

# UK TRADE & INVESTMENT

DEPARTMENTAL REPORT AND RESOURCE ACCOUNTS 2008–09



*Hit the world running* <sup>UK</sup>



Resource Accounts presented to the House of Commons pursuant to chapter 20,  
section 6(4) of the Government Resources and Accounts Act 2000.

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

Departmental Report and Resource Accounts presented to  
the House of Lords by Command of Her Majesty

**UK TRADE & INVESTMENT**

**DEPARTMENTAL REPORT  
AND RESOURCE ACCOUNTS  
2008–09**

**(FOR THE YEAR ENDED 31 MARCH 2009)**

**ORDERED BY THE HOUSE OF COMMONS TO BE PRINTED**

**20 JULY 2009**

This is part of a series of departmental reports which, along with the Main Estimates 2009-10, the document *Public Expenditure: Statistical Analyses 2009*, and the Supply Estimates 2009-10: Supplementary Budgetary Information, present the Government's outturn and planned expenditure for 2009-10 and 2010-11.

**© Crown Copyright 2009**

The text in this document (excluding the Royal Arms and other departmental or agency logos) may be reproduced free of charge in any format or medium providing it is reproduced accurately and not used in a misleading context. The material must be acknowledged as Crown copyright and the title of the document specified.

Where we have identified any third party copyright material you will need to obtain permission from the copyright holders concerned.

For any other use of this material please write to Office of Public Sector Information, Information Policy Team, Kew, Richmond, Surrey TW9 4DU or e-mail: [licensing@opsi.gov.uk](mailto:licensing@opsi.gov.uk)

ISBN: 9 78 010296 1706

# CONTENTS

Minister's Foreword	2
Chief Executive's Foreword	4
HRH The Duke of York, the UK Special Representative for International Trade and Investment	6
<b>Chapter one: The Report</b>	8
1.1 Introduction	9
1.2 UKTI's Aims, Objectives and Strategy	9
1.3 Results for 2008–09	10
1.4 Meeting the Challenge of the Recession and Preparing for the Return to Growth	12
1.5 Britain's Competitiveness	12
<b>Chapter two: Delivering Our Strategy</b>	14
2.1 Strategy	15
2.2 The Business Ambassadors Network	16
2.3 Manufacturing Strategy	17
2.4 Olympic Opportunities and Legacy	18
2.5 Marketing UKTI Services and the UK Economy Globally	19
2.6 Delivery	20
2.7 Partnerships	21
2.8 Focus	22
2.9 Focus on Markets	24
2.10 Focus on Sectors	26
<b>Chapter three: Delivering Our Services</b>	34
3.1 Introduction	35
3.2 Accessing UKTI Services	36
3.3 Developing Your International Trade Potential	37
3.4 Accessing International Markets	40
3.5 Maximising Foreign Direct Investment	43
<b>Chapter four: Performance, Funding and Targets</b>	50
4.1 Introduction	51
4.2 CSR2007 Funding (2008–09 to 2010–11)	51
4.3 Delivery Targets	52
4.4 Operational Performance Targets	52
4.5 UKTI's Achievement Against Targets	53
4.6 Quality of Data Systems Used	54
4.7 Delivering Value for Money – UKTI's Efficiency Programme	54
4.8 The NAO Report: "UK Trade & Investment: Trade Support"	58

<b>Chapter five: Organisational Structure</b>	60
5.1 UKTI Board	61
5.2 UKTI's Organisational Structure	62
5.3 UKTI HQ Groups	64
5.4 The Organisation of UKTI (People)	65
5.5 Corporate Responsibility	68
5.6 Better Evaluation	69

<b>Chapter six: Resource Accounts</b>	72
6.1 Introduction	73
6.2 Departmental Remuneration Report	79
6.3 Statement of Accounting Officer's Responsibilities	85
6.4 Statement on Internal Control	85
6.5 The Certificate and Report of the Comptroller and Auditor General to the House of Commons	89
6.6 Statement of Parliamentary Supply	92
6.7 Operating Cost Statement	93
6.8 Statement of Recognised Gains and Losses	93
6.9 Balance Sheet	94
6.10 Cash Flow Statement	95
6.11 Statement of Net Operating Costs by Departmental Strategic Objectives	95
6.12 Notes to the 2008–09 accounts	96

<b>Memorandum Notes on Total Resources Used to Deliver UKTI's Services</b>	113
--	-----

<b>Annexes</b>	
Annex A – Technical Note on Measurement of Financial Benefits Generated by UKTI Trade Services	118
Annex B – UKTI CSR2007 Performance Framework Agreement: Technical Note on Definitions and Measurement of High Level Targets	121
Annex C – Key Sources of UKTI Data	126
Annex D – Complaints to the Department	128
Annex E – Financial Tables: Performance in 2008–09	129
Annex F – Private Sector Sponsorship	131
Annex G – Acronyms	134

# MINISTER'S FOREWORD

LORD DAVIES OF ABERSOCH



I WAS HONOURED TO BE APPOINTED MINISTER FOR TRADE, INVESTMENT AND BUSINESS THIS YEAR, LEADING AN ORGANISATION HELD IN HIGH ESTEEM BY BOTH THE PUBLIC AND PRIVATE SECTORS, AND ONE THAT WILL PLAY SUCH A MAJOR PART IN HELPING THE UK ECONOMY OUT OF RECESSION AND TOWARDS RECOVERY.

I was honoured to be appointed Minister for Trade, Investment and Business this year, leading an organisation held in high esteem by both the public and private sectors, and one that will play such a major part in helping the UK economy out of recession and towards recovery.

The last year was an extremely challenging one for the global economy, and we remain in uncertain times for the coming year. The Prime Minister has said that the global problems we face require global solutions and we recognise that to emerge from the current downturn, a unique combination of innovation, determination and agility, coupled with a strong entrepreneurial spirit, will be required. It is because of this that we remain confident. The UK possesses a high level of resilience as well as significant strengths to help it through these challenging times. These strengths include a strong, open business environment with appropriate levels of regulation; strong intellectual property protection and excellence in creativity and innovation; world-class talent and a flexible workforce; a creativity hub with excellent Research & Development (R&D); and a gateway for international connections, taking companies beyond the UK and delivering a multiplier effect.

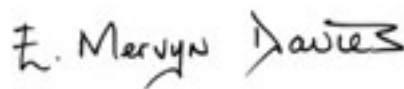
I have no doubt that these strengths provide UK business with the opportunity to export its way out of the recession, for it is our ability to compete for business overseas and to attract the best investment to the UK that will be crucial to our economic success.

UK Trade & Investment (UKTI) has an excellent record of delivering significant benefits to the UK economy, and last year was no different, as this report shows. I believe it is recognition of the excellent work we have achieved that saw the Chancellor announce in his 2009 Budget an extra £10m for UKTI and the ability to pitch for more of the £750m allocated to the former Department for Business, Enterprise & Regulatory Reform (BERR), the new Department for Business, Innovation and Skills (BIS). This measure supports two commitments: one, made at the London Summit, to “Promote global trade and reject protectionism to underpin prosperity”, and the second, the delivery of the international dimensions of “Building Britain’s Future – New Industry, New Jobs”. Over the next two years, this money will be spent showcasing UK business strengths

to overseas customers and markets at high profile events in the UK and overseas.

We are not complacent; we know that we have more to do and that we can do more to help UK business. A particular concern is that, while we help over 20,000 companies a year and have 28,000 companies registered on our website, evidence from a UKTI survey suggests that only 35% of exporting companies use UKTI services. It is clear that there is enormous untapped export potential we could be helping; be they exporting companies who do not use our services or businesses currently not exporting but who could if they just had the right help.

The year ahead will be another busy and challenging time for all involved in UKTI, and I know that all staff will rise to this challenge as we help British companies and the British economy weather the storm and ready themselves for the upturn.

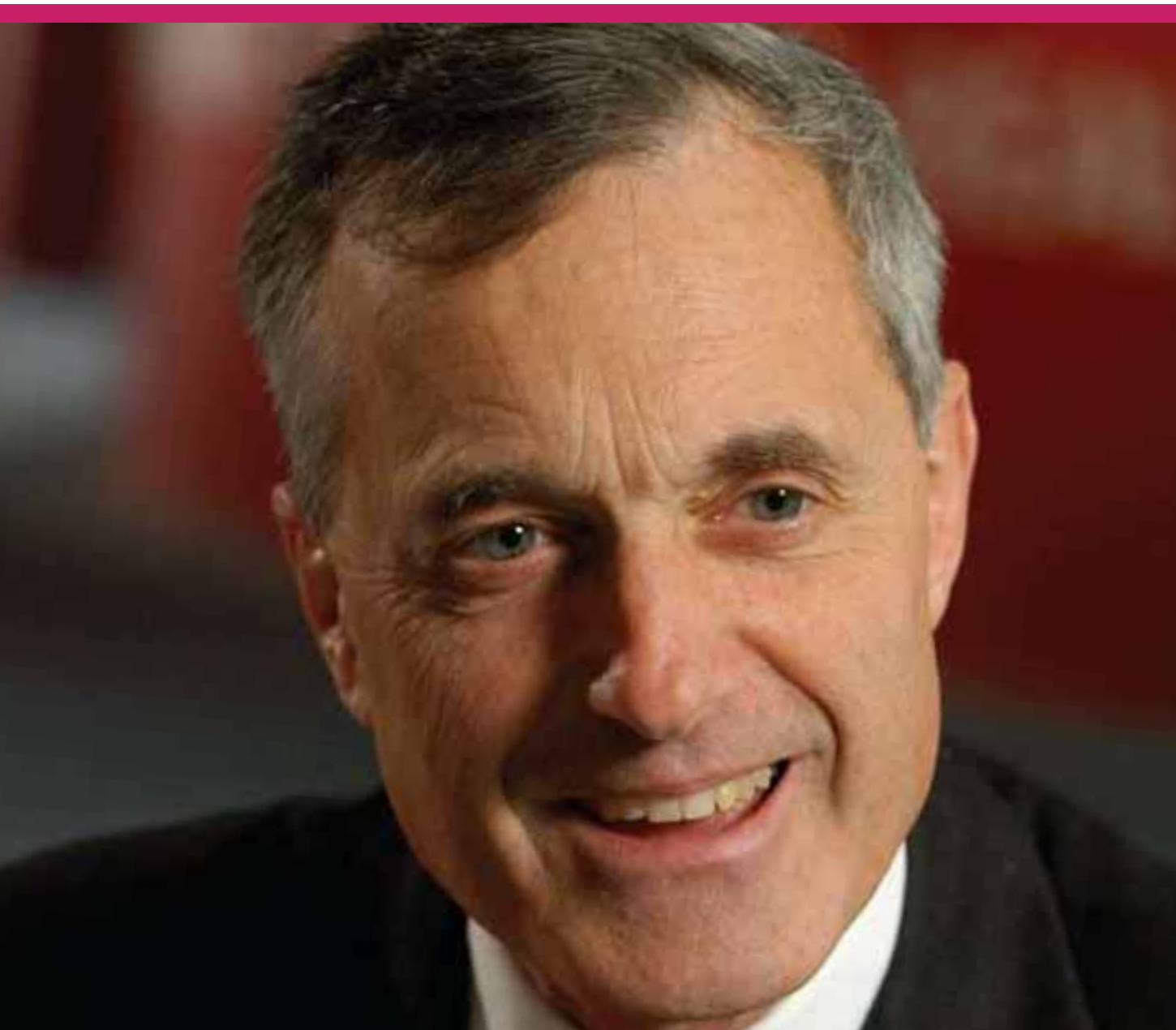


Lord Davies of Abersoch  
Minister for Trade, Investment and Business



# CHIEF EXECUTIVE'S FOREWORD

SIR ANDREW CAHN KCMG



I AM DELIGHTED THAT UKTI'S RESULTS FOR 2008–09 ARE THE BEST WE HAVE EVER ACHIEVED. THE DEPARTMENTAL REPORT AND ACCOUNTS 2008–09 DESCRIBES THIS SUCCESS AND THE RESOURCES DEPLOYED TO ACHIEVE THIS.



**I am delighted that UKTI's results for 2008–09 are the best we have ever achieved. The Departmental Report and Accounts 2008–09 describes this success and the resources deployed to achieve this.** The report restates our commitments to help UK-based companies develop their international business and to provide support for overseas companies wishing to locate in the UK.

For a taxpayer outlay of around £230m, UKTI helped our trade customers achieve an estimated £3.6 billion of additional profit, a 12.5% increase on the previous year. In other words, every pound spent by UKTI on trade services in 2008–09 helped generate £16<sup>1</sup> additional profit for UK business. Over 20,000 UK businesses were able to exploit overseas opportunities because of assistance from UKTI, a 30% increase on last year.

We also helped UK business secure just over £4 billion of defence export sales, retaining our position as second in the world behind the United States. Independent research proves that our trade customers achieve improvements in their business performance as a direct result of our services. UKTI has also increased its income to over £4.5m for chargeable services, a 26% increase on last year. This has been re-invested to deliver more for business.

For inward investment<sup>2</sup>, at a national level, it was a record year and the fifth consecutive year of growth. UKTI directly contributed through involvement in 600 projects, an increase on last year and significantly ahead of our target. We have clearly demonstrated the strength of the foundations upon which the UK has built and maintained its standing as the number one investment location in Europe and that the UK is truly a springboard for global growth.

These results have to be taken in the context of the international banking crisis and credit crunch, and in the second half of 2008 the impact of the global economic downturn on countries, companies and global investment activity. I am proud that our staff achieved our targets and increased productivity over the year.

In 2008–09 UKTI started work on a number of new initiatives. This included programmes to assist delivery of the business and economic benefits of the Government's Olympic Legacy objectives; a programme to target other countries' fiscal stimulus efforts; the creation of the Business Ambassadors network, and the delivery of a targeted campaign to encourage UK

companies to diversify their export markets. We are also working widely across Government, playing a part in a number of cross-Government initiatives including contributing to the Government's Manufacturing Strategy and through delivering the international component of Building Britain's Future – New Industry, New Jobs, the Government's strategy to secure the UK's future economic prosperity.

We have undertaken significant work over the last year, to maximise the value of our resources by moving them to where they are most productive for UK business and are realigning our inward investment resources to ensure that funding and posts are focused on the most productive markets.

During 2008–09, the National Audit Office (NAO)<sup>3</sup> reported on the value for money of UKTI's trade services. It stated that UKTI is making good progress against its targets and has in place a robust system of assessing delivery and of obtaining regular and systematic feedback on the quality of services.

I believe that we have built a solid platform from which to meet the challenges of 2009–10. I do not underestimate the task of operating in a world where trade flows are falling; protectionism is rising and economic activity has reduced. But I am sure that UKTI is an essential part of the UK's response to these global challenges. As long as we continue to work together as a team, we will deliver strongly for the UK economy in the year ahead. Our hard work will ensure we are well placed to help the UK and UK-based businesses of all sizes take advantage of the recovery when it comes and for international business to see the UK as the gateway to global growth.



**Sir Andrew Cahn KCMG**  
Chief Executive of UK Trade & Investment

<sup>1</sup> See Annex A for an explanation of this ratio.

<sup>2</sup> UKTI Inward Investment report 2008–09.  
See at [www.ukinvest.gov.uk/investmentreport08/09](http://www.ukinvest.gov.uk/investmentreport08/09)

<sup>3</sup> The NAO report is discussed in more detail in Chapter 4.

# HRH THE DUKE OF YORK

THE UK SPECIAL REPRESENTATIVE FOR  
INTERNATIONAL TRADE AND INVESTMENT



HRH THE DUKE OF YORK HAS BEEN THE UK SPECIAL REPRESENTATIVE FOR INTERNATIONAL TRADE AND INVESTMENT SINCE 1 OCTOBER 2001. HIS ROLE INCLUDES PROMOTING UK BUSINESS INTERNATIONALLY, MARKETING THE UK TO POTENTIAL INWARD INVESTORS AND BUILDING RELATIONSHIPS IN SUPPORT OF UK BUSINESS INTERESTS.

The Duke of York undertakes a wide range of activities in his role as the UK Special Representative for International Trade and Investment in support of UKTI's objectives. This includes overseas visits, to support British business and to promote the UK as a springboard for global growth, and visits to the UK regions, where he carries out a number of business focused engagements. The Duke of York also speaks at high profile conferences and events both in the UK and overseas.

In the year 2008–09, the Duke of York's overseas programme included nine overseas visits, taking in 16 different markets, including China, Italy, Vietnam, Singapore, the UAE, Qatar and South Korea. The Duke undertakes an extensive programme of meetings and engagements during the visits. For example, during a visit to Egypt in May 2008, the Duke of York was co-chair of the World Economic Forum for the Middle East and had the opportunity to meet world leaders from across the globe. And, at the opening of the Sakhalin II oil and gas project in the Russian Far East in February 2009, the Duke of York met the Russian President to discuss energy and trade issues.

In addition to overseas visits, the Duke of York undertakes an extensive programme of business related engagements in the UK, including visits, meetings, addressing conferences and hosting business events.

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

Further details of the engagements undertaken by HRH The Duke of York in this role can be found on [www.thedukeofyork.org](http://www.thedukeofyork.org).

HRH The Duke of York (second from right), with (left to right) Maria van der Hoeven, the Minister of Economic Affairs of the Netherlands, Dmitry Medvedev, the Russian President, and Taro Aso, the Prime Minister of Japan, at the opening of the Sakhalin II oil and gas project

# CHAPTER ONE

## THE REPORT



# FACT

£16:£1 RETURN FOR UK  
BUSINESS IN ADDITIONAL  
PROFIT RESULTING FROM  
UKTI SUPPORT



# £3.6 billion

added to UK businesses bottom line profit

## 1.1 INTRODUCTION

### 1.1.1 THIS REPORT SUMMARISES UKTI'S ACTIVITY AND PERFORMANCE FROM 1 APRIL 2008 TO 31 MARCH 2009 AGAINST THE DEPARTMENTAL STRATEGIC OBJECTIVES (DSOs) AND THE RESOURCES USED.

1.1.2 UKTI published its five-year Strategy, "Prosperity in a Changing World",<sup>4</sup> in July 2006, which commits UKTI to be more customer focused, marketing led and performance driven. It remains relevant to today's economic climate, guiding the overall direction and focus of all we do. The eventual return to global growth will accelerate those trends that are reshaping the global economy – above all, fierce competition in our domestic and global markets. It is crucial that government policy not only offsets the risks to our competitiveness that come with a downturn, but ensures that we are in a stronger position to take advantage of the opportunities as the global economy returns to growth. UKTI has an increasingly vital role in stimulating the UK economy, working in partnership across Government and with business to deliver sustainable export and inward investment growth.

## 1.2 UKTI'S AIMS, OBJECTIVES AND STRATEGY

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

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

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

1.2.1 UKTI has the lead role within Government for delivering trade development and inward investment services for business. UKTI is a joint department of the Foreign and Commonwealth Office (FCO) and the Department for Business, Enterprise & Regulatory Reform (BERR), and consequently shares the DSO targets of these parent departments. It delivers on their behalf through staff mainly employed by either the FCO or BERR. UKTI's funding and human resources also reflect this framework.

1.2.2 On 5 June 2009, the Government announced the creation of a new department, the Department for Business, Innovation and Skills (BIS) merging the functions of BERR and the Department for Innovation, Universities and Skills (DIUS). Throughout this report, reference to BERR should be read in this context.

<sup>4</sup> See [www.uktradeinvest.gov.uk/ukti/fileDownload/UKTIStrategyJuly2006.pdf?cid=391741](http://www.uktradeinvest.gov.uk/ukti/fileDownload/UKTIStrategyJuly2006.pdf?cid=391741)

#### UKTI – the organisation by numbers...

- £323m – UKTI's outturn for 2008–09,
- 98 markets (160 locations),
- 2,400 people, of whom,
  - 1,300 overseas,
  - 700 HQ posts, (approximately 655 in London, 40 in Glasgow and 5 in Cambridge),
  - 400 staff in the nine English regions, of which 90% are in front line delivery posts.

1.2.3 The rationale for this governance arrangement stems, in part, from UKTI's objective to support UK-based businesses in overseas markets. There are synergies to the relationship: BERR offers an understanding of business, in addition to presence within the nine English regions through the Regional Development Agencies (RDAs); while the FCO offers the skills and knowledge of diplomatic staff.

1.2.4 UKTI works closely with a number of public sector partners including: the nine English RDAs, the trade promotion and inward investment organisations in the Devolved Administrations (DAs), Other Government Departments (OGDs) and agencies.

1.2.5 UKTI also works with private sector bodies and now has a network of over 50 private sector specialists who provide knowledge, expertise and contacts to help UKTI deliver its strategy.

## Performance Framework and Resources

1.2.6 UKTI's 2007 Comprehensive Spending Review (CSR) settlement (which covers the period 2008–09 to 2010–11) confirmed the targets outlined in the UKTI Strategy for each year of the settlement and the resources UKTI will use to deliver this performance framework. The performance framework agreed in the CSR2007 set five targets covering trade support, inward investment and operational performance and is discussed in more detail in Chapter 4.

1.2.7 UKTI resource has increased in recent years due to the responsibility for defence export support transferring from MoD to UKTI on 1 April 2008 and with the 2009 Budget providing £10m additional resource over the next two years (£5m each year) for UKTI to support UK businesses in their export success. This has resulted in total resource in support for UKTI's activities of £323.2m in 2008–09; £329.2m for 2009–10 and £328.5m for 2010–11.

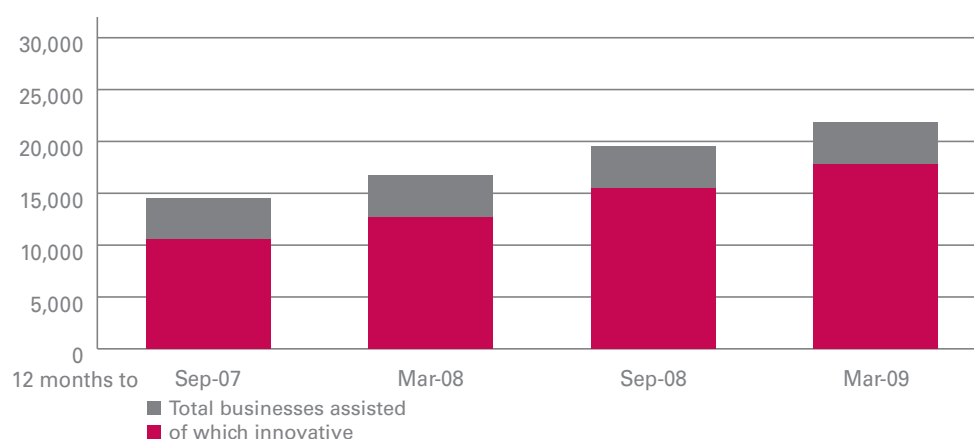
## 1.3 RESULTS FOR 2008–09

### Trade

#### Number of businesses helped to export by UKTI (12 months rolling measure)

1.3.1 For an outlay of £226m, UKTI has increased the number of businesses assisted to 20,700, the first time the 20,000 target has been exceeded and an impressive 30% higher than a year ago. This is coupled with a 37%

### Number of businesses helped to export



increase year-on-year in the number of innovative businesses assisted. UKTI has achieved all of this with the background of the global economic downturn. More than half of our customers say that their performance has improved as a result of our assistance and this is supported by the fact that an additional profit of £3.6 billion was gained by UK businesses as a result of UKTI assistance. In other words, every pound spent on trade services by UKTI helped generate £16 additional profit for UK business.

1.3.2 These trade performance figures exclude support provided by UKTI DSO for defence export promotion. This year with over £4 billion of new orders won, the UK is the world's second most successful defence exporter after the United States, for an outlay of £24m.

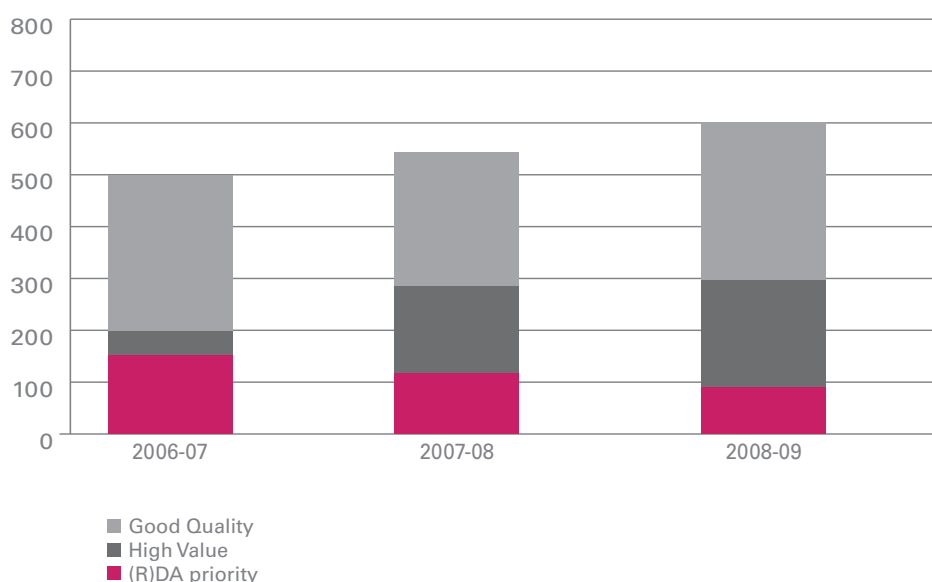
## Inward Investment

### UKTI involved successes by category

1.3.3 For expenditure of £73.3m on inward investment, UKTI directly assisted 600 inward investment projects, a 9% increase on last year's figure and well above our target. This is the sixth consecutive year of growth. These 600 projects contributed to the creation of 10,678 new jobs and helped safeguard 18,600. Within this 600 figure, 262 were deemed high value, which is more than double our target and a 43% increase on last year's figures. This also represents a five-fold increase during the period of UKTI's Strategy "Prosperity in a Changing World".

