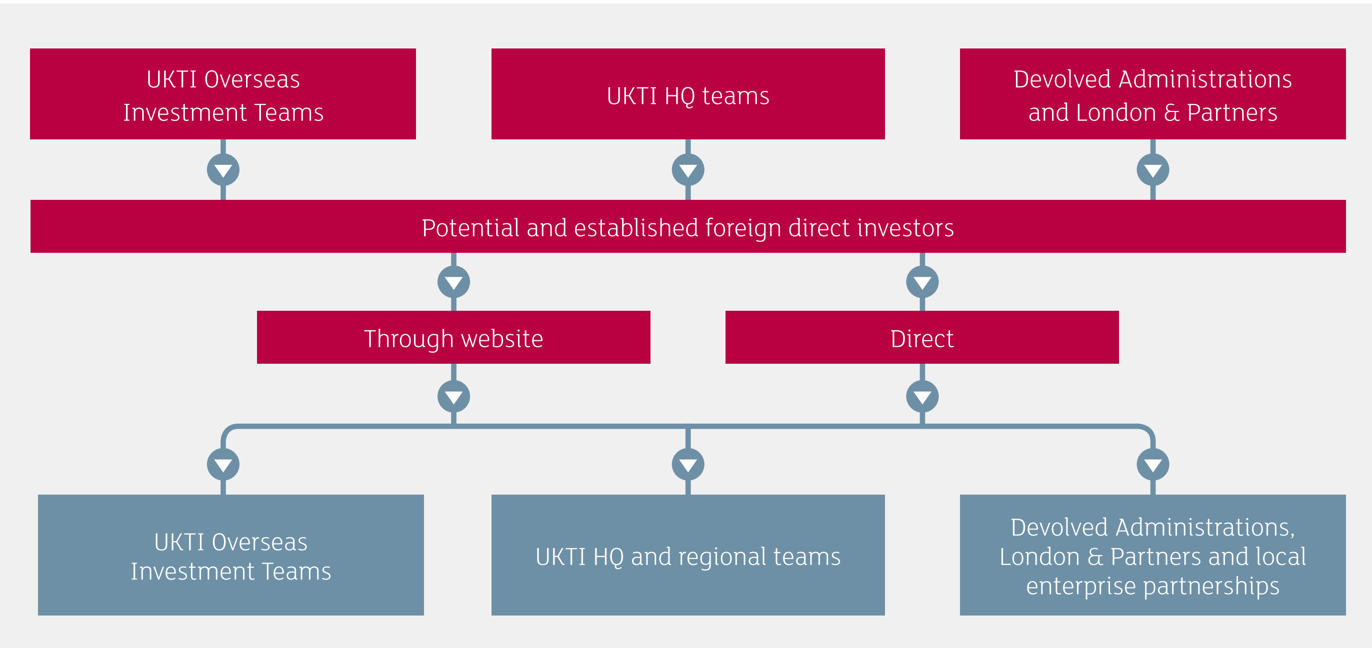
Annex H
Contacting UKTI and the Services Delivered

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

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



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



Digital

UKTI's digital channels are playing an increasingly important role, both in helping to extend the organisation's reach and enabling us to build a dialogue with our customers.

Website

UKTI's corporate website had over one million visits in 2011–12. It has more than 75,000 registered users, of whom over 21,000 are signed up for regular alerts. More than 10,000 expressions of interest were made in response to business opportunities being published on the website.

UKTI website: **www.ukti.gov.uk**

Social Media

UKTI has made excellent use of social media channels. Our Twitter feed, LinkedIn Group, Blog, YouTube and Flickr channels have all led to referrals to UKTI and take up of our activities, from promoting events to generating leads. As at March 2012, UKTI had over 17,000 Twitter followers and 12,000 LinkedIn members, while our YouTube site had received over 465,000 views.

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

The UKTI Enquiry Service

The enquiry service is the main point of contact for customers and is handled through the BIS enquiry service via:

Telephone:	**+44 (0)20 7215 5000**
Email:	**enquiries@bis.gsi.gov.uk**

The team handles enquiries directly where possible or refers to the relevant specialist – for example international trade adviser, country/sector specialist or external organisation such as Business Link or the Chambers of Commerce etc. The team received over 25,000 trade and investment related enquiries in 2011–12.

UKTI Services

Trade Services

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

Services include:

- information, contacts, advice, mentoring and support from UKTI staff at home and overseas in our network of embassies, consulates and other offices in 96 markets,
- support to participate in trade fairs overseas,
- opportunities to participate in sector-based trade missions and seminars,
- access to major buyers, governments and supply chains in overseas markets,
- advice on forming international joint ventures and partnerships,
- exploratory visits to new markets,
- support for experienced exporters to build on their previous successes and develop new export markets; and
- alerts to the latest and best business opportunities.