[www.ukinvest.gov.uk/investmentreport08/09](http://www.ukinvest.gov.uk/investmentreport08/09) for latest UKTI Inward Investment Report 2008–09

### Inward Investment successes by category





## 1.4 MEETING THE CHALLENGE OF THE RECESSION AND PREPARING FOR THE RETURN TO GROWTH

1.4.1 The strategic vision for Britain's economic recovery, "Building Britain's Future – New Industry, New Jobs", was launched in April 2009 and UKTI will continue to play a role in facilitating an export led recovery, through delivering the international component of the Government's strategy to secure the UK's future economic prosperity. The task ahead, in developing new strengths in Britain, will require that we continue to improve the business environment across the board, and focus on our strengths as a knowledge based economy with high technology at its heart. UKTI must also take steps to help firms and workers grasp opportunities in particular key markets and sectors, building upon the changes made to the service we delivered this year, summarised below:

- The new **Fiscal Compass Programme**, which helps UK-based companies capitalise on opportunities arising from other countries' new fiscal stimulus packages or other spending mechanisms such as sovereign wealth funds.
- A new **Gateway to Global Growth** package that helps experienced exporters diversify into new overseas markets, focusing on innovative SMEs with two to ten years' export experience.
- New funding rules for the **Tradeshow Access Programme** (TAP) doubling the maximum number of grants per company to six, as long as they are participating in tradeshows in more than one market.
- The redeployment of resource between **Priority markets** directed towards those areas with a higher rate of proven potential.

## 1.5 BRITAIN'S COMPETITIVENESS

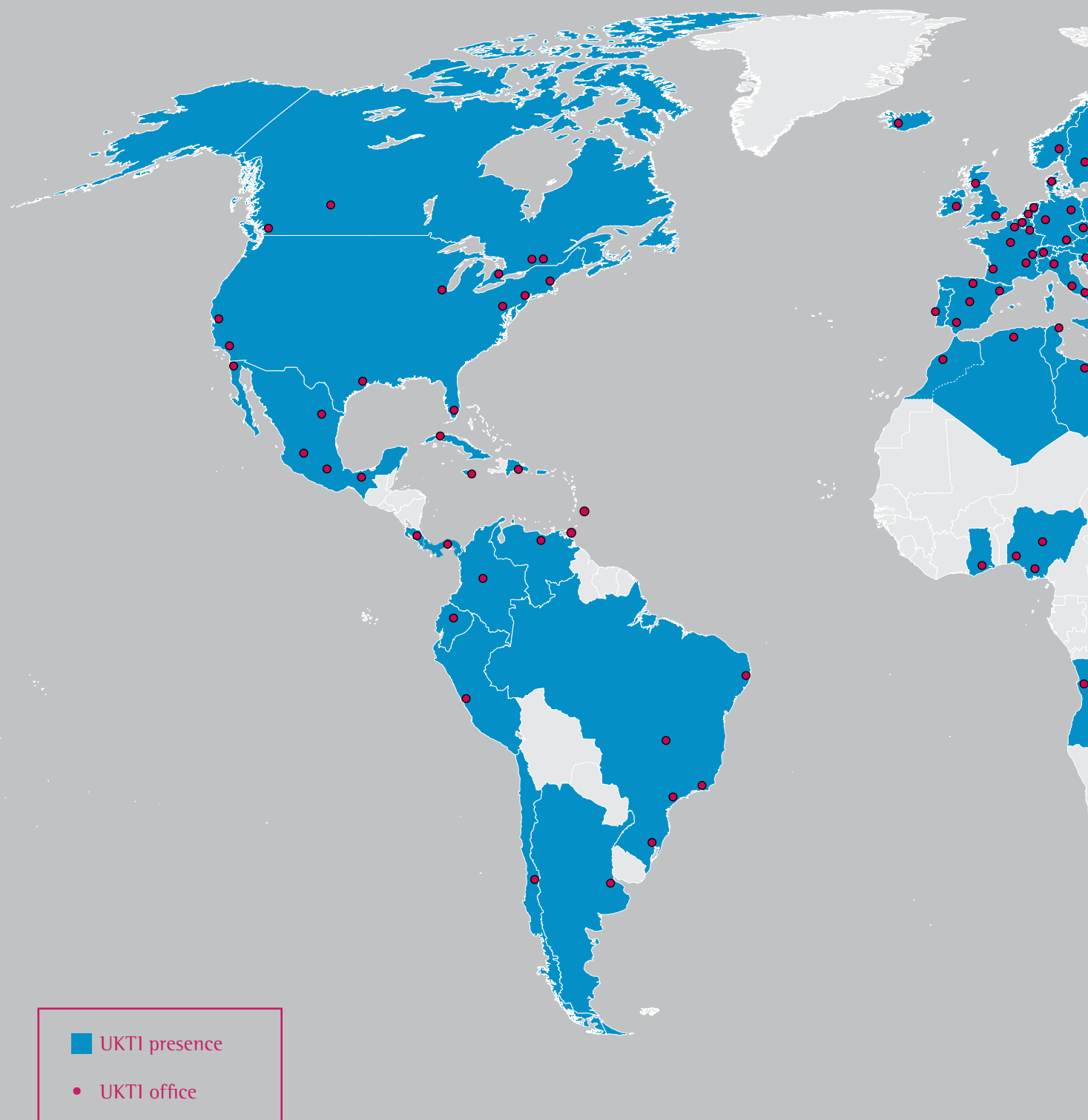
1.5.1 The UK is the best place to do business, and remains a **Springboard for Global Growth** for companies, both UK-owned and those investing from overseas. We must preserve and refine the foundation of the UK's competitiveness. The capacity to produce strong firms is also the basis of Britain's exceptional performance in attracting inward investment.

1.5.2 In the current economic climate, we need to be realistic but also positive. Companies have told us clearly that they value UKTI's services highly. They say the UK is a good place to do business because of the:

- **Business environment**, the appropriate level of regulation, strong Intellectual Property protection and flexible workforce.
- **Excellence in creativity and innovation**, world-class talent, creativity hub and R&D.
- **Gateway of international connections**, taking companies beyond the opportunities offered by the UK and delivering a multiplier effect.

1.5.3 The diagram opposite summarises how UKTI delivers its targets, objectives and its parent departments' objectives. This is followed by a map of the world showing UKTI's global reach.

# UK TRADE & INVESTMENT GLOBAL REACH 200

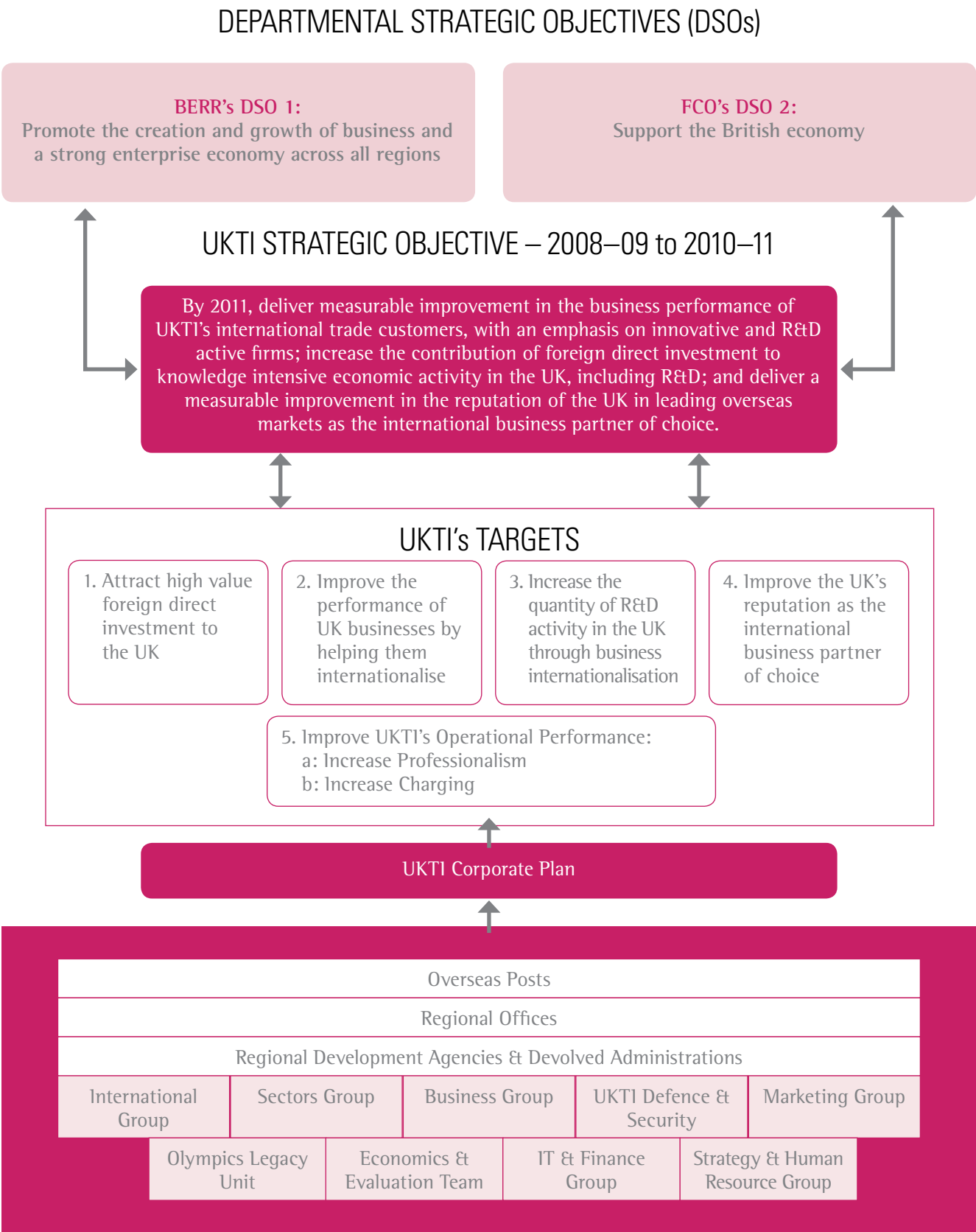


08–09



UKTI operates in the  
markets that generate  
98% of Global GDP

ACHIEVING THE DEPARTMENTAL  
STRATEGIC OBJECTIVES OF THE  
ORGANISATION



# CHAPTER TWO

## DELIVERING OUR STRATEGY



# FACT

DESPITE A GLOBAL ECONOMIC  
DOWNTURN, CHINA AND INDIA  
ARE STILL PROJECTED TO GROW  
BY 7.2% AND 5.1% RESPECTIVELY

SOURCE: WORLD BANK JUNE 2009

CHAPTER TWO: DELIVERING OUR STRATEGY

# OVER 40 SENIOR

business leaders from the private sector contribute directly to helping UKTI succeed

## 2.1 STRATEGY

### 2.1.1 UKTI'S STRATEGY, "PROSPERITY IN A CHANGING WORLD", WAS PUBLISHED IN RESPONSE TO THE CHALLENGES AND OPPORTUNITIES OF GLOBALISATION.

The UKTI Executive Board has kept the Strategy<sup>5</sup> under constant review, adjusting and refining the approach to ensure we continue to deliver our objectives while taking into account the global economic climate. UKTI will continue to be a flexible, proactive organisation, reappraising, adapting and redeploying resources as opportunities arise, within the overall framework of our strategy.

2.1.2 We draw heavily on the senior business representatives who support our delivery, in particular our Business Ambassadors, the non-executive board members, our Sector Advisory Groups (SAGs) and the Marketing Strategy Boards that are chaired by and made up of senior business leaders. The themes of UKTI's Strategy are:

- **Marketing** – delivering world-class, joined-up marketing of the strengths of UK business, and of the UK as the international business partner of choice internationally.
- **Partnerships** – working in partnership with business, across Government and the regions for greatest impact.
- **Focus** – focusing efforts and resources where they can add most value: in knowledge driven, high value sectors and R&D, which bring the greatest return to the UK economy, and in markets with high growth potential.

#### UKTI's strategic delivery during 2008–09

- Responsibility for defence export support transferred from the Ministry of Defence to **UKTI Defence & Security Organisation (UKTI DSO)** with access to UKTI's global network of staff based in 98 overseas markets.
- The creation of a **Business Ambassadors** network to work with Government to promote the UK's excellence and support the success of UK business in overseas markets, focusing on helping small and medium-sized enterprises (SMEs).
- The launch of **two further marketing strategies** covering **low carbon** and **advanced engineering** in addition to UKTI marketing strategies across five specific sectors.
- UKTI played its part in the Government's **Manufacturing Strategy** by providing some £1m of funding to help UK companies of all sizes access manufacturing value chain opportunities in **India and China**.
- Delivering the business and economic benefits of the Government's **Olympic Legacy** objectives.
- Marketing the UK economy and UKTI globally with **"Take It To The World"** and **"Time to Explore New Markets"** and other promotions.

#### UKTI Defence Export Services Promotion

2.1.3 Following the transfer of defence export services from the Ministry of Defence (MoD) at the beginning of the year, UKTI established the Defence & Security Organisation (UKTI DSO), which brings together the full range of UKTI and wider government support to deliver a co-ordinated national effort for these sectors. This, coupled with access to UKTI's global network of staff, has enhanced the services provided on behalf of defence and security sector companies. UKTI DSO has delivered increased support for international events including events in India, Australia and Brazil and trade missions in the United States, France, Portugal and Italy.

<sup>5</sup> The UKTI Strategy "Prosperity In A Changing World", published in July 2006, is available at: [www.uktradeinvest.gov.uk](http://www.uktradeinvest.gov.uk)



## 17 Key Business and Academic Leaders were appointed as Business Ambassadors by the Prime Minister

---

*“The UK defence industry produces some of the most innovative equipment in the world and offers turnkey solutions in both the defence and security sectors. I am delighted that we in DSO are able to offer advice, support and guidance aimed at keeping the UK as one of the most successful global defence exporters. Our aim is to support both large and small companies and I look forward to working with both industry and Government to ensure that the UK offers the best equipment at the right price with the right support.”*

**Richard Paniguan**

Head, UKTI Defence & Security Organisation

---

2.1.4 The establishment of the Defence Advisory Group and Security Advisory Group have enabled the needs of the industry to be reflected in our activities and plans. Their input has informed UKTI's Marketing Strategy for the defence and security sectors, promoting improved ethical standards, and has identified key overseas markets.

2.1.5 Bringing support under the umbrella of UKTI has enhanced UKTI DSO's efforts on behalf of the defence sector, extending our reach and impact. UKTI DSO now has access to UKTI's global network of staff based in 98 overseas markets and is already producing benefits from closer integration with the wider UKTI network. For example:

- The British Embassy Team in Dubai arranged meetings and facilitated introductions for Regional Directorate Central and the Security Directorate when we were researching security sector opportunities in Dubai.
- UKTI staff in London and Washington, together with staff from the Defence Trade Office, Washington, participated in joint briefings during the Association of the US Army (AUSA) exhibition in Washington in October and in a “Doing Business with the US” seminar at the Farnborough Airshow in July.

2.1.6 The **Security Directorate** acts as a focal point to co-ordinate export activity for the UK's security sector. It focuses mainly but not exclusively on high value and high-tech requirements, where the customer is likely to be a Ministry of Interior, paramilitary, coastguard, police or fire organisation. Government-to-government interactions are most likely in these areas and are where the Security Directorate can add most value.

---

*“We are pleased to be working with UKTI's Security Directorate to help UK companies promote their globally renowned expertise to the continually expanding international security market.”*

**British Security Industry Association**

---

## 2.2 THE BUSINESS AMBASSADORS NETWORK

2.2.1 The **Business Ambassadors**<sup>6</sup> network of 17 key business and academic leaders was established by the Prime Minister in October 2008, to promote the UK's excellence internationally and to highlight trade and inward investment opportunities, particularly focusing on helping small businesses. UKTI is responsible for delivering this joint FCO/BERR initiative and for providing dedicated secretariat support to the Business Ambassadors. In the current challenging economic climate, their business expertise and international experience has provided vital support to UK business interests in global markets.

2.2.2 The Business Ambassadors are not paid and give their time freely. However, UKTI does pay expenses. In total, £6,106 was paid during 2008–09 for expenses covering accommodation and in-country transportation directly linked to the event. Twenty events were attended in 2008–09 at an average cost of approximately £300.

<sup>6</sup> See [www.uktradeinvest.gov.uk](http://www.uktradeinvest.gov.uk) for more information on the Business Ambassadors network.



2.2.3 The Business Ambassador programme started with a number of extremely successful events. These included:

- *Digby, Lord Jones of Birmingham*, leading the largest ever UKTI mission to Dubai.
- *Paul Skinner, Chair, Rio Tinto*, speaking to over 400 British and Australian businessmen and women in Melbourne and Sydney.
- *Sir Kevin Smith, Chief Executive, GKN* and *Digby, Lord Jones of Birmingham*, launching the UKTI Advanced Engineering Strategy with the Minister for Trade, Investment and Business, Lord Davies of Abersoch.
- *Dr John Hood, Vice-Chancellor, University of Oxford*, addressing and chairing an oncology conference in Copenhagen.
- *Sir Terence Conran, Chair, Conran Holdings*, meeting with key Japanese developers and architects in Tokyo.

2.2.4 In contrast to these large events, there have also been a number of smaller engagements or meetings that have been built around opportunities that became available during the Business Ambassadors' own travel. These have included Dick Olver, Chairman BAE Systems meeting with senior business figures and our Ambassadors in Oman and Abu Dhabi, and Lord Rogers, Chairman Rogers Stirk Harbour & Partners, meeting with our Ambassador and representatives of the Mexican Ministry of Transport & Telecommunications and the Office of the President in Mexico City.

2.2.5 The Business Ambassadors represent a unique and valuable resource. At each of their engagements, they have delivered positive UK trade and economic messages, reinforcing the important role that top business and academic leaders can play in promoting the UK's strengths.

### The Business Ambassadors

- Marcus Agius, Chairman, Barclays
- Sir Victor Blank, Chairman, Lloyds Banking Group
- Sir John Bond, Chairman, Vodafone
- Lord John Browne, President, Royal Academy of Engineering and Managing Director of Riverstone Holdings
- Sir Terence Conran, Chairman, Conran Holdings
- Dr Chris Gibson-Smith, Chairman, London Stock Exchange and British Land
- Professor Malcolm Grant CBE, Provost and President, University College London
- Gerry Grimstone, Chairman, Standard Life
- Sir Philip Hampton, Chairman, RBS Group & J Sainsbury
- Dr John Hood, Vice-Chancellor, University of Oxford
- Digby, Lord Jones of Birmingham
- Anna Mann, MWM Consulting
- Dick Olver: Chairman, BAE Systems
- Professor Alison Richard, Vice Chancellor, University of Cambridge
- Lord Rogers of Riverside, Chairman, Rogers Stirk Harbour & Partners
- Paul Skinner, Chair, Rio Tinto
- Sir Kevin Smith CBE, GKN

## 2.3 MANUFACTURING STRATEGY

2.3.1 The Government's new Manufacturing Strategy, "Manufacturing: New Challenges, New Opportunities"<sup>7</sup>, published in September 2008, addresses the popular misconception that UK manufacturing is in decline.

<sup>7</sup> "Manufacturing: New Challenges, New Opportunities" is available on the BERR website at [www.berr.gov.uk](http://www.berr.gov.uk)

# UK companies won £2 billion worth of business at the Beijing 2008 Games

---

*"The UK has highly competitive advanced engineering industries and they will play an essential role in generating employment and prosperity as economic growth returns to the global economy. The UK Advanced Engineering Strategy prepared by UKTI is an important development in promoting the tremendous potential of UK businesses and the opportunities that are available through innovation and the use of new technologies."*

**Paul Everitt, Chief Executive of the Society of Motor Manufacturers and Traders**

---

2.3.2 The Manufacturing Strategy announced a new £1m package of UKTI support to help UK companies access global value chain opportunities. Four private sector specialists, are covering Life Science, Information and Communication Technology (ICT), Advanced Engineering and Energy, and will focus on opportunities in China and India. Together they will help some 400 SMEs to access value chain opportunities in these markets. In addition, two specialists – one on earthquake reconstruction and one on China's Sustainable Cities initiative – will help some 200 UK SMEs into supply chains in China.

## 2.4 OLYMPIC OPPORTUNITIES AND LEGACY

2.4.1 We are seeing that London's hosting of the 2012 Olympic Games is influencing the activities and strategic decisions of overseas companies. International companies are considering investing in or expanding their operations in the UK in order to be best placed to bid for 2012 contracts. The games provide a unique opportunity to deliver key messages about the UK and promote the UK to international audiences as the best place to do business. The UKTI 2012 Legacy Unit leads on the Government's Olympic Legacy objectives "to maximise the wider economic benefits of the Games across the UK, including those for tourism and business promotion" and "to promote positive images of the UK to international audiences".



Image Courtesy of Andrew Witnell

The Olympics Parade, Trafalgar Square London 2008

## Inspiring Inward Investors to be part of London 2012

2.4.2 UKTI is encouraging companies to look beyond 2012 and offers them assistance to export their products, skills and expertise to the future hosts of global events. UK companies won £2 billion of business at the Beijing 2008 Games; are currently supplying to both the Vancouver 2010 and Sochi 2014 Winter Olympic and Paralympic Games; and are also working with the candidate cities for the 2016 Summer Olympics.

2.4.3 Through the following UKTI programmes, real opportunities exist for British business to secure contracts and develop collaboration with overseas firms.

In March 2009, UKTI rolled out “*Take It To the World*”. In that month alone it generated an extra 46,000 visits to our website compared with February.

- **Host2Host:** Maximises the economic benefits of hosting the Games in 2012 by creating trade, partnership and investment links with other host nations and cities. UKTI has strategic alliances in place with Vancouver (hosts of the 2010 Winter Olympics), Singapore (host of the 2010 Youth Olympics) and Sochi (host of the 2014 Winter Olympics) and are looking for similar agreements with other host nations.
- **CompeteFor:** A web-based electronic brokerage system which publicises 2012 Games procurement opportunities. UK and foreign-based companies profile themselves to “compete for” the supply chain opportunities arising from 2012 contracts.
- **Sports event sector activity:** Delivers a programme of major sports event sector-focused activities to raise awareness among international event holders, and host and bid cities, of the UK’s commercial capabilities and experience in supplying goods and services.
- **Cross-sector activity:** Encourages UKTI sector teams to find their Olympic “touchstone” and develop their long-term strategies to take advantage of the opportunities arising from the Olympics.
- **Partnership promotion:** Working with Nations and Regions to optimise Olympic opportunities across the UK and providing an international platform to promote inward investment and partnership.

## 2.5 MARKETING UKTI SERVICES AND THE UK ECONOMY GLOBALLY

2.5.1 Marketing is central to the UKTI strategy to position the UK in leading overseas markets as the international business partner of choice for both trade export and inward investment. UKTI markets its services to UK businesses and showcases the strengths of the UK as a world-class source of products and services, talent and creativity.

### “Take It To The World”

2.5.2 In March 2009, UKTI rolled out “*Take It To The World*”, a regional initiative which encourages UK businesses to explore opportunities overseas with confidence, with expert help from UKTI. Lasting four weeks, this covered 13 airports and 148 railway sites and was complemented by a branded taxi campaign focusing on central London, Heathrow Airport, Newcastle, Manchester, Liverpool and Birmingham. Advertisements appeared in *easyJet*, *BMI Voyager* and Virgin Rail’s *Hotline* and *Velocity* magazines. Initial feedback has been very positive as evidenced by an increase of 46,000 visits to the website in March alone.



Promoting the “*Take It To The World*” campaign, Newcastle.

2.5.3 Phase Two, which ran in June 2009, saw the development of a new strap-line “Get the Export Advantage” and builds on the economic benefits of exporting. In addition to running in regional airports and railway stations UKTI also ran print media activity in the Institute of Directors’ magazine *Director*, Confederation of British Industry’s magazine *Business Voice* and *Management Today*. This was complemented by an on-line presence in the Daily Telegraph. Activity for both phases was optimised through various social media tools such as UKTI’s YouTube channel and Twitter and all paid media was leveraged to create PR opportunities.

### Time to Explore New Markets (High Growth Markets)

2.5.4 UKTI delivered an integrated marketing campaign to promote the benefits and value to UK companies of doing business in high growth markets and profiling the expertise that UKTI has to offer. It targeted SMEs/ mid corp companies through double page spread advertorials in business, trade and other specialist publications covering energy/power, oil and gas, environment (renewables), creative industries, healthcare and medical, advanced engineering, ICT, transport and infrastructure, construction and security. Respondents were directed to the URL: [www.uktradeinvest.gov.uk/ukti/highgrowthmarkets](http://www.uktradeinvest.gov.uk/ukti/highgrowthmarkets). The activity ran from January to March 2009 and during that time, attracted over 2,500 visits to the High Growth Markets webpage.



B&Q is a British retailer of DIY and home improvement tools and supplies. It was founded in 1969 and is the largest DIY retailer in Europe and China and the third largest in the world.

### Other Promotions

2.5.5 In March 2009, UKTI worked with the *Financial Times* on a special supplement publicising opportunities and challenges of doing business in emerging markets as part of the paper's proprietary "Doing Business" series. This supplement included the latest economic briefing and comment on the emerging markets, case studies

and a guide to practical help and advice available. It is currently hosted on [ft.com](http://ft.com) for 12 months where it has attracted over 2,400 visits, up to May 2009.

In addition, UKTI also:

- sponsored *The Economist's* Emerging Markets Summit 2008, their Innovation Awards 2008 and the CBI/Real Business Growing Business Awards,
- commissioned four mini white papers from the Economist Intelligence Unit (EIU) on specific globalisation issues: *Tomorrow's Markets*, *New World Brands*, *Global Talent* and *Financing Globalisation* as well as an innovative multimedia (print, online and film) advertorial package with *Monocle* magazine.
- partnered the Institute of Directors (IOD) and EIU on three regional breakfast briefings which attracted over 150 companies in total,
- continues to sponsor the *Daily Telegraph* Business Club, and
- produced a corporate DVD 'It's Everyone's Business' which includes both a trade and inward investment message. Translated into 16 languages, this is being shown throughout UKTI, the UK and overseas network, at events and through our social media channels.

## 2.6 DELIVERY

2.6.1 UKTI's Strategy articulates the importance of partnerships to the delivery of its objectives. Key to this are the partnerships with business and the wider public sector delivery agencies and departments, including the nine English Regional Development Agencies, the Devolved Administrations in Northern Ireland, Scotland and Wales, Other Government Departments as well as other national bodies including Visit Britain and the British Council, and trade associations and other business organisations. This co-ordinated approach enables UKTI to leverage total public funding associated with trade and investment, to increase the impact of its activity and deliver better value to the taxpayer.

UKTI provides dedicated services in 98 markets, representing just over 98% of global GDP

## 2.7 PARTNERSHIPS

### Partnership with Business

2.7.1 UKTI works closely with business in delivering its services, from its international board members, Business Ambassadors and Advisory Group chairs, through to its delivery network of Business Councils, Independent Trade Advisers (ITAs), Chambers of Commerce, specialists and Accredited Trade Organisations (ATOs). Their support of UKTI and its objectives ensures that we effectively focus our service delivery on the areas that add the most value to the UK and business.

### Regional Development Agencies (RDA) and Devolved Administrations (DA)

2.7.2 The UK's inward investment promotional effort combines both national and regional agencies in a co-ordinated network. This consists of staff:

- based overseas in the principal markets from which Foreign Direct Investment (FDI) is sourced,
- in UKTI's London Headquarters,
- in the English RDAs representing the nine English regions, and
- in the DAs in Scotland, Wales and Northern Ireland.

2.7.3 UKTI has a key role in managing this network and co-ordinating the efforts of both the public and private sector partners around the UK to make the best case for "UK plc". This ensures that potential investors have access to all of the available help and advice they need to make the best commercial decisions. UKTI's principal objectives in the area of FDI are to attract, retain and add value to UK investment.

2.7.4 This close relationship with RDAs enables UKTI's services at regional level to fully reflect regional needs and priorities, and ensure that use of regional resources devoted to international trade is maximised and duplication avoided. At the same time the regions have benefited from UKTI's regionally based teams being part of a global organisation, which gives companies access

through their local ITAs to UKTI's network of staff based in UK diplomatic posts around the world.

2.7.5 UKTI co-locates with RDA offices overseas, where possible, which enables cost efficient sharing of resources and services.



UK Landmark, Albert Dock, Liverpool.

### Other Government Departments (OGD)

2.7.6 UKTI works with both of its parent departments, Department for Innovation Universities and Skills (Technology Strategy Board, Science and Innovation Network and Research Councils), MoD, Department of Energy and Climate Change, Department for Communities and Local Government and others to deliver sustainable export and inward investment growth for the UK. The Minister for Trade, Investment and Business chairs a cross-Whitehall Ministerial visits co-ordination committee to ensure that there is joined-up communication of the UK's strengths, and that we maximise the support for trade and investment opportunities from Ministerial visits.

2.7.7 UKTI asks businesses for their views about the UK and overseas business environments, including the context of the current economic situation. These views are shared across Government departments.



## BRITISH AIRWAYS



In 2008–09, British Airways announced its partnership with UKTI and British American Business (BAB) to launch a multi million pound package of measures offering up to £15 million of rights to help UK small and medium enterprises (SMEs) win new business abroad, and help beat the recession. Accor Hotels group and AVIS are also in the process of finalising the terms and conditions of a proposal with UKTI.

The initiative is designed to support UK SMEs relatively new to exporting or looking to expand into new markets with UKTI's help. Independent research about UKTI's customers found that more than half were experiencing increasing demand from abroad.

*"This exciting initiative has enormous potential. It shows what can happen when big business and Government work together to support British firms and the economy. Although the global slowdown has meant increased challenges for businesses, it has also created opportunities internationally for those that want to expand into new markets."*

*"Exporting companies are more competitive and resilient. Yet many SMEs can find it hard to break into new markets on their own. They overestimate the barriers and underestimate the rewards of exporting to key markets. This generous offer significantly reduces the costs faced by UK exporters, allowing them to explore their overseas expansion potential."*

**Lord Davies of Abersoch – Minister for Trade, Investment and Business.**

### The UK Advisory Network for Inward Investors

2.7.8 UKTI understands the vital role that professional business services play. UKTI has worked with such firms for many years and launched the UK Advisory Network (UKAN) in November 2007. The objective of UKAN is to strengthen the partnership between Government and the private sector in delivering support for new and existing investors and UK firms internationalising their business. Membership of UKAN is free and is available to a wide range of business service providers.

[www.ukan.uktradeinvest.gov.uk](http://www.ukan.uktradeinvest.gov.uk)

### 2.8 FOCUS

2.8.1 Successful international entrepreneurship is important to the flexibility of the economy, as a driver of innovation and as a stimulus to competition. With more productive firms replacing less productive ones, and through the capacity of new firms and entrepreneurs to innovate and introduce new technologies, firms can maximise the returns to their investment in intellectual property by selling into a larger market. Young and innovative SME exporters contribute crucially to the flexibility which allows the economy to respond to economic shocks and changes to the UK's comparative advantage. In time, some of these dynamic SMEs and "born globals" of today will become the large firms in profitable mature sectors of the future. However, they will not fulfil their potential without developing the capabilities necessary to exploit overseas market opportunities successfully. Hence UKTI has prioritised its sectors and markets accordingly, focusing on higher value added sectors as set out in the Economics Paper<sup>8</sup> published alongside UKTI's Strategy. Returns to the taxpayer are likely to be higher for innovative than non-innovative companies.

2.8.2 UKTI is continually sharpening the focus of its delivery to ensure efforts and resources are applied where they can add most value to maintain UKTI as a marketing led, client focused organisation that responds to the needs and concerns of its customers. We have client account managers for key clients and they are supported by a customer relationship management

8 BERR Economics Paper Number 18, International Trade and Investment – the Economic Rationale for Government Support [www.berr.gov.uk/files/file32297.pdf](http://www.berr.gov.uk/files/file32297.pdf)

## London has 255 foreign banks with branches or subsidiaries – almost double the number in New York

(CRM) system. There are a number of schemes in place which develop and nurture the relationships with individual companies, ensuring they can benefit from UKTI support.

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

- overseas-owned R&D intensive companies,
- innovative inward investors,
- innovative UK companies with two-ten years’ export experience,
- top FTSE 100,
- overseas-based entrepreneurs with innovative technology,
- companies we can help develop their internationalisation capabilities or get into new overseas markets, with a particular focus on:
  - helping companies to boost their R&D output,
  - helping companies to capitalise on business opportunities arising from fiscal stimulus initiatives overseas, and
- the defence and security sector.

### FTSE 100 companies

Many of the UK’s biggest companies have very significant investments overseas. A framework has been established within UKTI enabling senior staff to manage relationships directly with these companies. Relationship managers are now in place for 50 FTSE 100 companies, with discussions focusing on the obstacles companies face in international trade. UKTI will follow up on company concerns and opportunities, such as market access issues and their strategic plans for internationalisation. UKTI’s diplomatic network is truly global and enables us, for example, to raise and address market access issues with key contacts in overseas markets, or to facilitate access to key decision makers in foreign governments. We can open doors that would otherwise remain shut.

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



### HSBC Trade and Supply Chain and UK Trade & Investment Join Forces to Boost UK Exports

The joint HSBC/UKTI initiative is aimed at providing training events and additional trade assistance for businesses looking to enhance their ability to grow their international export business.

A series of international trade workshops will take place across the UK. They have been developed by HSBC and UKTI to help demystify the processes of doing business internationally and advise on the requirements and paperwork needed to successfully trade overseas.

*“We are delighted to be joining forces with UKTI, one of the foremost agencies dedicated to fostering international trade anywhere in the world, to help UK exporters understand the current environment and how to grow their business while protecting their company.”*

**Stuart Nivison, HSBC’s Head of Trade and Supply Chain, Europe**



## 2.9 FOCUS ON MARKETS

2.9.1 A key feature of UKTI's Strategy is differentiation: the services for companies in China or India will be different from those in France or the USA. In high growth markets UKTI offers more support in dealing with other governments and overcoming barriers to trade, both formal and informal. UKTI also provides additional information on high growth markets, such as a report on the opportunities in regional cities in China and intellectual property guides for a number of markets. Regular reports from the FCO on the economic and political developments in key markets are issued for companies registered with UKTI's website.

2.9.2 The Asia Task Force, chaired by Lord Mandelson and Lord Powell, continues to focus on ensuring that UK companies are aware of the opportunities in Asian markets, through a programme of outreach and awareness raising. In more developed markets it focuses relatively more effort in helping UK-based companies access key local contacts and sources of information, and identifying inward investment projects. This means that although there have been reductions in some networks, UKTI has strengthened its teams in others in order to reflect their importance for British business.

### High Growth Markets

2.9.3 UKTI focuses on the markets where the potential for growth is highest. Based on an assessment of the relative importance of different markets for UK business and the value of committing further resources in these markets, UKTI has identified a priority list of 17 high growth markets:

- |                   |                        |
|-------------------|------------------------|
| • Brazil          | • Saudi Arabia         |
| • China           | • Singapore            |
| (incl. Hong Kong) | • South Africa         |
| • India           | • South Korea          |
| • Indonesia       | • Taiwan               |
| • Malaysia        | • Thailand             |
| • Mexico          | • Turkey               |
| • Qatar           | • United Arab Emirates |
| • Russia          | • Vietnam              |

2.9.4 Several criteria have been applied to identify these key markets:

- market size and potential for growth,
- strategic political and economic importance,
- strength of the scientific, technical and research base,
- performance of UK business relative to competitors,
- market match with the profile of UK capacity,
- presence of active local partners keen to strengthen trading links with the UK, and
- the impact UKTI can have in supporting firms and in removing barriers to doing business in the market.

2.9.5 Taken together, these criteria enable us to make an assessment of the importance of a market, its potential for growth, and whether the commitment of the UKTI resources will deliver significant benefits for UK business.

2.9.6 While these attributes apply in greater or lesser degree to many high growth countries, UKTI resources need to be directed to those where we can clearly optimise results for UK business.

2.9.7 Additionally, UKTI is seeing significant opportunities in the Middle East and we are beginning to expand our resources in this region to assist UK companies in securing some of this business. With improvements in the security situation, we are seeing a growing interest from British companies in Iraq and we have re-established a UKTI presence in the market.

2.9.8 Building strong trade and investment links with high growth markets is strategically important to the UK's future economic well being. India and China are already in the top ten largest economies in the world, and are forecast to increase their shares of global output over the next ten years. These and other high growth markets present significant opportunities for UK business. There is also good economic evidence that firms secure most value if they enter high growth markets at an early stage.<sup>9</sup>



#### UK India Business Council

The UK India Business Council is the lead business organisation supporting the Government's promotion of trade between the UK and India. It receives grant funding from UKTI, and aims to achieve match funding from the private sector by 2010–11. Its key objectives are: to provide a business-to-business UK-India networking forum; to promote UK trade with India and inform UK businesses about the opportunities India represents; to provide practical advice on the Indian market and establishing a business there – signposting them to UKTI services as appropriate; to contribute to the delivery of the UK-India Joint Economic Trade Committee objectives and to generate specific and targeted new information that will help British companies to successfully embrace new opportunities in India.

To find out more about UKIBC go to [www.ukibc.com](http://www.ukibc.com).



#### China-Britain Business Council

UKTI provides financial support to the China-Britain Business Council (CBBC) to deliver a range of UKTI services in China, including OMIS, events, missions and seminars. CBBC supports British companies of all sizes – new entrants and established operations – through a network spanning 11 cities in China and six in the UK. In addition to UKTI services, CBBC offers a portfolio of services specifically designed to help UK businesses succeed in China. CBBC's Board is also actively engaged in the Joint Economic Trade Committee (JETC) process, as the Area Advisory Group for China.

This unique partnership between UKTI and CBBC draws on the collective strengths of two organisations. CBBC focuses on the delivery of practical advice and support to UK businesses seeking to enter or expand their operations in China, while UKTI staff in China now focus more of their time on marketing the UK's strengths in China; increasing their engagement with the Chinese Government to improve the business environment for UK companies; assisting companies already established in the market to fulfil their objectives; and attracting knowledge-intensive businesses to the UK.

To find out more about CBBC go to [www.cbbs.org](http://www.cbbs.org).

<sup>9</sup> Kneller, R. (2004), Participation in export markets and productivity in UK manufacturing, Final Report for UKTI.



### UK-Brazil Joint Economic Trade Committee

The Joint Economic Trade Committee (JETCO) arrangement between the UK and Brazil is tasked with furthering the UK's strategic economic relationship with Brazil. It helps to: promote and develop trade; address barriers to trade; and create a better business climate. It is the first formal arrangement to look at barriers to trade between the two countries. The JETCO has marked a step change in UK-Brazil bilateral trade and investment activity. It allows us to raise the profile of Brazil in the UK (and vice versa) and is an important channel for us to press the Brazilians at a senior level for (much needed) improvements in the business environment. JETCO has the support of key players, both in government and the private sector, such as the CBI, CNI (the Brazilian CBI equivalent), key trade associations and the Anglo-Brazilian Chambers of Commerce in London and Brazil.

Good progress has been made under the JETCO across a broad range of areas including: trade and investment; aerospace; intellectual property rights; science and innovation; legal services; and accreditation among others.

To find out more about UK-Brazil JETCO go to [www.ukinbrazil.fco.gov.uk](http://www.ukinbrazil.fco.gov.uk).

2.10.2 These strategies aim to significantly enhance the UK's reputation internationally. They are supported by high quality promotional materials, to target high value business sectors and individual companies with core messages about relevant UK strengths, and assist UK companies in selling themselves overseas. There are seven sectors, or "areas" of importance in the case of low carbon, that are currently being explored.

2.10.3 Through the guidance of business-led Sector Advisory Groups, sector teams deliver activities in partnership with Overseas Posts, Regions and Accredited Trade Organisations to showcase UK excellence.

These typically involve:

- developing sector strategies to ensure that UK business capability is matched to overseas opportunities,
- organising UK missions and events in relevant markets,
- bringing potential buyers to the UK through sector-focused inward missions and events, and
- building government-to-government liaison to help open up new markets.

2.10.4 UKTI works alongside UK business specialists on Marketing Strategy Boards to develop marketing strategies for a number of key sectors, giving greater focus.

## 2.10 FOCUS ON SECTORS

2.10.1 UKTI acts as a catalyst for UK-wide marketing strategies by developing a genuine partnership between business and Government to deliver a collective marketing effort. The strategies speak as much to the overseas customer of UK products and services as they do to potential investors looking for a new location, partners or joint ventures. UKTI focuses on the sectors where it can add most value and on the markets where the potential for growth is highest.

The UK is the world's Sixth largest manufacturer. Our manufacturing is high skill, high tech and high end

#### UKTI Sector Advisory Group Chairs

**Construction:** Terry Hill, Chairman, Arup Group Ltd.

**Power:** Robert Lane CBE, Partner, Head of Electricity Group, CMS Cameron McKenna LLP.

**Airports:** Peter Budd, Global Business Leader, Aviation Arup Scotland.

**Environment:** Colin Drummond, CEO, Viridor Waste Management Ltd.

**Water:** Tony Allum CBE FrEng.

**Sports and Leisure Infrastructure:** Martin Harman, Chairman, Pinsent Masons.

**Rail:** Haydn Abbott, Chief Executive, Angel Trains International.

**Ports:** James Sutcliffe, Chairman, John Sutcliffe & Son Ltd.

**Creative Industries:** Andrew Summers CMG, Chairman, Brandsmiths; Chairman, Companies House.

**Financial Services:** Roy Leighton, Chairman, Financial Services Skills Council.

**Education and Skills:** Dominic Savage OBE, Director General, British Educational Suppliers Association.

**ICT:** Mike Short, Vice President – External Affairs Telefónica O2 Europe plc.

**Healthcare:** Chris Francis.

**Biotechnology and Pharmaceuticals:** Dr Kevin Cox, Managing Director, GSTS Pathology.

**Oil and Gas:** Neil Bruce, Chief Operating Officer, AMEC plc – Natural Resources.

**Advanced Engineering:** Peter Mathews CMG, Chairman and Managing Director, Black Country Metals Ltd.

**Marine:** Robert Hill, Managing Director, Chemring Marine Ltd.

**Defence:** Sir Kevin Tebbit, Chairman, Finmeccanica UK.

**Security:** Stephen Phipson, President, Smiths Detection.

#### UK Marketing Strategies – The Key Sectors

- Advanced engineering
- Low carbon
- Financial services
- Creative industries
- Life science
- ICT
- Energy technologies

2.10.5 There are separate Marketing Strategy Boards for each of the key sectors which are chaired by senior business people.

#### Chairs of the Marketing Strategy Boards

**Advanced Engineering Strategy:** Peter Matthews CMG, Chairman & Managing Director: Black Country Metals Ltd.

**Financial Services Advisory Strategy Board:** Roy Leighton, Chairman, Financial Services Skills Council.

**Creative Industries Strategy Marketing Board:** Sir John Sorrell, Chairman, The Sorrell Foundation.

**Life Science Strategy Board:** Chris Brinsmead, Chairman of AstraZeneca Pharma UK, President ABPI.

**ICT Strategy Implementation Board:** Larry Hirst, Chairman, IBM EMEA.

**UK Energy Excellence:** Samir Brikho, Chief Executive Officer, Amec plc.

2.10.6 The aim for these key sectors led by high level business representatives, is to:

- build a strong **high-level partnership** between the public and private sector and maximise our collective resources,
- **identify UK strengths**,
- develop and roll out **strong marketing messages** founded on evidence, and
- focus activity on where, **together**, we can make the most difference and **add the greatest value** for the UK in terms of reputation and new business.

2.10.7 As a result:

- We have signed a statement of intent with HSBC, for example, to work together to help UK exporters to capitalise on trade opportunities in 2009.
- The Asia Task Force set up by the Chancellor in 2005 and jointly chaired by BERR's Secretary of State and Lord Powell of Bayswater brings a business perspective to our work in Asian high growth markets.
- The Joint Economic and Trade Committees (JETCOs) and similar bilateral bodies focusing on specific high growth markets are key channels for business and government to work together to promote bilateral trade and address market barriers.

2.10.8 UKTI DSO has also formed a **Defence Advisory Group** and a **Security Advisory Group** to ensure that there is close co-operation with industry in developing our forward plans and activities. These two groups have taken forward important work on strategies for marketing and identifying and selecting overseas markets, and on promoting improved ethical standards. Feedback from these industry groups about the new arrangements has been overwhelmingly positive.

## Advanced Engineering

---

*"This Strategy represents Government at its best and we warmly welcome it. Advanced engineering is vital to our economy, providing high quality and globally competitive products as well as highly skilled jobs across the country. UKTI is a valuable resource for the UK and we are fully supportive of this global marketing strategy at this critical time where the nation's trading success and skills base will be essential for our economic future."*

Ian Godden, CEO of SBAC  
(Society of British Aerospace Companies)

---

2.10.9 While the past year has been enormously challenging for the advanced engineering sector, opportunities still exist, particularly in the Brazil, Russia, India and China (BRIC) markets and in the Government's drive towards a low-carbon economy. UK companies are well placed to make the most of these opportunities and to build new partnerships around the world. A significant part of the Sector Team's year was devoted to the development of a UK Advanced Engineering International Marketing Strategy. Following extensive stakeholder consultation, the strategy was launched on 11 March by Trade, Investment and Business Minister, Lord Davies of Abersoch. The Marketing Strategy answers a key issue raised in the Government's Manufacturing Strategy about promoting the strengths of the sector overseas and will be a vital component of the "New Industry, New Jobs" agenda.

2.10.10 A key output of the Strategy was the development of a marketing toolkit website which provides a one-stop shop for UK advanced engineering marketing materials. For more information, visit [www.ukadvancedengineering.com](http://www.ukadvancedengineering.com). A major activity over the coming year will be to build on the marketing materials and to populate the website with more information on more markets. Implementation of the Strategy will be guided by the business-led Sector Advisory Board from whom we have a clear business engagement and will help bring together a wide range of stakeholders who will help us take the Strategy forward.

The UK's environmental industry has a turnover of £25 billion. It employs about 400,000 people in about 17,000 companies. It is projected to be worth £46 billion by 2015

2.10.11 During the course of 2008–09, the advanced engineering team helped more than 1,100 UK-based companies with their international trade efforts. Some of the highlights are outlined below:

- in May, UKTI organised a major reputational showcase event in three key locations in India – Bangalore, Pune and Chennai. Around 20 UK organisations helped promote UK excellence in advanced materials, design engineering and advanced manufacturing to more than 400 Indian delegates who provided excellent feedback on what we had to offer. One UK SME reported a £300k deal with an Indian company within weeks of the event,
- July saw UKTI take a major presence at the Farnborough International Airshow. An India networking reception built on contacts made at the reputational showcase and UKTI supported 32 overseas companies to meet with 81 UK companies at an International Business Exchange. Participating UK companies have, so far, reported consequent orders totalling some £5.6m,
- UK companies supported by UKTI at the International Astronautical Conference in Glasgow in September expect orders worth some £300k within 12 months of the event,
- UKTI supported a trade mission to the Performance Racing Industry show in the USA in December. As a result of participating, one company won new contracts to supply gearboxes to Argentina and Brazil, and
- UK companies involved in a UK-India low-carbon vehicles conference and a R&D workshop in February reported immediate orders worth £1m as a result of their participation.

## Low Carbon

2.10.12 The transition to a global low carbon, resource efficient economy presents a huge economic opportunity for the UK internationally. In 2007–08 the global market value of low carbon environmental goods and services was £3,046 billion, which does not include the potential value from the wider definition of a low carbon economy as covering the whole economy. UKTI and a number of partners embarked on a low carbon international marketing journey to position the UK as a leader in low carbon solutions and as such the destination of choice for low carbon trade and investment. Initial research and evidence building was initiated by UKTI in the autumn of 2008. A Partnership event on 25 March 2009 marked a milestone with the setting out of UK low carbon strengths and capabilities, a marketing proposition and a set of case studies. Work on developing the UK low carbon international marketing strategy will continue with individual sector and market messaging, more case studies and the delivery of activities for UK companies to promote their low carbon solutions.

- 2007–08 global market value of the Low Carbon Environmental Goods and Services (LCEGS) sector\* was £3,046 billion,
- it is estimated that overall the global LCEGS sector grew by approximately 4% in 2007–08,
- UK has 3.5% of the global market share,
- China is the largest export market for the UK with 12.06% of overall export total in 2007–08,
- in 2007–08 exports accounted for just under 10% of sales (£10.5 billion), and
- in 2007 the UK attracted 30% of all European venture capital investment in clean technology.

**Source: Innovas Report, published March 2009**

\*The Low Carbon Environmental Goods and Services sector in this context refers to the environmental and renewable energy sectors and to emerging low carbon activities such as alternative fuels, building technologies, nuclear power and carbon finance. Low carbon has wider relevance – it affects the whole economy. The strategy has been developed with the whole economy in mind.



## Financial, Professional and Related Business Services



UKTI promotes UK excellence in financial and professional services

2.10.13 All financial centres have been affected by the downturn, and the UK is no exception. However, the unique strength and depth of UK financial services remains unequalled and in 2009 UKTI will ensure that UK excellence in financial and professional services is promoted and supported to the greatest effect. London's position as the top global financial centre faces increasing competition from other financial centres as they seek to attract more international business. The City UK Strategy sets out how UKTI, working with the Financial Services Strategy Advisory Board (FSSAB) and delivery partners, will deliver a step change in the promotion of the UK financial services sector. It has led to the development of detailed marketing strategies for five priority markets: China, India, US, Gulf and Russia, and one for promoting UK excellence in Islamic finance.

## Creative Industries

2.10.14 Since the launch of the five-year Marketing Strategy in 2007, new marketing tools have become available during the course of 2008 and early 2009 to support the UK presence in markets and strategic UK events for the sector.

The Creative Industries Marketing Strategy Board is leading work to maximise the impact of this collaborative marketing, which includes the following:

- sector-led marketing messages on the UK's creative strengths, backed by evidence, case studies and imagery, as a resource for UK business and Government to complement other marketing,
- a strategic programme for the Love & Money film exhibition, particularly in the key markets for creative industries (US, Japan, India, China), big international trade shows and major festivals including the London Design Festival,
- production of a new suite of marketing material including an updated creative industries brochure,
- design and delivery of sector-led workshops during the Shanghai Expo 2010 to support the overall Expo theme of "Better City, Better Life", and
- potential contribution of the creative industries to London 2012 and business legacy, and other opportunities to promote links between creative industries and sport.



Image courtesy of Media Molecule

The UK is the most successful location in the EU for attracting software companies



## Five of the world's top 20 bestselling pharmaceuticals were developed in the UK

UK production companies and post-production houses have won £4m worth of work from Chinese agencies, as a result of a forum held in Shanghai by the Advertising Producers Association last November. **Stink TV, RSA, Joyrider** and Rushes are among the companies who were represented at the forum and have benefited from it.

The UK's biotechnology sector is the largest in Europe, second globally only to the USA, and the UK is the most popular location in Europe for investment in pharmaceutical and biotechnology R&D. Five of the world's top 20 bestselling pharmaceuticals were developed in the UK. The UK produces 9% of the world's scientific papers and has a citation share of 12%, second only to the USA.

### Life Science

2.10.15 The greatest problem facing the sector is the flow of finance to emerging biotechnology companies from institutional investors which has virtually ceased. The recent publication of the Bioscience, Innovation and Growth Team (BIGT) refresh by BERR led by Sir David Cooksey seeks to address these and other issues affecting the sector and positions the UK Life Science Marketing Strategy as a key component of its effective delivery.

2.10.16 Led by a joint Industry Government Board, the Strategy focuses resources and effort on the country workstreams of the USA, Japan, China and India by:

- marketing the UK's strengths through compelling messages, facts and case studies,
- marketing UK life science using a single integrated strategy which ensures messages get through to the right people, in the right way, at the right time in the countries and sub-sectors that can really make a difference to the UK, and
- forging closer links between industry, Government and the wider sector.