UKTI can provide:

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

Investment Services

UKTI's comprehensive range of services assists overseas companies, whatever their size and experience, to bring high-quality investment to the UK.They are delivered in partnership with London & Partners, England's local enterprise partnerships, and the Devolved Administrations in Scotland, Wales and Northern Ireland

For companies considering setting up in the UK, we offer:

- impartial advice on where and how to set up a business in the UK,
- in-depth, tailored information, including advice on financing, recruitment and activities such as R&D, tax, human capital and visas,
- access, through the UK Advisory Network, to lists of professional service organisations, such as accountants, lawyers and banks, that can support an investor's move to the UK,
- assistance, via our Partnership Programme, in finding new partners and expanding a business,
- practical help in the field, including visits to suitable locations, finding business partners and accessing financial incentives; and
- a first-class aftercare service, offering investors an opportunity to raise questions and issues about their investment in the UK.

Once a company is established in the UK, we can then help it expand – both in the UK and overseas. We provide support and advice on:

- optimising investment in the UK by expanding both nationally and internationally,
- new UK business opportunities,
- choosing a new UK location,
- growing industry networks,
- having a say in UK Government,
- trading overseas, and
- setting up a European headquarters.

Annex I
Chronological Timetable of Key UKTI Activities

Key UKTI Events

Month	Date	Key visits, events and other activities
May 2011	3rd	Lord Green and Edward Davey round-table meeting with inward investors on employment legislation. Companies included IBM, Panasonic, ThyssenKrupp and Messier-Dowty.
	12th	Launch of UKTI's new five-year strategy, "Britain Open for Business"
	16th–19th	International Fire & Security Exhibition and Conference (IFSEC). UKTI DSO worked with BSIA, The Security Institute and ASIS International for the show – with 103 countries being represented at the event.
	17th–20th	Queen's State Visit to Ireland
	30th–2nd June	Middle East: accompanying Lord Howell, Lord Marland undertook a series of official visits to key government ministers and business contacts in Saudi Arabia, Abu Dhabi and Kuwait
June 2011	27th	UKTI South East – London Explore Export. 72 trade officers, 140 companies, 165 delegates, 556 meetings.
	27th–30th	BIO International Convention, Washington: This is the largest global event for the biotechnology industry, offering key networking and partnering opportunities and providing insights and inspiration on major trends. UKTI provided support to the 200-strong UK delegation, the SMEs who exhibited at the UKTI pavilion and the 150 people who attended the UK executive networking reception.
	27th	UK-China Prime Minister Summit: Prime Minister Wen's visit to the UK led to £1.4billion in commercial outcomes as well as a commitment to hold an SME Forum later in the year (which was successfully hosted by the Secretary of State for Business, Innovation and Skills in Cardiff on 15 December).
	28th	UKTI South West organised Explore Export 2011 in Bristol – an international trade show attracting over 280 visitors to meet with trade officers from over 60 countries.
	29th	Explore Export – attended by 201 delegates and 68 Commercial Officers in the West Midlands. The event focused on one-to-one meetings with Commercial Officers from multiple markets.
July 2011	14th	Visit of Malaysia's Prime Minster Najib, which included a strong business element focusing on UKTI's High Value Opportunities programme.
	20th	Following the highly successful UKTI DSO SME Symposium in March 2011, this was the first in a series of UKTI DSO Export Growth seminars for UK SMEs, bringing the best of the Symposium to the regions. In all, eight seminars were delivered around the UK during 2011-12.
September 2011	1st	Nick Baird appointed to take up post as UKTI's new Chief Executive (previously Director General, Europe and Globalisation, at the Foreign & Commonwealth Office).
	13th–16th	DSEi, held at ExCEL in London, is the world's largest land sea and security event. UKTI DSO arranged for official overseas delegations from 55 nations to visit the show. The UK Secretary of State for Defence delivered a keynote address on the opening day and there were unprecedented levels of attendance from other UK Government Ministers and officials. The UKTI Small Business Unit hosted three 'Meet the Buyer' events for UK SMEs – offering networking opportunities with overseas government and military delegates.
	15th	David Willetts hosted a round-table discussion with Tech City companies. Companies included Intel, RIM, Cisco and Facebook.
	25th–30th	China: Lord Marland, accompanied by Business Ambassadors Tamara Mellon, Sir John Sorrell and Brent Hoberman, led a creative design mission to Beijing to showcase and promote the UK as a world leader in creative design, fashion and innovation. The visit coincided with Beijing Design Week.