### Lux Innovate

Technology development company **LUX Innovate** built a successful presence in Japan with the help of UKTI. Working with UKTI and Scottish Development International (SDI) to obtain advice and support in international business development, the company was able to take advantage of translation services, cultural training and prearranged meetings with companies in the biotech industry. The company has participated in several missions organised by UKTI. *"That first visit to Japan launched us into the market," says Dr Magdalenic. "Ever since then we have been tying in our market visits to Japan with missions. Approaching Japanese companies on our own can be difficult, but being part of a mission enhances our credibility, and makes other companies want to speak with us."*

2.10.17 The healthcare technology sector covers manufacturers of a diverse range of medical devices and diagnostics ranging from sticking plasters to high-tech hospital equipment such as CT scanners, and from diagnostic test kits (eg blood glucose monitors) to devices implanted in patients (eg pacemakers). It is estimated that 38 million people have contact with a medical device every day. In 2007, sales were £5.1 billion with exports of £4.5 billion employing over 46,000 people.

## The inventor of the World Wide Web, Sir Tim Berners-Lee, and the designer of the i-Pod, Jonathan Ive, are both British

### Summit Medical

As a result of participating in the healthcare trade mission to Saudi in March 2008, Summit Medical, which manufactures medical devices for hospitals, won their first order for orthopaedic bone cement mixing systems from a Saudi hospital.

### Information and Communication Technologies (ICT)

2.10.18 The ICT sector is one of the largest wealth creators in the UK, contributing £66.4 billion per annum (or 6.4%) to the UK economy, and employing approximately one million people.

2.10.19 UKTI is marketing the UK and UK ICT companies, and improving the reputation of the UK and its companies in key overseas markets. The strategy is driven by an implementation board drawn from business, and relevant government departments and intermediaries. Larry Hirst, CBE, Chairman of IBM (International Business Machines) Europe, Middle East and Africa EMEA, chairs the board. Pilot projects in the USA, China and India included marketing collateral to support the sector. A messaging toolkit is available.

### Energy

2.10.20 The Energy Excellence Strategy was launched in December 2007. During the reporting year, it has made some key contributions to benefit the UK Energy sector:

- joining up the oil, gas, power, renewables and nuclear sectors under one UK Energy brand,
- supporting over 1,600 UK Energy businesses with a full programme of activities in a wide range of markets, which has helped deliver millions of pounds of orders, and
- delivering powerful messages about the strengths of the UK Energy sector at key international Energy events, such as the World Future Energy (WFE) Summit in Abu Dhabi.



BG Premier Power, Northern Ireland, UK, Plant

2.10.21 In addition to the WFE event mentioned above, the Strategy and its messages about the UK Energy sector – its key strengths of Innovation, Quality, Adaptability, Sustainability and Knowledge – have been showcased over the past year at, among others, the World Petroleum Congress in Madrid, Offshore Northern Seas in Stavanger and All Energy in Aberdeen. The coming year will see even more engagement globally at the Offshore Technology Conference in Houston, Offshore Europe in Aberdeen and the World Gas Conference in Buenos Aires.

2.10.22 The Strategy has a number of workstreams, including the development of a UK Energy website; the first phase development of the site went live in March 2009 and it includes a marketing toolkit tailored for use by any UK Energy business. The fully developed site will be launched at Offshore Europe later this year. A DVD is in development highlighting the sector's key selling points, while the brand identity and collateral will be used at major Energy shows across the world, both standalone and at TAP-supported events, where appropriate.

Following the UK Power and Renewable Energy Mission to Taiwan on 2–3 November 2008, **Aquatera** signed a three-year contract worth £600,000 to deliver a feasibility study of Taiwan's marine energy development.

Also following the Taiwan mission, **BMT** (lead contractor) and **Wind Prospect** signed a contract worth £200,000 to help the Taiwan Government set standard guidelines for tender specifications and requirements for offshore wind projects. Both companies signed a memorandum of understanding with Industrial Technology Research Institute (the Taiwan state owned laboratory – ITRI) for future co-operation for projects. **Converteam** and **Garrad Hassan** are also discussing potential contracts with ITRI.

# CHAPTER THREE

## DELIVERING OUR SERVICES



# FACT

A 30% INCREASE IN  
2008–09 IN THE NUMBER  
OF BUSINESSES  
UKTI HELPED TO  
INTERNATIONALISE

CHAPTER THREE: DELIVERING OUR SERVICES

In 2008–09

- 77% of UKTI's resource supported UK businesses to export
- 23% supported attracting Foreign Direct Investment

### 3.1 INTRODUCTION

#### 3.1.1 UKTI ORGANISES ITS PRODUCT AND SERVICE PORTFOLIO UNDER THREE HEADINGS DEFINED BY THE BUSINESS SUPPORT SIMPLIFICATION PROGRAMME<sup>10</sup> (BSSP):

- DEVELOPING YOUR INTERNATIONAL TRADE POTENTIAL.
- ACCESSING INTERNATIONAL MARKETS.
- MAXIMISING FOREIGN DIRECT INVESTMENT.

3.1.2 UKTI allocates resources between trade (developing your international trade potential and accessing international markets) and inward investment (maximising foreign direct investment). The percentage split by year is detailed in the table below:



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

The spectrum of UK-based companies with potential to internationalise or increase their international presence can approach UKTI for information, advice and practical support in a variety of ways



The UKTI network of assistance points strives to provide a co-ordinated response.

Note:\* UKTI and the DAs in Northern Ireland, Scotland and Wales are responsible for trade support within their jurisdictions but use UKTI services overseas.

<sup>10</sup> See [www.berr.gov.uk](http://www.berr.gov.uk) for more details.



## 3.2 ACCESSING UKTI SERVICES

3.2.1 UKTI provides a wide range of channels by which business can access services ranging from the more traditional (enquiry line, etc) to new media (YouTube, Twitter, etc).

### The UKTI Enquiry Service

3.2.2 UKTI's Enquiry Service is the main point of contact for customers. The team handles trade and inward investment enquiries received via +44 (0)20 7215 8000, by email through the "Contact Us" service on the [www.uktradeinvest.gov.uk](http://www.uktradeinvest.gov.uk) website, and by letter/fax. The team is also responsible for handling customer enquiries relating to use of the website (including access issues), amending customer profiles and website navigation.

3.2.3 The Enquiry Service received over 35,000 trade and inward investment-related telephone calls/emails in 2008–09. This is a 6% increase on the previous year. The Enquiry Service will answer any question where they can, or, where appropriate, refer a customer to a more specialist source of information, for example an International Trade Adviser (ITA), country/sector specialist or an external organisation such as a Chamber of Commerce, SITPRO, etc. The Enquiry Service is based in UKTI's Tay House HQ building in Glasgow. Services are available to all eligible companies seeking help in overseas markets where there is a UKTI presence.

### Website

3.2.4 The web is an increasingly important means of interacting with our audience and building our customer pipeline. It has been a good year for UKTI online. The Trade Portal, Investment Services and UKTI DSO websites have all seen significant increases in traffic and user activity. The Trade Portal has seen overall page impressions increase by 9.6% year-on-year, with over 3.5m individual pages viewed. Total company registrations with 10,866 new registered users are 61.8% higher than the previous year.

3.2.5 The Investment Services website has seen a 37.7% increase in site visits with an average of 50,000 visitors per month viewing 132,000 pages. The site generates three to four qualified leads weekly from inward investment prospects. The UKTI DSO site was launched in May 2008 and has had over 90,000 visits, with 243,000 pages viewed in the year. A new, unified UKTI public website project is underway for launch in March 2010.

UKTI website: [www.uktradeinvest.gov.uk](http://www.uktradeinvest.gov.uk)

### Social Media

3.2.6 Social media is about networking and affording users the opportunity to simultaneously consume and generate content online. It also allows us to harness the power of digital networks, promote the UKTI brand and engage with new audiences. It has been an important route to market for us over the past year. UKTI has launched a successful blog, YouTube channel, Twitter Feed, LinkedIn group and Flickr channel. All of these branded channels have led to significant referrals to our website and are an important source of customer feedback and engagement. Tom Watson, Minister for Digital Engagement, praised the UKTI blog as a good source on his own blog. We shall continue to use social media to explore new ways to reach our expanding global audience.

Blog  
<http://blog.ukti.gov.uk/>

YouTube  
[www.youtube.com/user/UKTIWeb?gl=GB&hl=en-GB](http://www.youtube.com/user/UKTIWeb?gl=GB&hl=en-GB)

Twitter  
<http://twitter.com/ukti>

LinkedIn  
[www.linkedin.com/groupInvitation?gid=1769629](http://www.linkedin.com/groupInvitation?gid=1769629)

Flickr  
[www.ickr.com/photos/ukti](http://www.ickr.com/photos/ukti)



In 2008 UK exports of goods and services were worth £414 billion, representing 29% of the UK's GDP

### 3.3 DEVELOPING YOUR INTERNATIONAL TRADE POTENTIAL

3.3.1 UKTI provides individually tailored packages of practical assistance for companies to help them develop the capacity needed to trade internationally including:

- an export health check to assess readiness for exporting and help in developing a plan of action,
- training in the requirements for trading overseas,
- access to an experienced local ITA,
- 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 business continue to develop overseas trade and look at dealing with more sophisticated activities or markets,
- advice on a range of international trade assistance available from UKTI, and
- supporting innovative companies through the R&D programme to conduct business overseas with a view to increasing their R&D levels back in the UK.

3.3.2 We know that business often finds it tough to get started in international trade. Developing international trade potential assists new and experienced exporters with training, planning and support to help them prepare to succeed overseas through a range of services.

#### Passport to Export Programme

3.3.3 This is one of UKTI's flagship programmes which helps eligible companies which are new to or who are inexperienced in exporting, with a review of their readiness for international business, and with developing an action plan to help them build the capacity to succeed in trading internationally. Under the scheme, match funding up to £1,500 can be available for projects agreed with an ITA as part of an export capability development plan.

The total number of companies that have signed up to **Passport** is some **13,500**. Of this number, **4,046 companies** are currently **proceeding through** Passport and **6,925 have completed**. Of the remainder, some are on hold and some have withdrawn from the programme.

**A total of 1,555 signed up during 2008–09.**

3.3.4 The Passport to Export programme was refined during 2008–09, creating a common standard for the International Trade Review for all Passport companies, companies' action plans and market selection services. UKTI has worked closely with the UK Intellectual Property Office (UK-IPO) and CMC Marketing to increase ITA's knowledge of the importance of Intellectual Property Rights (IPR). In some regions this topic is now included in the training provided to passport companies.

#### Export Marketing Research Scheme (EMRS)

3.3.5 EMRS provided free, independent advice to over 600 companies on how to get the most out of a marketing research project. The scheme helps and encourages UK companies to achieve a widespread understanding of the discipline, benefits, analysis and interpretation of marketing research in the exporting process. The scheme also offers financial help to eligible companies for in-house projects, purchasing published market reports or using a market research agency. The scheme also supports large in-depth projects undertaken by Trade Associations on behalf of their members.

---

### UK GeoEnvironmental Consultants break into Portuguese Market.

Listers Geotechnical consultants, a company offering ground investigations, contaminated land and subsidence surveys, and geoenvironmental reports, joined the Passport to Export scheme. They attended training, events and networks organised by the British Embassy in Lisbon and took part in an outward mission to the main environmental exhibition and trade fair in Portugal. As a result they have set up an office in Portugal.

*“Without the help and support of UKTI... we could not have progressed the project.” Dr Mark Cowley, Listers.*

---

### Export Communications Review (ECR)

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



Image courtesy of Apple Corp.

UK Design – British Designer Jonathan Ive.

3.3.7 Nearly 300 reviews were carried out and the number of trained consultants has increased and now provides a wider geographical coverage.

### High Growth Market Programme

3.3.8 Through a team of ten business specialists, the High Growth Market Programme focused on selected mid-sized UK-based companies to help them do business in target high growth international markets. Since its inception in April 2007, the Programme has been successful in helping 371 companies do business in the 17 high growth markets.

3.3.9 In February 2009, UKTI introduced the Fiscal Compass Programme as part of a package of measures to help UK-based companies during the global economic downturn. The Fiscal Compass Programme superseded the High Growth Markets Programme. This Programme helps UK-based companies capitalise on opportunities arising from other countries' new fiscal stimulus packages or other spending mechanisms such as sovereign wealth funds. The selection of the ten countries which are currently the priority focus of the fiscal compass programme takes into account the size and scope of spending, market risk, accessibility and attractiveness of the market to UK companies.

3.3.10 High growth markets remain a high priority for UKTI, but the re-focusing of our emphasis will present even greater opportunities for UK-based businesses. The Programme also complements and builds on UKTI's supply chain activities.

### Gateway to Global Growth

3.3.11 In the previous year UKTI commissioned research into the barriers faced by more experienced exporters and as a result of the findings in 2008–09, it launched a new package of support called Gateway to Global Growth. This support focused on helping innovative companies, who are also experienced exporters, to grow internationally. This package delivers on the Government's Strategy published in the "Manufacturing: New Challenges, New Opportunities" Strategy of September 2008.

3.3.12 We are able to offer strategic support to innovative exporters with two to ten years' experience through the Gateway Programme from 1 April 2009, utilising the successful Passport approach with additional benefits:

- engagement with specialist private and public sector providers,
- access to specialist training appropriate to this target group,
- opportunities for group networking.
- a specific focus on global value/supply chain engagement,
- links to other business support activities and financial support.

3.3.13 Help to clients includes:

- International Business Review – a specialist review following an initial diagnostic conducted by UKTI or Business Link in accordance with regionally agreed procedures,
- strategy development,
- action plan,
- ITA support,
- international services – existing UKTI services plus other public and private sector support,
- developing international capability, and
- review and follow-up.

### Specialist Advice

3.3.14 UKTI Sector Champions are a team of specialists providing highly flexible sectoral and technical input for both trade and inward investment activities. They provide dedicated, professional assistance on all aspects of locating a new business in the UK, expanding existing facilities or developing international trade. They play a key role in this activity, providing tailored sectoral or technology information across all stages of the process.

3.3.15 With wide-ranging commercial and technical expertise, each Sector Champion is well placed to offer a variety of services, including:

- access and introductions to sector networks such as industry leaders, chambers of commerce, universities and other centres of R&D excellence,
- providing in-depth knowledge of UK strengths within a sector,
- knowledge of existing clusters and expertise across the UK,
- assessment and adaptation of business models to ensure successful market access and entry,
- information on policy and strategic issues, and
- market intelligence for both current and future trends at home and overseas.

### British Army Export Support Team (EST)

3.3.16 The UKTI DSO EST, based at Bovington and Larkhill, is made up of serving military personnel with a wide range of skills and experience. They provide specialist military support and advice to UK companies and to potential customers. They bring a unique operational capability to their demonstrations of in-service equipment, but can also work in support of companies marketing other UK products with an export potential. The EST is also available to support companies with after-sales support and refresher training, both in the UK and overseas.



In February 2009, Richard Paniguan hosted UAE Crown Prince, His Highness Sheikh Mohammed bin Zayed al Nahyan on the UKTI DSO stand at the International Defence Exhibition (IDEX). The British Army Export Support Team provided demonstrations and briefings on a range of British defence and security products including the Supacat all-terrain vehicle and Griffon hovercraft.

### 3.4 ACCESSING INTERNATIONAL MARKETS

3.4.1 Providing tailored help in accessing new markets and information about opportunities or specific products or services in particular overseas markets. This includes the following services:

- Information, contacts, advice, mentoring and support from UKTI staff based overseas.
- Support to participate in trade fairs overseas.
- Opportunities to participate in sector-based missions and seminars to countries where the best opportunities lie.
- Access to major buyers, governments and supply chains in overseas markets.
- Exploratory visits to new markets.
- Political lobbying on behalf of UK companies.

3.4.2 Once the initial development has been completed, UKTI assists new and experienced exporters with information, help and advice on entering overseas markets. To be a successful exporter they need to travel to their target markets and build lasting commercial relationships with their clients and partners. This is not always easy, but UKTI can help them with practical assistance before they go and ongoing help while they are there.

#### Overseas Market Introduction Service (OMIS)

3.4.3 UKTI's OMIS delivers the majority of trade development-focused chargeable services worldwide to UKTI's customers. The service enables our ITAs and Posts to support UK customers wanting help in markets overseas. OMIS is a flexible service, including a mix of pre-visit research and advice, and support for market visits. All markets where UKTI has a presence are using the OMIS online system.

#### UKTI by numbers...

All numbers are as at end quarter Q4 2008–09...

- 6,457 OMIS orders commissioned online.
- 17% increase from previous year.
- £3.6m OMIS income generated.
- 44% increase from previous year.

---

*"OMIS reports are a cost-effective way to access the information we need to make a quick and painless entry into a new market and select the right distribution partners."*

**Peter Thompson, International Sales Manager,  
Evans Vanodine**

---

#### Charging

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

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

UKTI increased charges for the use of our OMIS with effect from 1 April 2008 and increased internal team targets for income recovery in line with the CSR2007 target 5. In view of the economic situation we will not be raising prices in the coming year (2009–10).

## UK defence industry represents 14% of UK manufacturing exports and supports 300,000 jobs

### Tradeshow Access Programme (TAP)

#### In 2008–09, TAP supported...

- 3,600 participants.
- 388 exhibitions, of which 146 were “key” sectoral events.
- 550 “solo” participants.
- Grants available, up to £1,800.

3.4.4 TAP focuses on support for less experienced exporters seeking to test the effectiveness of overseas exhibitions for market entry.

3.4.5 SMEs that are new to export or which have been exporting for less than 10 years are eligible for exhibition support. This exhibition support is integrated with the delivery of other UKTI services involving International Trade Teams (ITTs) around the UK. Eligible business can also choose to exhibit at exhibitions that are either in the TAP main programme, which consists of a UKTI supported “group”, or they can attend an exhibition under a “solo” application which supported 550 participants in 2008–09.

3.4.6 UKTI helps businesses improve their performance by working with Accredited Trade Organisations (ATOs) at overseas shows and approving grant applications. All eligible businesses can now receive up to a maximum of six grants towards eligible costs of exhibiting at overseas exhibitions as part of their longer-term export strategy.

### Support for Defence Exports

3.4.7 With the continued support of the MoD, UKTI DSO continues 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 export market. Over the last five years, the UK achieved an annual average share of the global defence export market of over 21%. Following an exceptional year in 2007, 2008 returned to a near normal level of business with over £4.2 billion of new orders won, maintaining the UK as the world’s second most successful defence exporter after the USA. UKTI DSO currently has an active global list of over 250 specific industry-led marketing campaigns.

## BAE SYSTEMS

BAE Systems announced in February 2009 that it had signed a £99m contract for the supply of Sting Ray Mod 1 torpedoes to Norway. UKTI DSO played an active role in supporting BAE Systems through an Integrated Campaign Team. Following this success, in a letter to Lord Davies, Minister for Trade, Investment and Business, **BAE Systems Chief Executive Officer Ian King** said: “The campaign win was only possible via the team approach taken with UKTI DSO, the Ministry of Defence and the Royal Navy.”

### Opportunities to Participate in Sector-Based Trade Missions and Seminars

#### Overseas Trade Missions

3.4.8 Overseas trade missions give companies the opportunity to visit overseas markets as part of a like-minded group. As a part of the mission, companies can obtain tailored information and commercial contacts through OMIS. In 2008–09, UKTI funded 129 overseas missions with 1,873 participants.



*“Exporters, whether experienced or not, need to have done their research, to plan a strategy and to know about the prospective markets – UKTI help and advice in this field is invaluable.”*

**John Atkinson, MD, Global Spirit (supply chain sourcing company based in Manchester)**



### Market Visit Support (MVS)

3.4.9 MVS provides guidance and financial support to assist SMEs to visit overseas markets as part of their trade development process. It is aimed at SMEs in England, Wales and Scotland that are new exporters or SMEs that are new to the high growth markets outlined in the UKTI Strategy. To be eligible for support companies must be:

- SMEs in a developmental relationship with an adviser (most English participants are on the Passport programme), and
- new to export or new to the high growth markets outlined in UKTI's Strategy.

Well over 1,000 companies used this service in 2008–09.

### Overseas Seminars



Design Bridge, Mr Lee, British designer

Image courtesy of Design Bridge

3.4.10 Overseas seminars showcase UK sectoral excellence, drawing on individual companies' expertise, case studies and marketing collateral. Companies do not receive a grant for participating in missions, but they benefit from the profile they gain from participation in the group, research commissioned from Posts under OMIS, and the general organisation of the event. In 2008–09, UKTI funded 80 overseas seminars with 1,522 participants.

### Inward Missions



The Eurostar at St Pancras station, London

3.4.11 In 2008–09, the Sectors Group funded 111 inward missions attended by 4,248 UK participants. Inward missions give UK companies access to major buyers, governments and supply chain opportunities in overseas markets by bringing them together in the UK. This included presentations, seminar discussions and structured “meet the buyer” sessions.

3.4.12 UK sector events were also arranged which gave UK companies access to their sector networks and information on markets, opportunities and UKTI services. In 2008–09, UKTI funded 100 events with 4,276 participants.

### Alerts to the Latest and Best Business Opportunities

3.4.13 Sales leads are the lifeblood of any business, which is why our staff overseas in British Embassies, High Commissions and Consulates are always looking for business opportunities for UK companies. Over 400 opportunities per month are made available to UK business customers registered on our website at [www.uktradeinvest.gov.uk](http://www.uktradeinvest.gov.uk). Customers can set up their profile and be alerted by email when new opportunities are published in their areas of interest.



## The UK remains the number one inward investment location in Europe and number two in the world (in terms of FDI stock)

### 3.5 MAXIMISING FOREIGN DIRECT INVESTMENT (FDI)\*

3.5.1 The Organisation for Economic Co-operation and Development (OECD) ranks Britain as the best environment in Europe and tenth globally in which to start and grow a business. It says we maintain an economic environment that promotes business growth, competition and attracts inward foreign investment.

#### FDI successes...

- In 2008–09, the UK attracted 1,744 FDI projects, of which UKTI had significant involvement in 600 (target 525).
- The UK has the second largest stock of global outward investment – US\$1,347.7 trillion.
- The UK remains the number one inward investment location in Europe and number two in the world (in terms of FDI stock).

3.5.2 The UK has an internationally acclaimed competition regime and relative openness to trade and inward direct investment. Coupled with its strengths as a financial centre, its location in the European Single Market and its general enterprise climate, Britain is the largest recipient of inward direct investment in the world after the USA.

3.5.3 A high level of productivity growth has allowed the UK to close the productivity gap with its key comparators over the last decade and flexible labour markets enabling firms to respond quickly to changes in the marketplace while ensuring fair standards and support for people when they need to move between jobs.

3.5.4 The recession and changes in the global economy has represented new challengers in attracting inward investment. Inward investment activities involve providing a free, bespoke and confidential service to potential inward investors on a range of issues. This includes the following services:

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

3.5.5 In these challenging times, UKTI strives to attract more high-quality investment to the UK, to ensure the UK remains the prime investment location in Europe. UKTI's priority will be to develop and nurture relationships with individual companies.

\* See [www.ukinvest.gov.uk/investmentreport08/09](http://www.ukinvest.gov.uk/investmentreport08/09) for latest UKTI Inward Investment Report 2008–09.

### Joint Review of Overseas Representation

Following a joint review of overseas representation in 2007 by UKTI, the RDAs and the development agencies of the Devolved Administrations, new arrangements for closer joint working were rolled out on 1 April 2009 in the key inward investment markets. This builds on “pathfinders” in Canada, France and India. Key elements of the new working arrangements include an annual “UK plc” plan for events, marketing and promotion, a more consistent approach to UK branding overseas, making use of a specially developed “UK Flag” brand identity, and exploitation of opportunities for co-location and joint procurement of services. The DAs and LDA will also have the discretion to use this brand and discuss co-location and joint procurement, when consistent with their separate status. These new arrangements consolidate and replace previous arrangements for working together in overseas markets. Their overall aim is to minimise the risk of duplication, improve efficiency and transparency and so increase the amount of knowledge-driven FDI won for the UK.

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



UKTI supports UK businesses in Russia

### Investors to the UK

3.5.6 UKTI is the UK’s national inward investment promotion agency. It leads the UK inward investment network in helping overseas-owned firms, from high-tech start-ups to global industry leaders, to locate and build their business in and from the UK. It facilitates co-operation with and between the main UK regional organisations engaged in inward investment promotion through chairmanship of the International Business Development Forum. It also carries out research on both the hard and soft factors that influence firms’ location decisions.

## Inward Investment Cases and Effect on Jobs

	2005-06	2006-07	2007-08	2008-09 (Provisional)
<b>National figures*</b>				
Number of inward investment decisions	1,229	1,431	1,573	1,744
Number of new jobs created	34,127	36,526	45,051	35,111
Number of jobs safeguarded	55,892	41,831	58,458	43,429
<b>of which UKTI**</b>				
Number of inward investment decisions in which UKTI was significantly involved	449	496	549	600
Number of new jobs created	12,570	13,611	14,274	10,678
Number of jobs safeguarded	5,953	6,267	9,824	18,600

\* National figures: Companies are not required to notify UKTI of jobs created/safeguarded. The figures include only those projects where UKTI and its regional partners were involved or which have come to their attention. UKTI and (R) DAs make every reasonable effort to report all eligible non-involved "successes". A number of sources are used such as local press, national & international online alerts/information subscriptions and (R) DAs' sub-regional partners.

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

## Investor Development – "Aftercare"

3.5.8 UKTI manages the UK's investor development network by co-ordinating national policy for investor development and facilitating the provision of a professionally-delivered programme of investor support, called the Investor Development (ID) ("Aftercare") programme.

3.5.9 UKTI continues to develop its relationship with the ID teams in the RDAs and the DAs, providing a more coherent investor service across the UK to existing inward investors, to retain and add value to existing inward investment in the UK.

3.5.10 This activity will have a higher profile in 2009-10 as a result of the commitment in the Manufacturing Strategy (launched in September 2008) and the subsequent enhanced UKTI focus on ID.

3.5.11 In a highly competitive international market and as we enter an economic downturn, ID is increasingly important. In 2007-08, 70% of all new jobs from inward investment were from existing investors.

3.5.12 UKTI's investor advocacy service gives existing investors a gateway into the UK Government, to guide investors through the policy corridors throughout Whitehall and to ensure that views of business are more fully understood and therefore better reflected in UK regulation and policy development.

3.5.13 In the past year, UKTI has been successful in helping to influence the development of business-friendly UK planning policy, through the Killan Pretty review of planning application process; the exemption of intra-company transfers from the English language requirements of the new Migration Points-Based System and the successful resolution of VAT registration problems impacting on new investors.

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

# Four out of the world's top ten universities are based in the UK

## Global Entrepreneurs Programme

3.5.15 The UKTI's Global Entrepreneurs Programme (GEP) is helping the world's best early-stage technology-based entrepreneurs accelerate to global success from a UK hub. The GEP attracts clients – both individuals and early stage technology companies – with:

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

3.5.16 The GEP targets key knowledge-based sectors using a network of “Dealmakers”, who are highly successful entrepreneurs, and who are able to leverage their expertise, networks and reputation to help global entrepreneurs who choose to relocate to the UK as part of their international growth strategy. The Dealmakers are based in the US, Australia, India, Canada, Israel and the UK. During 2008–09 the GEP helped 29 early stage technology companies move their global HQs to the UK from a range of sectors including ICT, life science, environmental and renewable energy. By focusing on strategic advice and providing business and financial contacts, the Dealmakers fill an important role, the focus of which is on networking and advice, rather than financial assistance or support.

---

When Dealmaker Toby Wilson Waterworth came across the revolutionary vaccine technology of **Immune Targeting Systems (ITS)** he acted fast, opening the door to one of the world's leading healthcare investors in the US – and helping the firm secure funding of £3.5m.

*“What I'm doing is matching world-class science with global entrepreneurs and investors to create world-class opportunities and find the components to make the project work.”*

**Toby Wilson Waterworth, Dealmaker for UKTI's Global Entrepreneurs Programme**

---

## R&D Programme

3.5.17 The R&D Programme was announced as part of UKTI's Strategy, “Prosperity in a Changing World”, and is dedicated to raising levels of overseas investment in R&D in the UK through business internationalisation. The Programme has three segments:

### (i) Inward R&D

3.5.18 The inward component of the Programme deploys virtual teams to target selected overseas-owned R&D intense companies to persuade them to undertake R&D in the UK.

3.5.19 The Virtual Team comprises members who can contribute to this objective – from UKTI, BERR, RDAs, DAs and from DIUS's Science and Innovation Network and from Research Councils. They also include members of the Programme's team of specialists who can discuss R&D issues credibly with companies and potential UK partners – universities, companies and other research institutions. 106 companies are currently targeted.



A TimeWarner Company

#### Turner Broadcasting

The two-day pioneering New Media Business Exchange event took place in London in September 2008. Sponsored by Turner Broadcasting's Platform R&D division, it brought together 60 US and UK-based senior executives from Turner as well as from other divisions of Time Warner such as Warner Bros, HBO, AOL and IPC, with 15 winning UK technologies from a national competition organised by R&D specialist Sarah Turner. These winners included academic researchers, early-stage companies and more established firms with new media-related products or prototypes.

The event has also already resulted, thus far, in four R&D investments by Turner Broadcasting in the UK, two of which were in UK firms. The first is in a company developing text-to-speech technology, which caught the eye of CNN; the other is in an early-stage venture developing software to convert 2D into 3D stereoscopic.

#### (ii) Outward R&D

3.5.20 This part of the Programme provides trade development assistance to innovative UK-based companies in the expectation that this will increase their levels of R&D.

3.5.21 This can entail helping companies to understand how they have to adapt high technology products to suit an overseas market or assistance with IP issues. During 2008–09 the outward part of the Programme supported activities which resulted in 104 Significant Assists and over 400 Service Deliverers.



The Soft Landing Zones (SLZ) Programme managed by Coventry University Enterprises (CUE) supports UK R&D intensive companies to develop collaborative R&D projects with overseas partners...

RDM Automotive Ltd, West Midlands developed a new vehicle Telematics system designed for low carbon vehicles. The SLZ team have supported RDM Automotive in providing them with advice and guidance on undertaking overseas R&D collaborations and RDM have invested over £50,000 on direct R&D with SLZ support over the past six months.

Dave Keene, Managing Director said: "The CUE-led Soft Landing Zone has made a real difference to our company, through a direct introduction to Microsoft and help sourcing key technology partners overseas."

3.5.22 Having invested additional resources into their R&D operation, RDM are now hoping to launch into product development during 2009. RDM are potentially planning to form a new company to market these products and this new company is hoping to exploit the R&D undertaken to date and actually creating new forms of vehicle tracking technology.

### (iii) Global Partnerships Programme

This aspect of the Programme introduces leading edge overseas-based technology companies to potential UK business or university partners. During 2008–09, UKTI helped set up 32 partnerships, notably in life sciences, ICT, electronics, energy and environmental technologies.



Spanish company Prometeo developed iMove, a new IT platform for drivers and passengers that combines multimedia (music, video, internet, TV, radio), information (GPS, real-time traffic reports, weather forecasts) and security (control by voice, emergency call, vehicle location) all in one unit. They chose Warwickshire-based automotive IT specialists Iris Global from the list of potential partners put forward in their bespoke UKTI Global Partnerships Programme report. Iris Global considered that it might not find a ready market for iMove in the UK, but Prometeo was very interested in Iris Global's integrated pay-as-you-go car insurance product. In a twist on the expected outcome of the GPP report, Iris Global find a new market in Spain, and Prometeo add innovative new products to their own roster and enjoy an income stream as resellers.



**TAKE IT  
TO THE  
WORLD<sup>UK</sup>**

**GO FURTHER. EXPORT.**  
[www.uktradeinvest.gov.uk/ukti/export](http://www.uktradeinvest.gov.uk/ukti/export)



# CHAPTER FOUR

## PERFORMANCE, FUNDING AND TARGETS

A close-up photograph of a green glass dropper dispensing a single drop of green liquid into one of the wells of a multi-well plate. The plate is filled with many other wells, some of which have small red laser lines or markers. The background is a soft, out-of-focus blue and white, suggesting a laboratory setting.

# FACT

£323M RESOURCE  
DELIVERED BY 2,400  
PEOPLE ACHIEVING  
£3.6 BILLION  
ADDITIONAL PROFIT

CHAPTER FOUR: PERFORMANCE, FUNDING AND TARGETS

# £10m

additional resource announced  
in 2009 Budget for showcasing  
UK business strengths at home  
and abroad

## 4.1 INTRODUCTION

**4.1.1 THIS CHAPTER SETS OUT UKTI'S PERFORMANCE AGAINST ITS 2007 COMPREHENSIVE SPENDING REVIEW (CSR2007) SETTLEMENT AND THE SUBSEQUENT TARGETS. THIS CSR2007 SETTLEMENT REQUIRES UKTI TO PRIORITISE AND DELIVER THE OUTCOMES OF OUR HIGH LEVEL TARGETS WHILE AT THE SAME TIME DELIVERING REAL EFFICIENCY SAVINGS OF 2.6%. IT COVERS THE PERIOD 2008-09 TO 2010-11. UKTI'S DEPARTMENTAL STRATEGIC OBJECTIVE (DSO) IS:**

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

## 4.2 CSR2007 FUNDING (2008-09 TO 2010-11)

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

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

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

- From 1 April 2008 the responsibility for defence export promotions moved from the MoD to UKTI to provide greater integration with the Government's general support activities, which resulted in a £19.4m 2008-09 baseline transfer from the MoD to UKTI Programme (£2.2m), BERR Administration (£15.2m) and FCO resource (£2.1m).
- The FCO revised the estimated resource attributed to UKTI (see Memorandum Notes 1-5 on pages 113-117), which increased the total resource from an estimated £171.6m to £176.7m.
- In addition to this, a further £10m resource (£5m each year for 2009-10 and 2010-11) was announced in the April 2009 Budget for showcasing UK business strengths to overseas markets and customers at high profile events in the UK and overseas.

4.2.3 The table below shows a summary of the total resource in support of UKTI's activities over the CSR 2007 period.

	2008–09 £m Outturn	2009–10 £m Estimate	2010–11 £m Estimate
UKTI Programme	90.8	96.4	96.3
BERR Admin (including estimated overheads)	55.7	56.1	55.5
FCO Resource (including estimated overheads)	176.7	176.7	176.7
<b>Total</b>	<b>323.2</b>	<b>329.2</b>	<b>328.5</b>

### 4.3 DELIVERY TARGETS

4.3.1 The performance framework agreed in the CSR2007 set five targets covering trade support, inward investment and operational performance. These are reproduced below, together with the performance targets for 2008–09.

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

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

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

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

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

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

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

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

### 4.4 OPERATIONAL PERFORMANCE TARGETS

#### Target 5: Improve UKTI's operational performance.

##### 4.4.1 Increase professionalism

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

##### 4.4.2 Increase charging

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

## 4.5 UKTI'S ACHIEVEMENT AGAINST TARGETS

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

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

Target	Achieved 2008–09 <sup>1</sup>	Performance trend <sup>2</sup>
<b>1. Maximising Foreign Direct Investment</b>		
525 inward investment project successes of which:	600	↑
• 125 high value	262	↑
• 285 good quality	244	↑
• 70% agree UKTI are a significant favourable influence	74%	↔
• At least 30 of the good quality projects involve additional R&D activity	47	↔
<b>2. Improve UK business performance</b>		
20,000 businesses assisted of which:	20,700	↑
12,000 innovative	17,300	↑
50% of all assisted businesses improve performance	51%	↑
<b>3. Increase R&amp;D activity</b>		
1,000 businesses supported increase R&D activity as a result	1,860	↑
At least 70 FDI R&D projects	67	↔
<b>4. UK's reputation as the international business partner of choice</b>		
Measurable improvement over three years in defined sectors and named markets	No change	↔
<b>5. Professionalism</b>		
a) 80% Quality rating	76%	↔
80% Satisfaction rating	75%	↔
b) £2.5m revenue from Charging	£4.57m	↑

<sup>1</sup> The achieved column sets out the latest available provisional figures for delivery of the performance framework.

<sup>2</sup> The performance trend is an upward arrow if there is a material improvement, level arrows if there is no material change and a downward arrow if there is a material reduction against the previous year.

*Annex B to this report provides a Technical note on definitions and the measurement of these high level targets.*

4.5.3 The first annual survey measuring **UK's reputation as the international business partner of choice (target 4)** has been completed and, as expected, it shows no progress against the benchmarking survey.

However, the final progress report will only be fully assessed in the final year of the survey as it will take time for UK reputation to be affected. **Professionalism (target 5a)** is below target and shows that UKTI must improve the quality and relevance of our services. This has stayed steady throughout the year. Using customer feedback from UKTI's Performance and Impact Monitoring Survey (PIMS) UKTI are promoting best practice. This includes making it the theme of the UKTI Leadership learning event in June 2009: providing more training and guidance, with the aim of improving the quality of the UKTI service to our customers.

## 4.6 QUALITY OF DATA SYSTEMS USED

4.6.1 Raw data is obtained from UKTI's Customer Relationship Management system, and forwarded to an independent market research company. From this data a large sample (approximately 4,000 companies) is randomly selected for interview through the UKTI's PIMS<sup>10</sup>, which is an independent central monitoring survey of the users of UKTI's business services (Targets 1, 2, 3 and 5a).

The UK Reputation Measurement Survey will measure the change in UK reputation<sup>11</sup> (Target 4) and will be carried out by an independent market research company.

The Revenue figures (Target 5b), are obtained from UKTI's financial system, these are audited yearly by the NAO. All UKTI data is considered robust.

*For further information on the key sources of UKTI data, see Annex C of this report.*

## 4.7 DELIVERING VALUE FOR MONEY – UKTI'S EFFICIENCY PROGRAMME

4.7.1 The Value For Money (VFM) target for UKTI over the CSR2007 period is illustrated in the table below with the relevant baseline figures.

Funding stream	UKTI programme	FCO admin and overseas delivery	BERR admin
Baseline	£91.5m*	£169.5m*	£53.3m*
VFM target	£0.3m	£4.4m	£2.4m

\*The figures above include estimated BERR and FCO overheads. They also include the DESO transfer, effective from 1 April 2008.

4.7.2 VFM savings have been integrated into the CSR2007 settlement and delivering them is a core part of UKTI's mainstream business. UKTI has achieved VFM savings of £2.6m up to the end of 31 March 2009 and we are on target to deliver the VFM targets set for the CSR2007 period.

## UKTI Programme

4.7.3 UKTI CSR2007 settlement provides the same net programme resource for each year of the three-year of the period. This “at cash” means UKTI needs to live within inflationary pressures to meet the target. These funds are voted directly by Parliament. UKTI's Chief Executive is the Accounting Officer for this funding stream.

## FCO Admin and Overseas Front-line Delivery

4.7.4 UKTI has agreed to at cash its direct expenditure of £83.2m to release £4.4m of VFM saving over the CSR period. The FCO's Accounting Officer is accountable for the deployment of these resources.

## BERR Administration

4.7.5 UKTI has agreed to a BERR administration settlement that requires savings of 5% real cost reductions per annum over the period. BERR's Accounting Officer is accountable for these resources, but they are ring-fenced and within UKTI's control.

## Key Value for Money Delivery Risks

4.7.6 As an organisation that delivers much of its business overseas, the combination of the low value of sterling and high overseas inflation is a continuing issue for UKTI, and one set to remain as a constant risk over the CSR2007 period. The ability to manage this risk, without cutting activity and while maintaining and improving output and outcomes is a significant delivery issue.

4.7.7 Within our developed markets, such as Europe and North America, the potential adverse effect of restructuring costs remains high and is intrinsically linked to the value of sterling and the cost of living. This will need to be managed effectively to deliver our targets.

4.7.8 As an organisation we also need to be able to react to key policy decisions and ensure that our resources are vired to high priority markets and high priority policy areas. In a tight resource environment, the achievement of this remains a key risk.

<sup>10</sup> UKTI's PIMS can be accessed via UKTI's website: [www.uktradeinvest.gov.uk](http://www.uktradeinvest.gov.uk)

<sup>11</sup> Details of the benchmarking survey can be found at:

[www.uktradeinvest.gov.uk/ukti/ShowDoc/BEA+Repository/345/419278](http://www.uktradeinvest.gov.uk/ukti/ShowDoc/BEA+Repository/345/419278)



## Initiatives to Deliver Efficiency Savings

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

Main initiatives for achieving **CSR2007** efficiency savings period

Funding stream	Initiative
UKTI programme	<p>Better procurement, ensuring economy, effectiveness and efficiency through the following programmes:</p> <ul style="list-style-type: none"> <li>• Harnessing framework agreements. UKTI currently has 30 framework contracts in place, covering services such as publicity and marketing, design and print, and accountancy services.</li> <li>• Reprioritisation of Programmes, producing possible allocative efficiencies and to ensure UKTI resources are best placed.</li> <li>• UKTI is also in the process of realigning inward investment resources to shift funding and posts towards the most productive markets.</li> <li>• Prioritising of the Fiscal Compass Programme over the High Growth Markets Pilot Programme.</li> </ul>
FCO admin and overseas front-line delivery	<p>Driving network efficiencies through the following programmes:</p> <ul style="list-style-type: none"> <li>• Localisation of UK-based slots overseas to drive down the cost of front-line operations and harness local expertise.</li> <li>• Hub and spoke operations to rationalise how we deliver our services. Lead Posts work with Satellite Posts to deliver more flexible and efficient customer support.</li> <li>• More effective and efficient use of UKTI ring-fenced budgets through monthly reviews. more challenging targets based on flat-lined resources.</li> </ul>
BERR admin	<p>Improved staff capabilities and professionalism, and refining business processes through the following programmes:</p> <ul style="list-style-type: none"> <li>• Implementation of the Chartered Institute of Public Finance and Accountancy (CIPFA) Financial Management Model and the Audit Agency Value for Money indicators to generate a single improvement plan. This will also help to inform the degree of progress in modernising and professionalising finance functions.</li> <li>• All corporate service functions are being asked to benchmark their respective functions.</li> <li>• Delivering estate/accommodation efficiencies through the transfer of defence exports promotion support personnel.</li> </ul>

### The Benefits of Regional Operations: Team Nordic

The Nordic Regional operation, 'Team Nordic', was launched in Copenhagen on 9 June 2008, and was the first operation of its kind to be introduced by UKTI. It rationalised how UKTI delivers its services, with 45 Full Time Equivalent staff working across the region to deliver more flexible and efficient customer support.

Team Nordic represents a region of 25 million affluent customers. By offering a cross Nordic OMIS (chargeable service) UK companies have a choice of looking at any combination of the five Nordic markets at one time. The service has been welcomed with over £36,000 Nordic OMIS sold in 2008–09. That represents over 20% of the Nordic total and helped Team Nordic achieve its chargeable service target three months ahead of schedule.

The regional approach helps UKTI use fewer resources to get the job done. UKTI Helsinki took ICT companies from the Baltics, Finland, Sweden, Denmark and Norway to the UK on an inward investment mission that attracted interest from key regions of the South East, London and East of England. A mission from just one country would simply not have captured the interest.

The Finnish and Swedish investment teams combined to bring 15 clean-tech companies back to the UK. This enabled UKTI to "sell" the event in London and produce four "good quality" investments.

Concentrating the marketing lead in Denmark has freed up resources in other posts for front-line activity. It has also led to more professional and cohesive marketing through sector-focused e-newsletters.

Regional training allows cost savings on travel and subsistence to be recycled to front-line activities. It also reinforces team working and the sharing of best practice, bringing all posts up to the same high standard.

A regional focus means simplified business planning; one plan with greater focus. And common policy across all teams ensures consistency and enhanced professionalism.

Shared data through internal systems, such as the Customer Relationship Management (CRM) system, allows posts to capitalise on company leads in different markets.

4.7.10 To reinforce these initiatives, we have the following internal controls in place:

- **Corporate Reporting.** To track delivery of these targets, we monitor our performance using a “Scorecard”. The Scorecard sets out key activities from the DSO and Group Business Plans that are regularly monitored and discussed by the Executive Board.
- **Financial Reporting.** The Central Finance Team report on a monthly basis to the Executive Team across all budgets. Supporting narratives draw out any pressures and discuss our ability to live within the budgets voted to us.

### Quality Measures

4.7.11 UKTI is committed to achieving efficiencies by reducing input costs while delivering improved customer services. Re-prioritising resources to where they are most needed will ensure better quality outputs.

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

### Audit and Control of UKTI Value for Money (VFM) Programme

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

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

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

#### **4.8 THE NAO REPORT: “UK TRADE & INVESTMENT: TRADE SUPPORT” (HC297, Session 2008–09, published 3 April 2009)<sup>11</sup>**

4.8.1 The NAO scrutinises public spending on behalf of Parliament. The NAO carried out a value for money audit of UKTI’s delivery of trade support to UK businesses and published a report of their findings on 3 April 2009.

4.8.2 The report examined whether UKTI is successfully delivering its trade support strategy. The report found that UKTI is making good progress against its targets and that it has re-focused its resources towards the markets it believes offer greatest opportunity for increasing trade. It also reported that UKTI has in place a robust system for assessing delivery, backed up by regular and systematic feedback on the quality of its services, with some 70% of businesses surveyed reporting a qualitative benefit as a result of the assistance received.

4.8.3 However, there are areas for improvement. The report recommended that UKTI should:

- improve information on the cost of its services,
- raise awareness among businesses that have yet to access its services,
- develop a clearer strategic view of where it wishes UK trade to be in the medium term in all target markets, and
- communicate a clearer understanding of how its services address barriers to trade and fit in with the services provided by others.

#### **UKTI Response**

4.8.4 UKTI is undertaking work to develop a management information system that will enable greater analysis of the cost of its services, thereby enabling more appropriate cost recovery. At the same time, the system will also enable managers to make better cost benefit analysis of services. This will allow UKTI to target resources where they can achieve the greatest impact, thereby securing better value for money for the tax-payer. Steps taken in 2009 include improving the costing model by collecting time spent on activities for all 98 UKTI markets, rather than a sample of 20 as in 2008. This will increase the accuracy of the costing model. From 2010, UKTI plans to implement an e-based costing solution to coincide with the completion of the roll-out with the FCO’s new overseas IT platform, F3G.

4.8.5 UKTI has already put into practice initiatives including the launch of new marketing material “Take It To The World” which helped publicise the benefits of exporting along with the assistance UKTI has to offer existing and potential exporters. A programme of regional events is currently planned for 2009–10 to further increase awareness of the benefits of exporting and of the help available from UKTI.

4.8.6 UKTI is currently developing a consolidated UKTI public-facing website via the Public Web Presence (PWP) project. This will deliver a single trade, investment and UKTI DSO website providing a joined-up online front to our global audience. The PWP will build on existing knowledge and research and will be of significant benefit to all customers by providing a single point of access for all their UKTI needs and service information. The PWP is planned to go live in Spring 2010.

4.8.7 UKTI is working to ensure information relating to market access barriers and how they plan to overcome them in key markets is set out more explicitly for each of the key markets. We aim to complete this during 2009.

<sup>11</sup> This report can be found on the NAO website at [www.nao.org.uk](http://www.nao.org.uk).

**TAKE IT  
TO THE  
WORLD<sup>UK</sup>**

**GET THE EXPORT ADVANTAGE.**  
**[www.uktradeinvest.gov.uk/ukti/export](http://www.uktradeinvest.gov.uk/ukti/export)**

# CHAPTER FIVE

## ORGANISATIONAL STRUCTURE



# FACT

A BUSINESS-LED  
BOARD



- £323m: UKTI 2008–09 budget
  - 2,400 staff:
    - 1,300 overseas in 98 markets
    - 700 in the nine English regions
    - 400 HQ posts
- of which 90% are front line delivery posts

## 5.1 UK TRADE & INVESTMENT BOARD

### 5.1.1 THIS CHAPTER SETS OUT HOW UKTI IS ORGANISED IN ORDER TO DELIVER SUPPORT FOR BUSINESS.

5.1.2 This section sets out the membership, role and structure of UKTI's Executive Board as at 31 March 2009. The role of the UKTI Executive Board is to provide strategic and operational leadership in UKTI. The Board is led by the Acting Chief Executive and comprises of six Executive Directors and four Non-Executive Board Members. Sir Andrew Cahn resumed as Chief Executive on 11 May 2009, after a brief period as acting Permanent Secretary for BERR.

#### Chair

**Digby, Lord Jones of Birmingham**  
(from 29 June 2007 to 3 October 2008)

**Sir Andrew Cahn KCMG**  
(from 3 October 2008 to Friday 27 March 2009 and from 11 May 2009 to present)

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

#### Non-Executive Board Members



**Peter Hill CBE** (until 31 March 2009)  
Chief Executive, Laird PLC, Non-Executive Director of the aerospace and defence group Meggitt plc. Previously held senior management positions with BTR plc and Invensys plc.

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



**Barry Stickings CBE**  
Chairman of BioCity Nottingham Ltd, Promethean Particles Ltd and East Midlands Innovation, the regional science and industry council. Director, Vitalize Health Products Ltd. Trustee, Industry and Parliament Trust. Vice President, German-British Chamber of Commerce and Industry. Until 2005 was Chairman of BASF plc.

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



## Executive Members

Susan Haird CB Deputy Chief Executive

Dominic Jermy OBE Managing Director, Sectors Group (until 27 March 2009 and from 11 May 2009 to present)

Danny Lopez Managing Director Marketing Group

Brian Shaw Managing Director Business Group

Curtis Juman Director of Finance & IT

Richard Paniguan CBE Head of UKTI DSO (from 11 August 2008)

Michael Ward Acting Managing Director, Sectors Group (from 28 March 2009 to 10 May 2009)

Sir Alan Colins, KCV0, CMG whilst not a member of the Executive Team, attends the UKTI Board as the Overseas Posts representative, in his capacity as Consul-General, New York and Director General for UKTI in the US.

The core business delivery Groups during 2008–09 were:

- Business Group (BG)
- Sectors Group (SG)
- UKTI Defence & Security Organisation (UKTI DSO)
- International Group (IG)
- Marketing Group (MG)

They were supported by:

- IT & Finance Group (ITFG)
- Economics & Evaluation Team (EET)
- Strategy & Human Resources Group (SHRG)

Each of the delivery Groups have delivery targets and are held accountable for performance.

## 5.2 UKTI'S ORGANISATIONAL STRUCTURE

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

5.2.2 UKTI is organised into separate groups, each focusing on specific areas, but working together in order to deliver UKTI's objectives and strategy.

## UKTI Minister and Executive Team



**Lord Davies of Abersoch**  
Minister for Trade,  
Investment and Business



**Sir Andrew Cahn KCMG**  
Chief Executive



**Susan Haird CB**  
Deputy Chief Executive  
International Group,  
Strategy & Human  
Resources Group,  
Economic and  
Evaluation Team,  
and the Olympics



**Dominic Jermy OBE**  
Managing Director,  
Sectors Group



**Brian Shaw**  
Managing Director,  
Business Group



**Richard Paniguan CBE**  
Head of UKTI Defence  
& Security Organisation



**Danny Lopez**  
Managing Director,  
Marketing Group



**Curtis Juman**  
Director of Finance  
& IT

## 5.3 UKTI HQ GROUPS

### Business Group (BG)

5.3.1 Business Group promotes the benefits of investing in, doing business with, and growing business globally from the UK in ways that benefit the UK economy. The Group's key roles include developing and nurturing relationships with individual companies, ensuring that they know how UKTI can support them.

### Sectors Group (SG)

5.3.2 Sectors Group helps UK companies internationalise and improves the reputation of the UK in key sectors in target markets. It is targeted with assisting 11,000 individual companies each year.