Month	Date	Key visits, events and other activities
October 2011	4th	UKTI DSO and UKTI Copenhagen organised a Defence & Security Industry Day (DSID) on board HMS Albion. Nine UK companies displayed their products and services to Danish industry and military representatives. The DSID was enhanced by the visit of HRH Prince Michael of Kent.
	17th	UKTI DSO Export Symposium for Wales. A modified version of the regional Export Growth seminars conducted by the Small Business Unit. The Secretary of State for Wales was the keynote speaker.
	18th–21st	Milipol Paris – UKTI DSO arranged for a small delegation of UK companies to attend this event, which focused on the growing demand for information and matchmaking in the field of internal security ,civil defence and major risks.
	18th–23rd	Seoul International Aerospace & Defence Exhibition (Seoul ADEX). Air Vice Marshall, Nigel Maddox, headed the UKTI DSO delegation at this event. During the exhibition, the UKTI DSO stand was visited by 27 delegations from 14 countries.
	20th	USA Day – attended by 140 delegates. The event in the West Midlands focused on three key areas: 1) Doing Business in the US 2) Advanced Engineering & Aerospace and 3) Digital Media and ICT.
	21st–22nd	Turkey: Lord Marland visited Istanbul and met with leading Turkish business figures from the manufacturing, retail and finance sectors.
November 2011	3rd	First-ever visit to Indonesia by a Secretary of State for Business, Innovation and Skills, during which he launched the UK-ASEAN Business Council. This will serve as the third pillar of business support in Asia, sitting alongside the China and India Councils.
	7th–11th	Brazil: Lord Marland accompanied by Business Ambassadors Tamara Mellon, Sir John Sorrell and Brent Hoberman, led a creative design mission to São Paulo and Rio de Janeiro to showcase and promote the UK as a world leader in creative design, fashion and innovation. The visit coincided with the Brazil Design Festival.
	11th	A meeting between the Prime Minister and the UK side of the UK-India CEO Forum, at which a number of innovative initiatives in sectors such as healthcare, education and research and development were discussed. Recommendations emerging from the Forum will be the centrepiece of the next UK-India summit
	14th–15th	The UKTI South East – Security Innovation Exchange event saw 75 delegates attend an all-day programme of presentations and one-to-one appointments. Overseas buyers included FBI, Mahindra, Department of Defence and D.C Protective Services Police Dept, amongst others.
	14th–15th	Technology World: 1,000 companies attended this event, including more than 300 delegates from 50 countries and over 250 entrepreneurs as part of the Tech City Entrepreneurs Festival.
	16th–19th	Medica 2011, Düsseldorf: Attended by Lord Green . UKTI provides marketing and high-level support to the 300-strong UK delegation and runs 500 partnering meetings for invited overseas buyers, Commercial Officers and UK delegates.
	20th–24th	Middle East: Lord Marland led a small select group of UK companies to ‘Britain in the Region’ and ‘Big 5 Trade Show’ in Dubai, focused on those sectors identified as presenting the best opportunities to UK firms: energy, infrastructure, professional and financial services, healthcare, education, creative industries, security and defence. The trip also included short visits to Saudi Arabia, Kuwait and Abu Dhabi.
	23rd	Turkish State Visit / UK – Turkey Defence Industry Co-operation Meeting. Fourteen Turkish and eight UK companies attended the event UKTI DSO organised, during which MOD minister, Gerald Howarth signed an MOU with the Deputy Under Secretary of the Turkish Ministry of National Defence.
	26th–30th	Soccerex Global Convention in Brazil, the pre-eminent international football business conference/exhibition: Some 18 UK companies participated on the UK stand, promoting the UK’s world-class expertise in sports infrastructure and products/services for the football industry.

Month	Date	Key visits, events and other activities
	28th	UKTI South East Explore Europe: 20 trade officers, 26 companies, 32 delegates, 180 meetings
	29th	Chancellor's Autumn Statement, through which UKTI received an additional £45m funding over the SR 10 spending period (2011-12 to 2014-15)
December 2011	1st	Genesis event took place in London – a showcase for UK life science, aiming to assist emerging life science companies in meeting investors and technology partners.
	12th	North West launch event for the Export Challenge and Export Prize.
	14th	Lord Green and Damian Green round-table meeting with inward investors and multipliers on migration. Companies included GE, Nissan, Rolls-Royce and Tata.
January 2012	15th–18th	Libya: Lord Marland, accompanied by Business Ambassador Malcolm Brinded, led an energy oil & gas mission to Tripoli and Benghazi, designed to showcase and promote the UK's world-class capability in the sector and to identify potential opportunities for UK businesses.
	16th	UKTI South West organised the Exporting for Growth Event at the National Composites Centre in Bristol with sponsors HSBC Bank and Pricewaterhouse Coopers. Lord Green presented the keynote speech at the event, which was attended by 291 delegates, of which 75% were SMEs.
	19th	Nick Baird round-table meeting with inward investors on the Bribery Act. Companies included GSK, BHP Billiton and Rio Tinto.
	23rd–26th	Arab Health, Dubai: Business Ambassador Lord Darzi meets the UK delegation of 200+ companies, and UKTI provides marketing and high-level support and runs 550 partnering meetings for invited overseas buyers, Commercial Officers and UK companies.
	31st– 2nd February	Security & Policing Exhibition, Farnborough. UKTI DSO, in partnership with the Home Office and the trade body ADS, arranged for over 40 official country delegations to attend the largest police, security and national resilience event in the UK.
February 2012	7th–10th	North Africa: Lord Marland undertook a short visit to North Africa, where he emphasised to Algerian and Moroccan ministers, business and private-sector representatives, the UK's wish to find practical business partnerships and pushed for high-value opportunities in the energy sectors.
	14th–17th	Mobile World Congress, Barcelona: UKTI ran a series of seminars addressing key conference themes and industry challenges to help promote business, collaboration, innovation and investment opportunities. Over 150 UK companies took part in UKTI activity at the world's largest communications event.
	17th	UKTI and COBCOE signed an MoU outlining enhanced collaboration in support of UK companies exporting to Europe.
	17th–22nd	London Fashion Week (LFW): UKTI supported the programme for international buyers and media. UK media coverage each LFW season exceeds £100m and media coverage from the International Guest Programme is in excess of £61m (source: Precise).
March 2012	1st	Exporting for Growth Challenge – East Midlands; Lord Green delivers keynote speech
	9th–18th	South by South West (SXSW), USA – The largest-ever UK contingent and the first time we have delivered activity across interactive, film and music events.
	15th	North West Final of the Export Prize competition.
	20th–22nd	Ecobuild: UKTI delivered an extensive business programme, the world's largest sustainable construction conference and exhibition, showcasing the UK's world-class infrastructure capability, all underpinned by a strong Olympic focus.
	25th	Qatar: Lord Marland led a small select sports delegation to Doha, focused on identifying opportunities for UK businesses in the build up to the 2022 FIFA World Cup.
	26th–29th	Middle East: Lord Marland, accompanied by Business Ambassador Robin Southwell, led a high-level cyber & critical infrastructure business delegation to Qatar, Saudi Arabia, Kuwait and Abu Dhabi. The mission was designed to showcase UK's cutting-edge technology encompassing the protection of national iinfrastructure and cyber defence.

Month	Date	Key visits, events and other activities
After the end of the financial year		
May 2012–September 2012		Hackney House – Tech City Games Satellite Office, providing a space for Tech City Investment Organisation to host events and a unique visitor experience for VIPs.
June 2012–September 2012		The British Business Club at the IOD – a membership offer for all British Business Club members to have temporary membership of the IOD.
April 2012	18th	100 days to go to the Olympic Games and soft launch of Imagine Innovation Digital Software.
May 2012	20th–25th	SportAccord Convention in Quebec. The British Business Club had a key presence at this event, and hosted the launch of the improved and increased Suppliers Directory.
June 2012	19th–20th	LeWeb London – Tech City Investment Organisation supported this internationally recognised event.
July 2012	26th	Global Investment Conference – The Prime Minister has invited around 180 global CEOs from up to 30 countries, including strategic relationship-managed clients and Sovereign Wealth Funds, in order to facilitate close networking with senior ministers and other international companies investing in the UK.
	27th	China Business Day – promoting business relationships between China and the UK at the British Business Embassy.
	31st–10th August	Sector Summits at the British Business Embassy – UKTI will showcase British expertise and our investment proposition to a global audience through a series of high level, high impact and high-quality daily sector summits.
August 2012	29th–30th	Start-Up Games – will invite 300 of the world's most exciting new start-ups to London during the Paralympic Games to compete to be recognised amongst the world's highest-potential start-ups.
September 2012	3rd–7th	Paralympic Programme at the British Business Embassy – will showcase UK expertise in life sciences and global sporting projects and will feature an Inclusion & Accessibility Summit in association with the International Paralympic Committee.

Annex J
Acronyms

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

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