### UKTI Defence & Security Organisation (UKTI DSO)

5.3.3 UKTI DSO helps the UK defence and security sectors succeed internationally. With the continued support of the MoD, UKTI DSO delivers the essential government-to-government dimension to company-led marketing campaigns in pursuit of maintaining the UK's strong position in the global defence export market.

### International Group (IG)

5.3.4 International Group manages UKTI's extensive overseas network and co-ordinates action on the development and implementation of new strategies and structures in posts overseas to take account of changes and new priorities in the business environment. IG delivers its targets in partnership with the overseas network. IG is also the main UKTI briefing, visits and geographical policy co-ordinator with FCO and other parts of Whitehall.

### Marketing Group (MG)

5.3.5 The role of the Marketing Group is to both empower and inspire our sales force and to promote the UK as the best place in which and with which to do business, as well as to drive UKTI's global reputation.

The Group plays a key role in the delivery of UKTI's targets by providing marketing expertise and professional support to the rest of the organisation, contributing directly to the top level targets. Specialist teams cover each channel of the marketing communication mix: research, press and public relations, advertising and sponsorship, branding and identity, publications and content, design, copywriting and printing, exhibitions and events, and online services covering the trade portal, inward investment and Defence and Security web-based operations.

### IT & Finance Group (ITFG)

5.3.6 The IT Team provide our ICT and information management infrastructure. This includes significant business output related systems: Web hosting, CRM and OMIS. The Finance Team contributes to the top-level targets by securing and allocating the resources UKTI needs to achieve the successful delivery of our objectives.

### Economics and Evaluation Team (EET)

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

### Strategy and Human Resources Group (SHRG)

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

## 5.4 THE ORGANISATION OF UKTI (PEOPLE)

5.4.1 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 BERR while overseas most of its staff are from the FCO. UKTI also draws on its parent departments for some business support functions including certain aspects of HR and related IT support systems.

### UKTI – the organisation by numbers...

- 2,400 people, of whom,
  - 1,300 overseas
  - 700 HQ posts, (approximately 655 in London, 40 in Glasgow and 5 in Cambridge),
  - 400 staff in the nine English regions.of which 90% are in front line delivery posts.

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

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

5.4.4 At April 2009 just under 2,400 people<sup>12</sup> were working for UKTI. Of the 2,400, some 1,300 – mainly

FCO – staff were working in posts in 98 markets that are the highest priority in terms of the UK's economic interests. Some 680 people, mostly BERR staff, were based mainly in London and Glasgow. These include operational, customer-facing staff as well as those in corporate support functions. Some 370 people were based in the English regions. These are mainly ITAs, either Government Office (GO) staff or people with business experience who are under contract to deliver UKTI services. These are supported by some 45 people based in small teams within the nine English regions.

5.4.5 UKTI operates an interchange programme seconding in private sector business specialists in key areas such as sector teams (financial services, oil and gas, IT and sciences & technology). During 2008–09 UKTI seconded in 21 such individuals. UKTI also seconds out public sector staff to develop a deeper understanding of UK business. During 2008–09 20 UKTI people were seconded out to business.

### Working with our People

5.4.6 The aim of UKTI's people policies and practices is to support the people working for us to enable them to deliver the business objectives and targets. 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.

---

*"We want to get the right people with the right skills into the right posts when we need them. While they are with us we want them to deliver the strategy professionally and effectively and to develop their skills and capability within an inclusive culture based on excellent leadership and best management practice. This requires clear roles and objectives, cascading targets down to team and individual level, so that accountability is clear."*

---

Edward Bell, UKTI Director of Strategy and Human Resources

---

<sup>12</sup> Expressed in terms of full-time equivalents (inclusive DESO staff transfer).

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

- recruit the right people,
- 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 development,
- 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 staff into and out of UKTI posts.

### Excellent Leadership and Management

5.4.8 During 2009 we will be developing and communicating best practice guidelines on the UKTI approach to most of the points above. This will provide managers across the network with an easy reference point to what UKTI regards as best practice on a range of issues and procedures directly affecting their people, and how UKTI managers should approach these. This will build on the recent successful re-accreditation of UKTI (globally) under Investors in People (IiP). IiP is one of the most important ways that UKTI measures how well it is doing in applying best practice in the management and development of its staff. We will continue to work on those things we are doing well in and will work even harder in those areas where further improvement is required, such as learning and development.

### Investors in People (IiP)

In October 2008 UKTI's accreditation as an IiP worldwide was reviewed successfully against the demanding IiP Profile. This was an excellent outcome with particular strengths noted in the areas of business planning, equality of opportunity and decision-making.

### Communications within UKTI

5.4.9 UKTI has a communications strategy in place to inform and engage its staff across the network on key strategic, corporate and operational issues and uses a range of channels, from a dedicated staff website and electronic bulletins to regular tele-conferences.

### Professional Development Strategy

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

5.4.11 Our overall objective has been to support a step change in UKTI's culture towards a more client-focused, marketing-led, performance-driven organisation. During 2008, the organisation launched a new corporate learning and development programme across the networks. This supports the Professional Skills for Government Framework and is designed to give our staff the skills needed to deliver excellent services to customers. These opportunities have been developed to improve customer focus across key groups of people working in trade development and inward investment roles. A very successful Developing Client Relationship Skills programme has been delivered in nearly 40 markets to almost 600 people in overseas markets.

5.4.12 UKTI's Postgraduate Diploma Programme in Management, Trade & Investment, delivered in partnership with the Open University Business School (OUBS), has attracted over 80 successful participants since its inception in 2004. UKTI's pass rate has consistently exceeded the OUBS national average for



## In October 2008 UKTI's worldwide liP accreditation was reviewed successfully against the demanding new liP Profile

postgraduate management diploma students. Our study programme was increased to provide opportunities for our people to strengthen their knowledge of business in an international and economic context, through a series of modules which cover globalisation and the importance of regionalisation and emerging markets. Since its launch, over 70 modules have been completed: this represents 20 people who have worked through the one or two modules and ten who have completed all three. We also launched a new programme in partnership with the OU that provides opportunities for continuous professional development through further education.

From April 2008 to March 2009, UKTI's Professional Development Unit

- managed and delivered around 260 courses for over 2,380 delegates,
- Feedback showed that more than 95% of staff were either "very satisfied" or "mostly satisfied" with the training they received, and
- Over 275 staff used the online e-learning programme.

5.4.13 In April 2008 we began delivery of a programme to increase the customer focus of the relationship managers for the FTSE 100 programme. This programme concentrated on understanding strategy and communication with this key group of stakeholders. We have now delivered the programme to nearly 40 senior managers in UKTI.

5.4.14 In February 2009 we piloted a short session on "simple strategy tools for focused discussions with business" for FCO Heads of Mission who are in key UKTI roles. This session will become a core part of our briefing for senior people going overseas.

### Diversity

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

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

5.4.17 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 to follow best practice. We are currently commissioning external validation of our approach.

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



UKTI staff working in Brazil

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

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

5.4.21 UKTI monitors the use of its services through its PIMS, which is carried out by an independent specialist market research company (see page 127). Annually, the PIMS also obtains information about the use of its services by minority groups. This focuses on whether the businesses have owners, partners or directors who are women, or from ethnic minority groups, or have any long-standing illnesses or disabilities. This allows data to be reported on the percentage of businesses using the services who have one or more owner, partner, or director in each, or in any, of these categories. It also allows data to be reported on the percentage of businesses using the services that have a majority of owners, partners, or directors in each, or in any, of these categories.

5.4.22 For example, PIMS results for the survey carried out during April to June 2007 and April to June 2008 show that 4% of the 1,641 firms surveyed, had owners, partners or directors who had a disability or long-standing illness, 32% were female, and 12% were from an ethnic minority community.

5.4.23 PIMS results in future years will allow UKTI to monitor the extent to which there is an increase in the number of currently under-represented groups accessing services.

## 5.5 CORPORATE RESPONSIBILITY

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

### Sustainability in our Work

5.5.2 During 2008 work began on promoting the low carbon economy as set out in Chapter Two. UKTI and a number of partners embarked on a low carbon international marketing journey to position the UK as a leader in low carbon solutions and as such the destination of choice for low carbon trade and investment. Work on developing the UK low carbon international marketing strategy will continue with individual sector and market messaging, more case studies and the delivery of activities for UK companies to promote their low carbon solutions.

# UKTI was shortlisted as one of the Top 4 trade promotion agencies in the developed world

Association of Trade Promotion Organisations  
Autumn 2008

## Sustainability in our Operations

5.5.3 UKTI's people are based in buildings under the management of either of our parent departments. Both departments have strategies in place to deliver sustainable estates and IT. UKTI is a part of these strategies. These initiatives include activities such as improving energy efficiency, facilitating recycling and using double-sided printers, as well as those that help to reduce the carbon footprint of a globally diverse organisation – reducing travel costs and CO<sub>2</sub> emissions by greater use of tele and video conferencing, and by encouraging home and flexible working and some carbon off-setting.

## Engaging with the Community

5.5.4 Both UKTI's parent departments support staff in carrying out certain voluntary public duties, from serving as trustees on national charities to being school governors or volunteers. Both departments also operate salary sacrifice schemes whereby staff can give tax efficiently to their chosen charities. During 2008 UKTI people actively contributed to this agenda through their respective parent departments.

## 5.6 BETTER EVALUATION

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

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

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

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

## Firms new to export experienced on average a 34% long-term productivity boost as a result of beginning to export

### 5.6.4 There are four main elements:

- **Universal capture of data on businesses helped by UKTI.** The essential underpinning to all evaluation of what difference UKTI makes is keeping good records of who was helped and what form of help they received.
- **The Performance and Impact Monitoring Survey (PIMS).** PIMS is UKTI's central monitoring survey of users of its business services. This has already been described, in Chapter Four, in the context of measuring UKTI's performance against its DSO target and indicators. PIMS also provides a wealth of other data, including the profile of supported firms and customer perceptions of individual services, which provide qualitative as well as quantitative measurement of UKTI's performance.
- **Point of delivery performance assessment based on quick and simple customer feedback.** The Economics and Evaluation Team has developed a set of short feedback forms, consistent with the PIMS, which are available for use at local level by UKTI teams where appropriate. The forms will not be a substitute for the survey interviews, but can be given by delivery teams to customers at an earlier stage, for example, to obtain quick feedback on the quality of events or other services.
- **An annual programme of independent economic impact evaluations.** This is a rolling programme of studies of particular areas of UKTI's work which looks in depth at the economic rationale for the work UKTI does and seeks to assess the value for money for the taxpayer. In 2008–09, for every £1 spent by UKTI, £16 was generated back for business. This is explained in more detail in Annex A at the end of the report.

5.6.5 Impact evaluation in UKTI is supported by a programme of wider research on issues related to strengthening the economic rationale for government roles in supporting trade and investment.<sup>13</sup> Activities are focused on two key areas: economic evaluation and economic research.<sup>14</sup> They show that there are economic benefits to the UK from international trade and investment in terms of direct and indirect productivity effects, strengthening competition and increases in returns to business investment in innovation. The most recent addition to this body of evidence suggests that over the period 1996–2004 some 60% of UK productivity growth was attributable to UK exporting firms, both established and new exporters, despite these being a minority of UK firms overall.<sup>15</sup> In addition, firms new to export experienced on average a 34% long-term productivity boost as a result of beginning to export. This is consistent with the findings of previous research commissioned by UKTI, which showed new exporters experienced a productivity gain from entering and staying in export markets, with firms with a high share of total sales coming from exports gaining the highest benefit.<sup>16</sup> This indicates that the economy as a whole will benefit if more companies do business internationally.

<sup>13</sup> BERR Economics Paper Number 18 *op cit*: The economic rationale for UKTI is set out in more detail at Annex A.

<sup>14</sup> Research commissioned during 2005: Harris, R. and Q. Cher Li (2005a), *Review of the Literature: the Role of International Trade and Investment in Business Growth and Development*; Harris, R. and Q. Cher Li (2005b), *Establishment Level Empirical Study of Links Between Exporting, Innovation and Productivity*; SQW (2005), *Review of the Evaluation Evidence on Trade Promotion: Final Report to UK Trade & Investment*.

<sup>15</sup> Harris, R. and Q. Cher Li (2007), *Firm Level Empirical Study of the Contribution of Exporting to UK Productivity Growth*.

<sup>16</sup> Kneller R. (2004), *Participation in export markets and productivity in UK manufacturing*, Final Report for UKTI.



# UKTI People Delivering for the UK





# CHAPTER SIX

## RESOURCE ACCOUNTS

A person is shown in silhouette, pointing at a large screen that displays a colorful topographic map. The map features various shades of green, yellow, and orange, indicating different elevations or data levels. The person is seated at a desk, and the overall scene is dimly lit, with the primary light source being the screen itself.

# FACT

UKTI HAS INCREASED  
ITS INCOME BY 26% TO  
OVER £4.5M



## 6.1 Introduction

### THIS CHAPTER PRESENTS THE RESOURCE ACCOUNTS WHICH SETS OUT THE RESOURCES VOTED TO, AND USED BY, UKTI.

It also includes by way of “Memorandum Notes” an estimate of the total resources used by UKTI to deliver its activity. To arrive at the total resources used, the resources of BERR and FCO allocated for UKTI activity need to be added.

The resources, voted to BERR (HC447) and FCO (HC 460), are shown in their respective resource accounts. These can be obtained from The Stationery Office (TSO) quoting the relevant HC number. The “Memorandum Notes” appear on pages 113 to 117.

This reflects the shared governance arrangements between BERR, FCO and UKTI for the delivery of their shared departmental strategic objectives for trade promotion and foreign direct inward investment.

#### Basis of Accounts

These accounts have been prepared in accordance with directions given by HM Treasury in pursuance of Section 5(2) of the Government Resources and Accounts Act 2000.

## Management Commentary

### Main Estimates

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

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

### Financial Structure

The Chief Executive, as Accounting Officer, is responsible for all of UKTI's programme expenditure, including any capital items (assets) purchased out of UKTI's programme budget. The controls exercised over these resources are reported on by the Accounting Officer in the Statement on Internal Control. All administration and capital expenditure items other than those purchased from UKTI's programme budget during 2007–08 were funded by BERR or the FCO and remained the responsibility of the Accounting Officers for those departments. The controls BERR and the FCO exercised over these resources are reported on in the individual Statements on Internal Control in their respective accounts.

The Accounting Officers for BERR and the FCO have provided UKTI's Accounting Officer with details of administration expenditure and capital items for inclusion as Memorandum Notes in these accounts. These Memorandum Notes are not covered by the Comptroller and Auditor General's (C&AG's) opinion on pages 89 to 90.

## Going Concern

The balance sheet at 31 March 2009 shows negative taxpayers' equity of £10.4m (£11.4m). This reflects the inclusion of liabilities falling due in future years, which are to be financed by drawings from the UK Consolidated Fund (the Fund). Such drawings will be from grants of Supply approved annually by Parliament to meet UKTI's NCR. Under the Government Resources and Accounts Act 2000, no money may be drawn from the Fund other than required for the service of the specified year or retained in excess of that need. All

unspent monies, including those derived from UKTI's income, are surrenderable to the Fund.

In common with other government departments, the future financing of UKTI's liabilities is accordingly to be met by future grants of Supply and the application of future income, both to be approved annually by Parliament. There is no reason to believe that future approvals will not be forthcoming. Accordingly, it has been considered appropriate to adopt a going concern basis for the preparation of these financial statements.

## Financial Review

The total resource deployed by UKTI can be found in the memorandum notes on page 113.

The table below shows the total resources used during 2008–09 with comparators together with key outputs/outcomes.

Objective	2008–09		2007–08	
	Resource £m	Outputs/Outcomes	Resource £m	Outputs/Outcomes
To enhance the competitiveness of companies in the UK through overseas trade and investments	249.9	20,700 business assists £3.6bn additional profit for UK business £4.6m income	238.7	15,900 business assists £3.2bn additional profit for UK business £3.6m income
To attract a continuing high level of quality foreign direct investment	73.3	600 inward investment decisions (significant assists) 10,678 new jobs created 18,600 jobs safeguarded	76.8	549 inward investment decisions (significant assists) 14,274 new jobs created 9,824 jobs safeguarded
<b>Total</b>	<b>323.2</b>		<b>315.5</b>	

The resource accounts only show the resource voted directly to UKTI to deliver programme activity (eg grants/marketing). Other resources relating to UKTI are included within the audited accounts of BERR and FCO respectively. The financial performance of UKTI is reported in the financial statements and supporting notes to the accounts, which can be found on pages 96 to 112.

The Statement of Net Operating Costs by Departmental Strategy Objectives, on page 95, indicates the net programme expenditure incurred in delivering against each of UKTI's two sub-objectives. Highlights by sub-objective are shown on page 74.

Resources consumed by major programmes in enhancing the competitiveness of companies in the UK through overseas trade and investments, during 2008–09, were as follows (2007–08 figures are shown in brackets):

- £17.4m (£16.4m) was spent on funding customer-facing activity delivering international trade support in the English regions. The budget for the year was £17.4m.
- £8.8m (£9.3m) was spent on sector-specific activities in markets and sectors with strong potential for British business. The budget for the year was £9m,
- £7.7m (£8.5m) was spent to support new and inexperienced exports through overseas exhibitions, seminars and mission support schemes. The budget for the year was £7.8m,
- £3.9m (£4.9m) was spent on the Passport to Export programme, aimed at providing practical advice and support to Small and Medium-sized Enterprises (SMEs), which are new to or inexperienced in exporting. The budget for the year was £4.1m. Some events were cancelled or postponed at the year end,

- £5.4m (£3.4m) was spent on trade marketing events and publicity. The budget for the year was £4.7m. The additional spend was a result of reprioritising our resource to align with the global economic downturn, which resulted in the “Take It To The World” campaign, and
- £1.9m was spent on major Defence & Security events. The budget for the year was £2.2m. Some events were postponed in the year.

To attract a continuing high level of quality foreign direct investment, resources consumed by major programmes during 2008–09 were as follows:

- Grant in Aid for RDAs totalled £16.8m (£17.2m). This was in line with the budget, and
- £15.1m (£15.4m) was spent on inward investment programmes. This included marketing the UK abroad, production of publicity materials and advertising. The budget for the year was £15.1m.

### Outturn against Estimate

In 2008–09, UKTI's Net Request for Resources (RfR) was £91.5m (£91.7m) and Net Resource Outturn was £90.9m (£90.2m) – a 0.7% (1.6%) underspend.

This represents a small underspend of £600k against Estimate and was a result of activity in demand led programmes slipping into the next financial period.

## Reconciliation of resource expenditure between Estimates, Accounts and Budgets

	2008–09 (£000)	2007–08 (£000) (restated)
Net Resource Outturn (Estimates)	90,927	90,167
Less Operating Income – Excess A-in-A	(112)	-
Net Operating Cost (Accounts)	90,815	90,167
Resource Budget Outturn (Budget)	91,527	91,689
<i>of which:</i>		
Departmental Expenditure Limits (DEL)	91,506	91,668
Annually Managed Expenditure (AME)	21	21

There is one adjusting item between Net Resource Outturn and Net Operating Costs (for details see note 7.2).

## Risk Management

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

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

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

## Liquidity and Currency Risks

UKTI has no borrowings and relies primarily on voted funds from Parliament for its cash requirements. It is therefore not exposed to liquidity risk. It has no material deposits and all material assets and liabilities are denominated in sterling so it is not exposed to interest rate risk or to material currency risk. Further disclosures are provided in note 18 to these accounts.

## Reporting of Personal Data Related Incidents

UKTI reported no incidents of the loss of any "Protected Personal Data" to the Information Commissioners Office in 2008–09 (or prior years). There were no "Other Protected Personal Data" incidents in 2008–09 (or prior years) such as the loss of: inadequately protected or insecure disposal of electronic equipment, devices or paper documents from secured Government premises, or any other unauthorised disclosure.

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

## Corporate Governance

### Ministers

During 2008–09, joint ministerial responsibilities were as follows:

---

### Secretary of State for Foreign and Commonwealth Affairs

The Rt Hon David Miliband MP  
(from 28 June 2007 to present)

---

### Secretary of State for BERR

Lord Mandelson (from 3 October 2008 to present)  
The Rt Hon John Hutton MP (from 28 June 2007 to 3 October 2008)

Portfolio responsibility:

---

#### Minister for Trade, Investment and Business

Lord Davies of Abersoch (from 14 January 2009 to present)

Gareth Thomas MP (from 5 October 2008 to 13 January 2009)

Digby, Lord Jones of Birmingham (from 29 June 2007 to 3 October 2008)

---

#### Accounting Officer

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

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

Sir Andrew Cahn took up responsibility as acting Permanent Secretary for BERR until the appointment of Simon Fraser and returned to UKTI on the 11 May 2009.

#### Board

Details of Board membership appear on pages 61 to 63.

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

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

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

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

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

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

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

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

The Board's terms of reference are available at [www.uktradeinvest.gov.uk](http://www.uktradeinvest.gov.uk)

#### Audit Committee

The Audit Committee met four times during 2008–09. The Committee acts in an advisory capacity and brings an independent element into the consideration of audit, risk and other corporate governance matters within the organisation. Three of the four Non-Executive Board Members are members of the Committee.

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

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

During 2008–09, the composition of the UKTI Audit Committee was as follows:

---

**Claire Ighodaro CBE (Chair)**

Non-Executive Board Member

---

**Barry Stickings CBE**

Non-Executive Board Member

---

**Tim Robinson**

Non-Executive Board Member

---

**Stephen French**

Independent Member and Director General Acquisition Policy, MoD

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

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

The Committee's terms of reference are available at [www.uktradeinvest.gov.uk](http://www.uktradeinvest.gov.uk)

**Resources and Evaluation Panel (REP)**

The REP is an advisory committee whose role is to:

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

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

**Public Interest**

**Payment of Suppliers**

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

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

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

The payment performance for 2008–09 was:

- between April 2008 and March 2009, 99.8% of invoices were paid within 30 days, and
- between November 2008 and March 2009, 96.7% of invoices were paid within ten days.

**Auditors**

These financial statements have been audited, under the Government Resources and Accounts Act 2000, by the C&AG, who is appointed under statute and reports to Parliament. The audit opinion is on pages 89 to 90. The notional cost to UKTI of the external audit of its resource account by the NAO for the C&AG was £48.5k (2007–08 £43k), which was split between the administration costs of BERR and the FCO. See Memorandum Notes for further details. A further notional charge of £6.5k was made in relation to the audit work to implement International Financial Reporting Standards (IFRS). There was no auditor remuneration (actual or notional) for non-audit work.

During the year the NAO carried out a Value for Money audit of UKTI's delivery of trade support to UK businesses the details of which can be found in section 4.7.13 of this report.



## Disclosure of Audit Information

- 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.

## 6.2 Departmental Remuneration Report

### Remuneration Policy

A Remuneration Report has been included for transparency. UKTI has no Remuneration Committee. This is because the remuneration of BERR 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 115.

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

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

In reaching its recommendations, the Review Body is to have regard to the following considerations:

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

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

Further information about the work of the Review Body can be found at [www.ome.uk.com](http://www.ome.uk.com)

### Senior Official Appointments

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

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

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

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

Further information about the work of the Civil Service Commissioners can be found at [www.civilservicecommissioners.gov.uk](http://www.civilservicecommissioners.gov.uk)

### Salary and Pension Entitlements

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

### Ministerial Appointments

During 2008–09, joint ministerial responsibilities were as follows:

#### Secretary of State for Foreign and Commonwealth Affairs

The Rt Hon David Miliband MP (from 28 June 2007 to present)

#### Secretary of State for BERR

Lord Mandelson (from 3 October 2008 to present)  
The Rt Hon John Hutton MP (from 28 June 2007 to 3 October 2008)

### Portfolio Responsibility:

#### Minister for Trade, Investment and Business

Lord Davies of Abersoch (from 14 January 2009 to present)

Gareth Thomas MP (from 5 October 2008 to 13 January 2009)

Digby, Lord Jones of Birmingham (from 29 June to 3 October 2008)

Lord Davies of Abersoch is not receiving a salary or pension benefits for his work as a Minister. Lord Jones' salary is listed below. Other Ministers' salary, pension and benefits are not disclosed in these accounts and their details can be found in the respective 2008–09 resource accounts of BERR, the FCO and the Department for International Development (DFID).

### Remuneration Report

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

Ministers' salaries, allowances, taxable benefit in kind pension and benefits entitlements in 2008–09 were as follows:

	2008–09 Salary (in bands of £5,000) (2007–08 Salary)	Benefits in kind (to nearest £100) (2007–08 Benefits)	Accrued pension at age 65 as at 31/3/09 (£000)	Real increase in pension at age 65 (£000)	CETV at 31/3/09 (£000)	CETV at 31/3/08 <sup>20</sup> (£000)	Real increase in CETV (£000)
Lord Davies of Abersoch <sup>17</sup> (from 14 January 2009) <i>Full year equivalent</i>	–	–	–	–	–	–	–
Gareth Thomas MP <sup>18</sup> (from 5 October 2008 to 13 January 2009) <i>Full year equivalent</i>	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Digby, Lord Jones of Birmingham <sup>19</sup> (to 3 October 2008) <i>Full year equivalent</i> (from 29 June 2007)	60–65 115–120 (85–90) (115–120)	0  0	0–2.5	0–2.5	30	17	10

17. Receives no salary and no pension benefits.

18. Salary and pension details are disclosed in the DFID's accounts.

19. Salary paid by the FCO.

20. The figure may be different from the closing figure in last year's accounts. This is due to the CETV factors being updated to comply with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008.

## Salary

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

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

## Benefits in Kind

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

## Ministerial Pensions

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

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

Benefits for Ministers are payable at the same time as MP's benefits become payable under the PCPF or, for

those who are not MPs, on retirement from ministerial office from age 65. Pensions are increased annually in line with changes in the Retail Prices Index (RPI). Members pay contributions of 6% of their ministerial salary if they have opted for the 1/50th accrual rate or 10% of their salary if they have opted for the 1/40th accrual rate. There is also an employer contribution paid by the Exchequer representing the balance of cost as advised by the Government Actuary. This is currently 26.8% of the ministerial salary.

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

## The Cash Equivalent Transfer Value (CETV)

This is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the pension benefits they have accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total ministerial service, not just their current appointment as a Minister. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 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

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

Senior Management salaries, allowances, taxable benefit in kind and pension entitlements in 2008–09 were as follows:

	2008–09 Salary including Performance Pay	Benefits in Kind	Accrued pension at pension age as at 31/3/09 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/3/09	CETV at 31/3/08 <sup>27</sup>	Real increase in CETV
	(in bands of £5,000) (2007–08 Salary)	(to nearest £100) (2007–08 Benefits)	(£000)	(£000)	(£000)	(£000)	(£000)
Sir Andrew Cahn KCMG <sup>22,24,25,26</sup>	245–250	0	40–45 Plus n/a lump sum	0–2.5 Plus n/a lump sum	824	740	15
	(225–230)	(0)					
Susan Haird CB <sup>22,24,26</sup>	120–125	0	45–50 Plus 135–140 lump sum	0–2.5 Plus 0–2.5 lump sum	963	894	1
	(120–125)	(0)					
Dominic Jerney OBE <sup>21,24,26</sup>	95–100	0	15–20 Plus 45–50 lump sum	0–2.5 Plus 0–2.5 lump sum	220	194	7
	(85–90)	(0)					
Richard Paniguan CBE <sup>22,24,26</sup> (from 11/08/08) Full year equivalent	105–110 190–195	0	0–5 Plus n/a lump sum	0–2.5 Plus n/a lump sum	26	0	22
Brian Shaw <sup>22,23,24,26</sup>	140–145	0	5–10 Plus n/a lump sum	0–2.5 Plus n/a lump sum	81	48	25
	(125–130)	(0)					
Danny Lopez <sup>22,24,26</sup>	105–110	0	n/a	n/a	n/a	n/a	n/a
	(95–100)	(0)					
Curtis Juman <sup>22,24,26</sup>	85–90	0	15–20 Plus 50–55 lump sum	0–2.5 Plus 0–2.5 lump sum	224	211	–3
(from 01/10/07) Full year equivalent	(35–40) (80–85)	(0)					
Michael Ward <sup>21,24,26</sup> (from 28/03/09) Full year equivalent	0–5 65–70	0	20–25 Plus 60–65 lump sum	n/a	373	373	0

21. Salary paid by the FCO.

22. Salary paid by BERR.

23. Opted out of Civil Service Pension arrangements.

24. There were no employer contributions to partnership pension account.

25. Has a supplementary pension agreed by the Cabinet Office from 1 July 2007 with a double accrual rate. Aggregated service prior to this date is at a single rate.

26. Salary includes performance pay paid during the year.

27. The figure may be different from the closing figure in last year's accounts. This is due to the CETV factors being updated to comply with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008.

## Civil Service Pensions

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

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

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

salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

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

Further details about the CSP arrangements can be found on the website [www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk)

## Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member’s accrued benefits and any contingent spouse’s pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional pension benefits at their own cost. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 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

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

### Compensation for loss of office

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

### Fees paid to Non-Executive Board Members

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

	2008–09 (£000)	2007–08 (£000)
Peter John Hill CBE (to 31 March 2009)	0–5	5–10
Claire A Ighodaro CBE	5–10	5–10
Bill McGinnis CBE (to 31 March 2008)	–	5–10
Barry Stickings CBE	5–10	5–10
Tim Robinson	see footnote <sup>28</sup>	

<sup>28</sup> Receives no fees; the sum of between £5k–£10k (£0k–£5k) is paid direct to a charity, on the same basis as BERR's salary sacrifice scheme.



Sir Andrew Cahn KCMG

Accounting Officer

10 July 2009



### 6.3 Statement of Accounting Officer's Responsibilities

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

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

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

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

### 6.4 Statement on Internal Control

This statement is given in respect of the Annual Report and Accounts for UKTI, which incorporates the programme transactions and assets and liabilities, which fall within the boundary for resource accounting purposes.

#### Scope of Responsibility

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

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

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

- the Executive Board which I chair,
- the Audit and Risk Committee, and
- the REP.

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

## The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to:

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

The system of internal control has been in place in UKTI for the year ended 31 March 2009 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

## Capacity to Handle Risk

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

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

## The Risk and Control Framework

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

The group registers are formally reviewed and updated at least bi-monthly and inform the corporate level risk register which reflects all higher level risks. The corporate risk register is formally presented and discussed at each Executive Board and Audit Committee meeting. Named senior managers have responsibility for risk ownership. Risk priorities for UKTI centre on: the global economic downturn and its impact on business, transformational change, data protection and meeting our key strategic objectives.

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

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

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

## Review of Effectiveness

As Accounting Officer, I also have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within UKTI who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Executive Board and the Audit Committee and plan to address weaknesses and ensure continuous improvement of the system is in place.

The system of internal control is under constant review, and when specific weaknesses are identified, an action plan is drawn up to address them. Immediate action is taken where the risks are considered to be unacceptable. Action plans are in place to address all of the weaknesses identified during the accounting period, and up to the date of the signing of the 2008–09 Annual Report and Accounts. During the accounting period, risk management was supported by the following processes:

- an Executive Board, consisting of our six Directors, three Non-Executive Board Members and me, meets at least six times a year and collectively provides leadership and strategic direction including the assessment and management of the principal risks to the organisation and review of key financial data,
- an Audit Committee, which met four times during the year, includes all of the Non-Executive Board Members, with one as chair, and an independent member from the Ministry of Defence. In addition, representatives from the NAO, Internal Audit and senior finance managers from UKTI, BERR and the FCO usually attend. The Audit Committee regularly reviews the risk management framework and gets assurance from management on the appropriateness of mitigation strategies,
- the organisation has the services of the Internal Audit units of BERR and the FCO, which operate to the Government Internal Audit Standards. They submit reports after each assignment, which include recommendations for improvement. The Head of Internal Audit for UKTI issues a report, which includes an independent opinion on the adequacy

- and effectiveness of UKTI's system of internal control, based on their work for the year,
- the Executive Team, which consists of all the Managing Directors and me, meet regularly to discuss performance against targets,
- the REP whose role is to scrutinise proposals for competitive and single tender spending to ensure that resource allocation, business planning and expenditure proposals are supported by sound, robust business cases, and to make recommendations to the Executive Board,
- the ICT Programme Board whose role is to define UKTI's Information Communication Technology (ICT) strategy and to provide the link between business objectives and ICT investments and also to ensure that ICT project governance processes and best practice are applied across UKTI,
- attendance at meetings of HM Treasury's Risk Improvement Management Network and BERR's Agencies Risk Management Network in order to keep in touch with best practice,
- formal monthly Management Unit Finance Officer meetings with my Central Finance Team to discuss any financial issues arising, and
- positive assurance provided by my directors who each consider the significant risks they manage and provide me annually, at the year-end, with a written formal assertion covering the effectiveness of the internal controls operating in each of their business groups.

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

## Data Handling

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

UKTI assesses data handling risks on a quarterly basis. During 2008–09, UKTI had no reportable data losses.

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

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

BERR have taken the following step that directly affects UKTI HQ:

- Installed desktop encryption across BERR's IT system resulting in USB ports being re-opened.

In addition, UKTI have taken the following specific actions:

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

During 2009–10, UKTI, through BERR and the FCO, will be introducing mandatory training for data users, and key stakeholders as Cabinet Office sponsored e-learning packages are released by the National School of Government.

There were no significant internal control issues during the course of 2008–09. Where weaknesses in the control environment were identified, action to strengthen control has taken place or is planned.



Sir Andrew Cahn KCMG  
Accounting Officer

10 July 2009

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

I certify that I have audited the financial statements of UK Trade & Investment for the year ended 31 March 2009 under the Government Resources and Accounts Act 2000. These comprise the Statement of Parliamentary Supply, the Operating Cost Statement, the Balance Sheet, the Cash Flow Statement and the Statement of Net Operating Costs by Departmental Strategic Objectives and the related notes. These financial statements have been prepared under the accounting policies set out within them.

### Respective Responsibilities of the Accounting Officer and Auditor

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

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

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements have been properly prepared in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000. I report to you whether, in my opinion, the information which comprises the UK Trade & Investment Board, Corporate Responsibility, Management Commentary, and UKTI's Achievement Against Targets, included in the Annual Report, is consistent with the financial statements. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

In addition, I report to you if the Department has not kept proper accounting records, if I have not received all the information and explanations I require for my audit,

or if information specified by HM Treasury regarding remuneration and other transactions is not disclosed.

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

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

### Basis of Audit Opinions

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

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error, and that in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

## Opinions

### Audit Opinion

In my opinion:

- the financial statements give a true and fair view, in accordance with the Government Resources and Accounts Act 2000 and directions made thereunder by HM Treasury, of the state of the Department's affairs as at 31 March 2009, and the net cash requirement, net resource outturn, net operating cost, net operating costs applied to departmental strategic objectives and cash flows for the year then ended,
- the financial statements have been properly prepared in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000, and
- information which comprises the UK Trade & Investment Board, Corporate Responsibility, Management Commentary, and UKTI's Achievement Against Targets, included within the Annual Report, is consistent with the financial statements.

### Audit Opinion on Regularity

In my opinion, in all material respects, the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

## Report

I have no observations to make on these financial statements.

**Amyas C E Morse**

Comptroller and Auditor General

14 July 2009

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



# UK TRADE & INVESTMENT RESOURCE ACCOUNTS 2008–09

Including Notes to the Accounts and Memorandum Notes

(FOR THE YEAR ENDED 31 MARCH 2009)

# Accounts 2008–09

## 6.6 Statement of Parliamentary Supply

### Summary of Resource Outturn 2008–09

Request for resources	Note	Estimate			Outturn			2008–09 £000 Net total Outturn compared with Estimate: saving/ (excess)	2007–08 Outturn (restated)
		Gross expenditure	A-in-A	Net total	Gross expenditure	A-in-A	Net total		Net total
RfR 1 Trade development and promotion and inward investment	2	95,985	(4,458)	91,527	95,385	(4,458)	90,927	600	90,167
Total resources		95,985	(4,458)	91,527	95,385	(4,458)	90,927	600	90,167

Explanations of variances between Outturn against Estimate are given on page 75.

### Net Cash Requirement 2008–09

	Note	Estimate	Outturn	2008–09 £000 Net total outturn compared with Estimate: saving/ (excess)	2007–08 £000 (restated) Outturn
Net Cash Requirement	3	93,467	92,034	1,433	94,395

The saving can be further analysed as £1,349k at bank and £84k undrawn supply. The “saving” relates to the cash flow timing differences.

### Summary of Income Payable to the Consolidated Fund 2008–09

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

	Note	Forecast 2008–09 £000		Outturn 2008–09 £000	
		Income	<i>Receipts</i>	Income	<i>Receipts</i>
Total income payable to the Consolidated Fund	4	–	–	116	5

The notes on pages 96 to 112 form part of these accounts.

## 6.7 Operating Cost Statement

For the year ended 31 March 2009

Programme costs Request for resources 1	Note	2008–09 £000	2007–08 £000 (restated)
Staff costs	5	557	519
Expenditure	6	94,828	93,249
Income	7	(4,570)	(3,601)
Net operating cost		90,815	90,167

All income and expenditure are derived from continuing operations.

## 6.8 Statement of Recognised Gains and Losses

There were no recognised gains or losses for the year ended 31 March 2009, other than those shown in the Operating Cost Statement.

The notes on pages 96 to 112 form part of these accounts.

## 6.9 Balance Sheet

As at 31 March 2009

	Note	2009 £000	2008 £000 (restated)
<b>Fixed assets</b>			
Tangible assets	8	177	257
Intangible assets	9	16	20
		<b>193</b>	<b>277</b>
Debtors (falling due after more than one year)	10	–	203
<b>Current assets</b>			
Debtors	10	4,299	2,659
Cash at bank and in hand	11	1,349	4,313
		<b>5,648</b>	<b>6,972</b>
Creditors (amounts falling due within one year)	12	(16,266)	(18,825)
Net current liabilities		<b>(10,618)</b>	<b>(11,853)</b>
<b>Total assets less current liabilities</b>		<b>(10,425)</b>	<b>(11,373)</b>
		<b>(10,425)</b>	<b>(11,373)</b>
<b>Taxpayers' equity</b>			
General fund	13	(10,425)	(11,373)
		<b>(10,425)</b>	<b>(11,373)</b>



Sir Andrew Cahn KCMG  
Accounting Officer

10 July 2009

The notes on pages 96 to 112 form part of these accounts.

## 6.10 Cash Flow Statement

For the year ended 31 March 2009

	Note	2008–09 £000	2007–08 £000 (restated)
Net cash outflow from operating activities	14.1	(92,006)	(94,338)
Capital expenditure and financial investment	14.2	(28)	(57)
Receipts due to the Consolidated Fund which are outside the scope of the organisation's activities	4	5	56
Payments of amounts due to the Consolidated Fund	4	(5)	(56)
Financing	14.4	89,070	96,303
(Decrease)/Increase in cash in the period	14.5	(2,964)	1,908

## 6.11 Statement of Net Operating Costs by Departmental Strategic Objectives

For the year ended 31 March 2009

### Objective

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

### Sub-objectives

	2008–09 £000			2007–08 £000 (restated)		
	Gross	Income	Net	Gross	Income	Net
Sub-objective 1: To enhance the competitiveness of companies in the UK through overseas trade and investments	63,516	(4,570)	58,946	61,187	(3,601)	57,586
Sub-objective 2: To attract a continuing high level of quality foreign direct investment	31,869	–	31,869	32,581	–	32,581
Net operating costs	95,385	(4,570)	90,815	93,768	(3,601)	90,167

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

Previous years figures (2007–08) have been restated as a result of Machinery of Government changes, the details of which appear in note 22 on page 111.

The notes on pages 96 to 112 form part of these accounts.

## 6.12 Notes to the 2008–09 Accounts

### 1.1. Statement of Accounting Policies

These financial statements have been prepared in accordance with the 2008–09 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM follow UK generally accepted accounting practice for companies (UK GAAP) to the extent that it is meaningful and appropriate to the public sector.

In addition to the primary statements prepared under UK GAAP, the FReM also requires UKTI to prepare two additional primary statements. The Statement of Parliamentary Supply and supporting notes show outturn against Estimate in terms of the net resource requirement and the Net Cash Requirement. The Statement of Net Operating Cost by Departmental Strategic Objectives and supporting notes analyse UKTI's income and expenditure by the sub-objectives agreed with Ministers.

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

### 1.2 Accounting Convention

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

### 1.3 Basis of Accounting

These accounts cover all activities for which the Chief Executive of UKTI has Principal Accounting Officer 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 FCO, and BERR.

Because Accounting Officer responsibility for the cost of administering UKTI's programmes currently remains with one or other of its two parent departments, these accounts report only on the programme activities and resources of UKTI in the primary statements and related notes. Indicative administration and programme expenditure and the cost of the associated assets used are included by way of Memorandum Notes to the accounts (pages 113 to 117).

### 1.4 Tangible Fixed Assets

Tangible fixed assets purchased by UKTI, and where the risks and rewards of ownership lie with UKTI, are stated at the lower of replacement cost and recoverable amount.

UKTI's capitalisation threshold for tangible fixed assets 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.

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

Much of the business of UKTI is conducted through the offices of BERR 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 these tangible fixed assets vest in BERR and the FCO, who reflect their total value in their respective balance sheets.

### 1.5 Depreciation

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

IT Assets	3 to 5 years
Office Machinery	5 years

### 1.6 Intangible Fixed Assets

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

### 1.7 Research and Development

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



## 1.8 Operating Income

Operating income is income which relates directly to the operating activities of UKTI. It principally comprises fees and charges for services provided to external customers. It includes not only income appropriated in aid of the Estimate but also any income payable to the Consolidated Fund which, in accordance with the FReM, should be treated as operating income. Operating income is stated net of VAT.

## 1.9 Administration and Programme Expenditure

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

## 1.10 Capital Charge

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

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

## 1.11 Foreign Exchange

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

## 1.12 Pensions

Staff working for UKTI are employees of either BERR or the FCO. Past and present employees are covered by the provisions of the Civil Service Pension Schemes. BERR and the FCO recognise the relevant costs for the year in their respective

annual reports and accounts. The amounts incurred in respect of those staff working for UKTI are shown in the Memorandum Notes to these accounts.

## 1.13 Private Finance Initiative (PFI) Transactions

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

## 1.14 Grants Payable

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

## 1.15 Value Added Tax

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

## 1.16 Comparative Amounts

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

## 2. Analysis of Net Resource Outturn by Section

					Outturn		2008-09 £000 Estimate	2007-08 £000
					Net total	Net total	Net total outturn compared with Estimate	Prior year outturn (restated)
Other current	Grants	Gross resource expenditure	A-in-A					
RfR 1: To enhance the competitiveness of companies in the UK through overseas trade and investments, and attract a continuing high level of quality foreign direct investment								
<i>Central Government spending</i>								
A Trade development and promotion and inward investment								
	78,575	16,810	95,385	(4,458)	90,927	91,527	(600)	90,167
Resource outturn	78,575	16,810	95,385	(4,458)	90,927	91,527	(600)	90,167

## 3. Reconciliation of Resources to Cash Requirement

				2008-09 £000
Note	Estimate	Outturn	Net total Outturn compared with Estimate: saving/(excess)	
Net resource outturn	91,527	90,927	600	
Capital				
Acquisition of fixed assets	8,9	48	20	
Accruals adjustments				
Non-cash items	6	(108)	(155)	
Changes in working capital other than cash	15.1	2,000	856	
Excess cash receipts surrenderable to the Consolidated Fund	7.2	–	112	
Net Cash Requirement	93,467	92,034	1,433	

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

#### 4. Analysis of Income Payable to the Consolidated Fund

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

	Forecast 2008–09 £000		Outturn 2008–09 £000	
	Income	<i>Receipts</i>	Income	<i>Receipts</i>
Excess Appropriations in Aid	–	–	112	–
Other amounts collectable on behalf of the Consolidated Fund	–	–	4	5
	–	–	116	5

#### 5. Numbers and Costs of People Engaged in Delivering UKTI's Objective

Most personnel engaged on UKTI business are employees of either BERR or the FCO and details are shown in Memorandum Note 3. Contributions to the costs of employing International Business Specialists, seconded from private sector organisations for periods of up to five years, are made to the seconding organisations. The organisation also uses consultants for specialist tasks. Details are:

	2008–09	2007–08
Sub-objective 1: To enhance the competitiveness of companies in the UK through overseas trade and investments	7	8
Sub-objective 2: To attract a continuing high level of quality foreign direct investment	3	4
Average full time equivalent number of international business specialists and consultants	10	12

	2008–09 £000	2007–08 £000
Staff costs	557	519

## 6. Non-Staff Programme Costs

		2008–09 £000		2007–08 £000 (restated)
Current grants		16,810		17,230
PFI service charges: off-balance sheet contracts		3,749		3,712
Consultancy		8,530		6,667
External services		25,115		26,117
Customer grants		10,292		10,907
Promotions and publications		10,587		9,602
Events		12,728		12,001
Other costs		7,064		7,059
Non-cash items				
Depreciation	105		137	
Amortisation	6		10	
Revaluation of fixed assets	–		(34)	
Loss on disposal of fixed assets	1		21	
Cost of capital (credit)	(159)		(180)	
		(47)		(46)
		78,018		76,019
Non-staff programme expenditure		94,828		93,249

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

### 6.1 Consultancy Spend

The outturn for consultancy in 2008–09 was £8.5m (2007–08 £6.7m). The increased spend was mainly the result of a planned upswing in inward investment activity, in particular in relation to R&D. Consultancy spend includes payments to contractors for third party delivery of UKTI services, and technical and economic consultancy support.

## 7. Income

### 7.1. Operating Income

	2008-09 £000	2007-08 £000 (restated)
Fees and charges to external customers for market information reports	3,634	2,172
Other charges	936	1,429
	<b>4,570</b>	<b>3,601</b>

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

	2008-09 £000			2007-08 £000		
Service	Income	Full cost	Deficit	Income	Full cost	Deficit
Provision of overseas market information to UK exporters	3,634	5,593	(1,959)	2,172	3,079	(907)

This information is provided for fees and charges purposes.

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

	Note	2008-09 £000	2007-08 £000 (restated)
Operating Income	7	4,570	3,601
Less Income authorised to be Appropriated-in-Aid		(4,458)	(3,601)
Operating Income Payable to the Consolidated Fund		<b>112</b>	<b>-</b>

## 8. Tangible Fixed Assets

	Information technology £000	Office machinery £000	Total £000
<b>Cost or valuation</b>			
At 1 April 2008	661	119	780
Additions	–	26	26
Disposals	(118)	(61)	(179)
Revaluations	–	–	–
At 31 March 2009	543	84	627
<b>Depreciation</b>			
At 1 April 2008	(414)	(109)	(523)
Charge in year	(100)	(5)	(105)
Disposals	117	61	178
Revaluations	–	–	–
At 31 March 2009	(397)	(53)	(450)
<b>Net book value at 31 March 2009</b>	146	31	177
Net book value at 31 March 2008	247	10	257
<b>Asset financing</b>			
Owned	146	31	177
<b>Net book value at 31 March 2009</b>	146	31	177

## 9. Intangible Fixed Assets

	Purchased software licences £000
<b>Cost or valuation</b>	
At 1 April 2008	23
Additions	2
Disposals	–
At 31 March 2009	25
<b>Amortisation</b>	
At 1 April 2008	(3)
Charge in year	(6)
Disposals	–
At 31 March 2009	(9)
<b>Net book value at 31 March 2009</b>	16
Net book value at 31 March 2008	20



## 10. Debtors

Analysis by type

	31 March 2009 £000	31 March 2008 £000
<b>Amounts falling due within one year</b>		
Trade debtors	1,750	371
VAT	799	490
Other debtors	1	1
PFI prepayment	1,532	1,690
Other prepayments and accrued income	217	107
	<b>4,299</b>	<b>2,659</b>

Included within trade debtors is £112k (2007–08 £1k), which will be paid to the Consolidated Fund on receipt.

	31 March 2009 £000	31 March 2008 £000
<b>Amounts falling due after more than one year</b>		
PFI prepayments	–	203
Other prepayments and accrued income	–	–
	<b>–</b>	<b>203</b>

Intra-government balances

	Amounts falling due within one year £000		Amounts falling due after more than one year £000	
	31 March 2009	31 March 2008	31 March 2009	31 March 2008
Balances with other central government bodies	2,187	798	–	–
Balances with other local government bodies	250	–	–	–
Balances with public corporations and trading funds	–	–	–	–
Intra-government balances	2,437	798	–	–
Balances with bodies external to government	1,862	1,861	–	203
	<b>4,299</b>	<b>2,659</b>	<b>–</b>	<b>203</b>

## 11. Cash at Bank and in Hand

	2008–09 £000	2007–08 £000
Balance at 1 April	4,313	2,405
Net change in cash balances:	(2,964)	1,908
Balance at 31 March	1,349	4,313

The following balances at 31 March were held at

Office of HM Paymaster General	976	3,994
Commercial banks	373	319
Balance at 31 March	1,349	4,313

## 12. Creditors

Analysis by type

	31 March 2009 £000	31 March 2008 £000
<b>Amounts falling due within one year</b>		
Trade creditors	1,627	3,457
Accruals and deferred income	13,178	11,054
Amounts issued from the Consolidated Fund for Supply but not spent at year end	1,349	4,313
Consolidated Fund Extra Receipts due to be paid to the Consolidated Fund		
Received	–	–
Receivable	112	1
	16,266	18,825

Intra-government balances

	31 March 2009 £000	31 March 2008 £000
<b>Amounts falling due within one year</b>		
Balances with other central government bodies	3,084	6,814
Balances with local authorities	3	17
Balances with public corporations and trading funds	124	119
Intra-government balances	3,211	6,950
Balances with bodies external to government	13,055	11,875
	16,266	18,825

### 13. General Fund

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

	2008-09 £000	2007-08 £000 (restated)
Balance at 1 April	(11,373)	(15,421)
Net Parliamentary funding		
Drawn down	89,070	96,303
Deemed supply	4,313	2,405
	93,383	98,708
Net financing from Contingencies Fund	-	-
Year end adjustment:		
Supply creditor	(1,349)	(4,313)
CFER Excess A-in-A	(112)	-
Net transfer from operating activities: net operating cost	(90,815)	(90,167)
Non-cash charges: cost of capital credit	(159)	(180)
Balance at 31 March	(10,425)	(11,373)

## 14. Notes to the Cash Flow Statement

### 14.1 Reconciliation of operating cost to operating cash flows

		2008-09 £000	2007-08 £000 (restated)
	Note		
Net operating cost		90,815	90,167
Adjustments for non-cash transactions	6	47	46
Increase/(decrease) in debtors	10	1,437	37
Decrease/(increase) in creditors	12	2,559	2,180
Add movements in creditors relating to items not passing through the Operating Cost Statement	12	(2,852)	1,908
Net cash outflow from operating activities		92,006	94,338

### 14.2 Analysis of capital expenditure and financial investment

		2008-09 £000	2007-08 £000
Tangible fixed asset additions		26	39
Intangible fixed asset additions		2	18
Net cash outflow from investing activities		28	57

### 14.3 Analysis of capital expenditure and financial investment by request for resources

	Note	Capital expenditure £000
Request for resources 1	8,9	28
Net movement in debtors/creditors		–
<b>Total 2008–09</b>		<b>28</b>
Total 2007–08		57

### 14.4 Analysis of financing

	Note	2008–09 £000	2007–08 £000 (restated)
From the Consolidated Fund (Supply) – current year	13	89,070	96,303
Advance from Contingency Fund		–	6,000
Repayments to Contingency Fund		–	(6,000)
<b>Net financing</b>		<b>89,070</b>	<b>96,303</b>

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

	Note	2008–09 £000	2007–08 £000 (restated)
Net Cash Requirement		(92,034)	(94,395)
From the Consolidated Fund (Supply) – current year	13	89,070	96,303
Amounts due to the Consolidated Fund – received in a prior year and paid over		–	–
Receipts due to BERR	11	–	–
<b>(Decrease)/Increase in cash</b>		<b>(2,964)</b>	<b>1,908</b>

## 15. Note to Statement of Net Operating Costs by Departmental Strategic Objectives

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

### 15.1 Capital Employed by Departmental Aims and Objectives at 31 March 2009

	2008–09 £000		2007–08 £000	
	Net average capital employed	Cost of capital credit	Net average capital employed	Cost of capital credit
Sub-objective 1	(7,490)	(111)	(9,308)	(128)
Sub-objective 2	(2,937)	(48)	(3,759)	(52)
	(10,427)	(159)	(13,067)	(180)

## 16. Commitments under PFI Contracts

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

### ELGAR

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

UKTI's agreement under the contract for its e-business projects started during 2000–01 and is due to expire in 2009–10.

The public-facing elements of UKTI's new portal and customer relationship management (CRM) system went live on a pilot basis during 2004–05. Managed service charges in respect of these services became payable from October 2004. The service charges for the portal (provision of system, hosting, development and support) and CRM (provision of system, hosting and support) are being paid annually in advance. As a result £240,000 was transferred to the balance sheet as a prepayment for services due to be received in the first six months of 2009–10. Payments for the initial development of the CRM application are being made monthly in arrears.

During 2008–09 further enhancements were made to the public-facing element of the Portal and CRM applications, for which £376,094 was recorded in the accounts as paid or payable.

The current estimated total capital value for the public web-based services provided under the agreement is £6.99m (2007–08 £6.97m).



### Charge to the Operating Cost Statement and Future Commitments

The total amount charged to the Operating Cost Statement in respect of the managed service element of off-balance sheet PFI transactions was £3.75m (2007–08 £3.71m); and the charges to which UKTI is committed during 2009–10, analysed by the period during which the commitment expires, is as follows:

	2009–10 £000	2008–09 £000
Expiry within one year	1,975	200
Expiry within two to five years	–	3,546
	<b>1,975</b>	<b>3,746</b>

## 17. Losses and Special Payments

During 2008–09 UKTI made no special payments and had no reportable losses.

## 18. Financial Instruments

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.

### Liquidity, interest rate and foreign currency risk

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

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

## 19. Post Balance Sheet Events

### 19.1 Machinery of Government Change

On 5 June 2009, the Government created a new Department for Business, Innovation and Skills (BIS) whose key role will be to build Britain's capabilities to compete in the global economy. The Department was created by merging the Department for Business, Enterprise and Regulatory Reform (BERR) and the Department for Innovation, Universities and Skills (DIUS).

### 19.2 Accounting Officer Responsibility

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

### 19.3 International Financial Reporting Standards

International Financial Reporting Standards (IFRS) will be adopted by UKTI and other departments from 2009–10. A project team has been set up to ensure that next year's resource accounts are IFRS compliant. HM Treasury set out a 'trigger point' process for Departments to manage the transition from FRS based accounts to IFRS accounts:

- Trigger point 1 – 30 September 2008, UKTI prepared an IFRS restated Balance Sheet as at 1 April 2008 and submitted it to the NAO.
- Trigger point 2 – 31 December 2008, marked the completion of the NAO's dry-run audit. There were no specific recommendations arising from the audit.
- Trigger points 3 & 4 – Refer to the future preparation and audit of 'shadow' IFRS financial statements for 2008–09.

### 20. Related Party Transactions

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

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

No minister or member of the Executive Board of UKTI or other related party has undertaken any material transactions with UKTI during the year.

Barry Stickings, a Non-Executive Board member of UKTI is also Chairman of Promethean Particles Ltd. Promethean Particles applied for a Tradeshow Access Programme (TAP) support grant to attend the Nanotech 2009 exhibition in Japan on 18 February 2009. The amount of grant paid was £1,800. This was paid to Promethean via one of our Accredited Trade Organisations (ATO) the Birmingham Chamber of Commerce and Industry (BCCI). BCCI organised a group of UK business exhibitors on our behalf and they were responsible for managing the application process.

TAP support is available to all UK based "new" exporting SME businesses who wish to promote their products or services at overseas exhibitions. Promethean's application was dealt with against set eligibility criteria and the same procedures used for all applications.

UKTI made a charitable donation of £500 to CBBC, towards the Sichuan Earthquake Appeal. As set out on page 25 of the report, CBBC deliver a range of UKTI services in China for which UKTI paid a grant of £1.8m in 2008–09.

### 21. Contingent Liabilities disclosed under FRS 12

UKTI has no Contingent Liabilities.

## 22. Restatement of Balance Sheet and Operating Cost Statement as a result of Machinery of Government (MOG) changes

UKTI had one MOG change affecting its Estimates and Resource Accounts where functions or responsibilities were transferred within Government.

On 1 April 2008 the Defence Export Service Organisation transferred to UKTI from the Ministry of Defence and was renamed the Defence and Security Organisation.

MOG changes which involve the merger or the transfer of functions or responsibility of one part of the public service sector to another, are accounted for using merger accounting in accordance with Financial Reporting Standard (FRS) 6. This requires the restatement of the opening Balance Sheet and prior year's Operating Cost Statement, Cash Flow Statement, Statement of Operating Costs by Departmental Strategic Objectives and associated Notes to the Accounts. The Balance Sheet and the Operating Cost Statement were restated as follows:

### 22.1 Operating Cost Statement

	Published 2007-08 £000	Movements arising on transfers £000	Restated 2007-08 £000
Programme costs:			
Request for Resources 1			
Staff costs	519	–	519
Programme costs	89,613	3,636	93,249
Income	(2,325)	(1,276)	(3,601)
Net operating cost	87,807	2,360	90,167

## 22.2 Balance Sheet

	Published 2007–08 £000	Transfers £000	Restated 2007–08 £000
Fixed assets:			
Tangible assets	257	–	257
Intangible assets	20	–	20
Investments	–	–	–
Current assets:			
Stocks	–	–	–
Debtors (amounts falling due after more than one year)	203	–	203
Debtors	2,659	–	2,659
Investments	–	–	–
Cash	4,313	–	4,313
Creditors (amounts falling due within one year)	(18,825)		(18,825)
Creditors (amounts falling due after more than one year)	–	–	–
Provisions	–	–	–
	<b>(11,373)</b>	<b>–</b>	<b>(11,373)</b>
Taxpayers' equity:			
General fund	(11,373)	–	(11,373)
Revaluation reserve	–	–	–
	<b>(11,373)</b>	<b>–</b>	<b>(11,373)</b>

At the transfer date UKTI took on no assets or liabilities relating to the Defence Export Service Organisation.

## 23. Date of Authorisation for issue of the Resource Accounts

The certification by the Comptroller and Auditor General is considered to be the issue date of the entity's resource accounts. For these 2008–09 UKTI Resource Accounts the issue date is 14 July 2009, the accounts do not reflect any adjustment after this date.

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

These Memorandum Notes are not covered by the C&A's opinion on pages 89 to 90.

This section sets out the resources voted to, and used by, UKTI. It also includes an estimate of the total BERR and FCO resources allocated to UKTI activity.

This reflects the shared governance arrangements between BERR, FCO and UKTI for the delivery of their shared departmental strategic objectives for trade promotion and foreign direct inward investment.

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

### 1. Statement of Net Operating Costs by Departmental Strategic Objectives

The Statement of Net Operating Costs by Departmental Strategic Objectives shows programme resources consumed in the meeting of UKTI's sub-objectives (see page 95).

Resources consumed by UKTI's parent departments in meeting UKTI's sub-objectives were as follows:

	UKTI Programme		BERR Administration		FCO Admin and Programme		Total	
	2008-09 £000	2007-08 £000 (restated)	2008-09 £000	2007-08 £000 (restated)	2008-09 £000	2007-08 £000 (restated)	2008-09 £000	2007-08 £000 (restated)
Sub-objective 1: To enhance the competitiveness of companies in the UK through overseas trade and investments	58,946	57,586	48,801	45,632	142,172	135,525	249,919	238,743
Sub-objective 2: To attract a continuing high level of quality foreign direct investment	31,869	32,581	6,924	8,123	34,525	36,115	73,318	76,819
<b>Net operating costs</b>	<b>90,815</b>	<b>90,167</b>	<b>55,725</b>	<b>53,755</b>	<b>176,697</b>	<b>171,640</b>	<b>323,237</b>	<b>315,562</b>

Within BERR and the FCO's "Statement of Net Operating Costs by Departmental Strategic Objectives" UKTI is included under Departmental Strategic Objective 1 and Departmental Strategic Objective 2 respectively.

## 2. Operating Costs Statement

The Operating Costs Statement shows a further breakdown of the total estimated resources consumed in meeting UKTI's sub-objectives.

	Note	UKTI Programme		BERR Administration		FCO Admin and Programme		Total	
		2008-09 £000	2007-08 £000 (restated)	2008-09 £000	2007-08 £000 (restated)	2008-09 £000	2007-08 £000 (restated)	2008-09 £000	2007-08 £000 (restated)
Staff costs	3	557	519	30,519	29,234	51,371	43,384	82,447	73,137
Expenditure	4	94,828	93,249	25,206	24,521	125,326	128,256	245,360	246,026
Income	5	(4,570)	(3,601)	–	–	–	–	(4,570)	(3,601)
Net operating cost		90,815	90,167	55,725	53,755	176,697	171,640	323,237	315,562



### 3. Staff Numbers and Related Costs

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

Staff costs consisted of:

UKTI Programme					BERR Administration				FCO Admin and Programme				Total	
2008–09 £000		2007–08 £000			2008–09 £000		2007–08 £000 (restated)		2008–09 £000		2007–08 £000 (restated)		2008–09 £000	2007–08 £000 (restated)
Permanent staff	Other	Total	Total		Permanent staff	Other	Total	Total	Permanent staff	Other	Total	Total	Total	Total
Wages and salaries	–	557	557	519	22,737	1,631	24,368	23,107	14,984	–	14,984	14,034	39,909	37,660
Social security costs	–	–	–	–	1,838	–	1,838	1,842	465	–	465	600	2,303	2,442
Other pension costs	–	–	–	–	4,578	–	4,578	4,488	2,189	–	2,189	2,106	6,767	6,594
Locally employed staff costs	–	–	–	–	–	–	–	–	33,733	–	33,733	26,644	33,733	26,644
	–	557	557	519	29,153	1,631	30,784	29,437	51,371	–	51,371	43,384	82,712	73,340
Less recoveries for outward secondments	–	–	–	–	(265)	–	(265)	(203)	–	–	–	–	(265)	(203)
Total net costs	–	557	557	519	28,888	1,631	30,519	29,234	51,371	–	51,371	43,384	82,447	73,137

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 BERR and the FCO to the Office for National Statistics (ONS) in accordance with ONS guidance, *Guide to Official Statistics*, 2000 edition, Chapter 17.2. The numbers are as follows:

UKTI					BERR				FCO				Total	
2008–09 FTE		2007–08 FTE			2008–09 FTE		2007–08 FTE (restated)		2008–09 FTE		2007–08 FTE (restated)		2008–09 FTE	2007–08 FTE (restated)
Permanent staff	Other	Total	Total		Permanent staff	Other	Total	Total	Permanent staff	Other	Total	Total	Total	Total
Sub-objective 1: To enhance the competitiveness of companies in the UK through overseas trade and investment	–	7	7	8	372	64	436	483	1,045	–	1,045	978	1,488	1,469
Sub-objective 2: To attract a continuing high level of quality foreign direct investment	–	3	3	4	200	31	231	167	257	–	257	261	491	432
	–	10	10	12	572	95	667	650	1,302	–	1,302	1,239	1,979	1,901

#### 4. Non-Staff Costs

	UKTI Programme		BERR Administration		FCO Admin and Programme		Total	
	2008-09 £000	2007-08 £000 (restated)	2008-09 £000	2007-08 £000 (restated)	2008-09 £000	2007-08 £000 (restated)	2008-09 £000	2007-08 £000 (restated)
<b>Expenditure</b>								
Current grants	16,810	17,230	–	–	–	–	16,810	17,230
PFI service charges: off-balance sheet contracts	3,749	3,712	–	–	–	–	3,749	3,712
Consultancy	8,530	6,667	–	–	–	–	8,530	6,667
External services	25,115	26,117	–	–	–	–	25,115	26,117
Customer grants	10,292	10,907	–	–	–	–	10,292	10,907
Promotions and publications	10,587	9,602	–	–	–	–	10,587	9,602
Events	12,728	12,001	–	–	–	–	12,728	12,001
Rentals under operating leases	–	–	14	23	–	–	14	23
Accommodation	–	–	3,920	4,907	20,678	15,345	24,598	20,252
Other costs	7,064	7,059	12,914	13,740	9,622	9,506	29,600	30,305
<b>Non-cash items</b>								
Depreciation	105	137	3	22	4,519	3,750	4,627	3,909
Amortisation	6	10	–	–	–	–	6	10
Revaluation of fixed assets	–	(34)	–	(32)	–	–	–	(66)
Loss on disposal of fixed assets	1	21	–	36	–	–	1	57
Cost of capital (credit)	(159)	(180)	–	–	3,967	3,408	3,808	3,228
Apportionment of central overheads attributable to UKTI activities (b)	–	–	8,327	5,802	86,512	96,227	94,839	102,029
Auditor's remuneration and expenses (a)	–	–	28	23	28	20	56	43
<b>Non staff expenditure</b>	<b>94,828</b>	<b>93,249</b>	<b>25,206</b>	<b>24,521</b>	<b>125,326</b>	<b>128,256</b>	<b>245,360</b>	<b>246,026</b>

## 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 4.

## 6. Tangible Fixed Assets: Capital

Capital tangible fixed assets used in the delivery of UKTI's objective were as follows:

	UKTI £000	BERR £000	FCO £000	Total £000
Net book value at 31 March 2009	177	1	–	178
Net book value at 31 March 2008	257	5	–	262

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

# Annexes

## ANNEX A – Technical Note on Measurement of Financial Benefits Generated by UKTI Trade Services

### Introduction

1. An estimate of total financial benefits generated by UKTI trade services is published annually in reports by OMB Research on results from the Performance and Impact Monitoring Survey<sup>1</sup>. Results published at the end of March 2009, based on data derived from surveys carried out during the financial year 2008–09, reported estimated total benefits of £3,640m. This translates into a benefit–cost ratio for UKTI trade services for the period of some £16:£1. For briefing purposes, UKTI has reported this figure rounded down to £3.6 billion.
2. The estimates reflect businesses' own judgments about the value of additional profits which they expect to achieve as a direct result of the help provided. Evidence from businesses is gathered through surveys carried out by OMB Research, an independent market research company specialising in business surveys. Interviews are conducted at two stages, the first being between 4–7 months of the support, and a follow up, with a smaller sample, a year later. Interviews are designed to capture a rounded picture of the quality and impact of the support, taking into account the business context.
3. The values of financial benefit given by the firms themselves, in the context of PIMS interviews, are then adjusted downwards through application of discounting and a number of robustness checks. These adjustments cover the following:
  - **Discounting:** Expected future profits are discounted at 8% and counted over a limited period, normally up to five years, exceptionally up to a maximum of ten years. After this period, the discount rate is, in effect, increased to 100%.
  - **Additionality:** Two separate additionality tests are applied. Benefits which are not explicitly attributed by the client directly to the support are excluded.
  - **Consistency:** Additional profits attributed to UKTI by the client are not counted unless the client has also reported significant impact on one or more qualitative indicators, showing how the service had enabled the additional profits to be made.
4. Details of these adjustments, and of their effects on the mean reported additional profit attributable to UKTI support, are published quarterly in the summary reports by OMB Research on PIMS results. A more detailed description is provided by OMB Research in its full annual report on PIMS.
5. Analysis of PIMS data shows that the significant qualitative impacts most frequently reported by UKTI clients who consider that the support has enabled them to generate additional profit are:
  - gained access to customers/business partners not otherwise available,
  - gained access to information not otherwise available,
  - improved profile or credibility overseas,
  - improved knowledge of the competitive environment,
  - improved overseas marketing strategy, and
  - gained the confidence to explore or expand in an overseas market or markets.
6. These findings confirm that the reported financial benefit is generated as a result of UKTI trade services enabling clients to upgrade their approach to overseas business and overcome barriers to accessing overseas opportunities.

<sup>1</sup> The figure appears in two contexts: Summary Results (a PowerPoint slide pack) for PIMS waves 7–10 (slide 146) and for PIMS waves 11–14 (slide 149), and in the annual full text report, which for PIMS 8–11, is in Table 1.3.6.4 Estimated Total Financial Benefit – FY 2007/8, page 20. The full text report for 2009 will be published in October 2009.

## Scope of Benefits Measured

7. The £16:£1 benefit cost ratio counts only the additional profits attributable to UKTI trade services, net of the above adjustments. It does not include any allowance for wider economic benefits which are likely to occur through the following:
- **Effects on jobs:** Additional earnings are likely to accrue to staff in the supported firms, some of whom might otherwise be unemployed or earning lower wages elsewhere. These benefits are likely to be significant, as academic research shows that exporters have higher productivity and stronger financial performance than non-exporters. Exporting firms are also some 11.4% more likely to survive. Accordingly they are likely to be able to offer better paid and more secure jobs.
  - **Effects of knowledge transfer to other UK firms:** Benefits are likely to occur through knowledge transfer from supported firms to other UK firms, either through business networks or through movement of staff, or both. Recent surveys of users and non-users of UKTI trade services show that nearly half report that they have taken on members of staff who had brought with them expertise in doing business overseas, or specific overseas contacts, or both, which had been acquired while employed by another firm.
  - **Effects on UK reputation in overseas markets:** Promotional activity, which showcases UK capability and promotes the reputation of the UK business in overseas markets, is likely to benefit other UK firms, as well as those who take part directly in the promotional events. Although difficult to measure, these wider benefits are expected to be substantial.

## Other Possible Measures of Benefit

8. Two other measures of economic benefit which are sometimes used in evaluation of trade services or other business support services are:
- **Additional exports:** This measure was commonly used in evaluations of trade services carried out in the UK prior to 2002, and featured in the Public Service Agreement Targets for British Trade International for the period 1999–2002<sup>2</sup>. 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<sup>3</sup>. This change reflects the fact that export activity is not an end in itself, but benefits the UK economy through enabling businesses to improve their performance. Focus on additional exports can potentially be misaligned with the business development needs of a company, whereas focus on a business performance improvement target ensures clear alignment with these needs.
  - **Gross value added (GVA):** This measure is closer to the concept of improved business performance, and is often used in the context of evaluating other forms of publicly funded business support. However, as the measure includes wages, there is a need to take into account the likelihood that staff in the supported business might be able to earn similar wages in another company or sector, possibly in another UK region. The measure should therefore be reported net of displaced alternative wage earnings, either at regional or national level, as appropriate in context.
9. It should be noted that both of these alternative measures would give much larger headline benefit numbers than the additional profit measure. In the case of additional exports, as the measure is gross of production costs, including purchased inputs, using it would substantially overstate the contribution to the UK economy.
10. Additional GVA would be a more accurate measure of benefit to the UK economy, assuming it is reported net of displacement. However, UKTI has not identified examples of successful practical methodology for measuring GVA net of displacement. Experience from PIMS indicates that business surveys are not a suitable method for collecting GVA data, as respondents are generally not well placed to make the necessary assessments, and these lines of enquiry are perceived as burdensome by interviewees.

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

<sup>3</sup> The target was to “Deliver a measurable improvement in the business performance of UKTI customers”.

## Calculation of Total Benefit

1. The method of calculation of the £3.6 billion estimated total benefit generated by UKTI trade services is summarised below, in three parts:
  - **Estimation of mean benefit per business supported:** For this period, the mean was £170k across all trade services, including website users, and £175k excluding web site users. The former figure has been used in the illustrative example in paragraph 2 below;
  - **De-duplication to count the number of businesses who received support during the year:** De-duplication is necessary because some businesses will have used more than one service in the course of a year. For purposes of measuring performance against UKTI's CSR2007 target, this figure is shown excluding website users, and was 20,700. An alternative, 21,400, which includes website users, is also published in the PIMS results.
  - **Grossing up from the mean:** The total de-duplicated number of businesses is multiplied by the mean. For all trade services excluding web site, this is £175k x 20,700 = £3,620m; including website users, this is £170k x 21,400 = £3,640m.
2. Calculation of the mean benefit, in terms of additional profit attributed specifically to the help provided by UKTI, follows the following steps:
  - Stage 1 – Firms asked to estimate the expected benefit in terms of bottom line profit £ (E9) – £285,000.
  - Stage 2 – Estimates converted to profit for those indicating figure given is in terms of turnover (E10/E4) – £113,000.
  - Stage 3 – Future expectations allowed for (using annual discounting rate of 8%); number of years in the future is normally capped at five years, for example when the respondent says the revenues will continue 'indefinitely'. Exceptionally up to ten years are counted, where the respondent is specific about the number of years (E11–13) – £388,000.
  - Stage 4 – Allowance made for actions not taken as a result of support (E15–18) – £387,000.
  - Stage 5 – Adjustment for non-additionality: Total profit is weighted by proportion "would have realised anyway" (E14) – £179,000.
  - Stage 6 – Consistency check and further additionality check: Adjusted to zero if no impact has been recorded against at least one of two qualitative impact measures, namely: "change in behaviour (A83)" or "barriers to market access overcome" (A92) – £170,000. Impact is not counted in these qualitative measures if the firm has said they would have achieved similar results in any case.
3. To calculate the average benefit-costs ratio, the total additional profit generated by UK businesses is divided by the total costs of trade support (adjusted to remove the defence exports promotion costs as these are NOT included in the scope of benefits measured for 2008–09).
  - £3,640m divided by £225.7m (£249.9m – UKTI DSO costs of £24.2m) = £16 to £1.
4. All outliers are checked by a qualitative call back to the respondent by one of the OMB Research Directors. (If the respondent is not able to provide a credible or consistent explanation the observation is reduced to zero.)

## **ANNEX B – UKTI CSR2007 Performance Framework Agreement: Technical note on definitions and measurement of high level targets**

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

### **Definitions and measurement mechanisms**

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

##### **(a) Number of involved inward investment successes:**

**Measurement mechanism:** Project records on UKTI's CRM.

**Definition:** Criteria defining an involved inward investment success were set out by the International Business Development Forum (IBDF) and agreed by IBDF members including the RDAs, Devolved Administration and UKTI. The IBDF was formerly known as the Committee on Overseas Promotion (COP). The criteria has recently been reviewed by the IBDF Output Measures and Benchmarking Sub Group.

##### **(b) Number of “high value” and “good quality” projects:**

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

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

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

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

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

**Definition:** Respondents are asked about the extent to which the support provided had influenced the project with respect to decisions on a number of project features, including aspects of project scope such as increased the amount of R&D at the site,



as well as the decision to go ahead with the investment at all. A 1 to 5 rating scale is used, where 1 = no influence, and 5 = very significant influence. Performance against the target is measured as the percentage rating the influence at 4 or 5.

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

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

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

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

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

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

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

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

**Background:** Details of the methodology for capturing data about R&D and other key indicators of innovation activity were tested through a number of waves of PIMS, seeking to ensure that the questions used would capture innovation activity in services sectors as well as in manufacturing. Analysis of responses by sector suggests that services sector respondents are somewhat less likely to be classified in PIMS as innovative. It is not clear whether this reflects a true picture, or perhaps a slight remaining bias in the methodology which may not fully capture innovation in services sectors. However, analysis of PIMS results has consistently shown that businesses classified as innovative are more likely to derive substantial benefit from UKTI support, as measured by the percentage reporting improved business performance. This is consistent with recent academic research which shows that innovative companies have greater capacity to identify and benefit from new ideas and knowledge from external sources, or “absorptive capacity”.<sup>4</sup>

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

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

<sup>4</sup> A discussion of the concept of “absorptive capacity” is provided in Harris and Li (2006) and (2007), together with quantitative evidence showing clear links between levels of absorptive capacity and innovation, as well as links to export activity.

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

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

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

### Target 3: R&D activity

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

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

**Background:** Details of the methodology for capturing data about additional R&D activity were tested through a number of waves of UKTI's PIMS. In addition, follow-up qualitative research was conducted to investigate interpretation of the R&D results, and to explore the mechanisms which were generating influence on business R&D. A full report on this research, *Internationalisation, Growth and Novel Product Development in Young Innovative Businesses*, is published on the UKTI website. The research found that trade development support generates additional business investment in R&D through a combination of learning benefits, which give rise to ideas for new R&D, and business performance benefits, which enable the firm to afford the increased investment. The findings are consistent with recent quantitative academic research,<sup>5</sup> which demonstrates that exporting and investment in R&D are closely linked.

### Target 4: UK reputation

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

<sup>5</sup> Reports for UKTI on this issue are available on the UKTI website, and include: Harris and Li (2006) [Establishment Level Empirical Study of Links between Exporting, Innovation, and Productivity]. Reports to UKTI including [Participation in Export markets and Productivity in UK Manufacturing] (2004) and Harris and Li (2007) [Firm Level Empirical Study of the contribution of Exporting to UK Productivity Growth]

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

**KPI 1: UK favourability**

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

**KPI 2: UK reputation measures**

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

RM1 = Average score across all Business Environment indicators

RM2 = Average score across all Innovation, Creativity indicators

RM3 = Average score across all Connections indicators

RM4 = Average score across all Quality, Value and Delivery indicators

**KPI 3: Overall UK reputation**

Measure (QC4b): Increased mean score for UK compared to 2008 benchmark.

**KPI 4: Current/intention to invest/source**

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

**KPI 5: Positive associations**

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

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

**Target 5: Improve UKTI's operational performance.**

**(a) Increase professionalism**

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

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

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

**(b) Increase charging**

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

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

**Background:** The work that the staff in UKTI's overseas network achieves for private sector companies is charged for via OMIS. Companies and groups of companies can commission work online through ITAs in the English regions, equivalent staff in the Devolved Administrations or direct from posts overseas. Charges are based on the amount of time estimated to complete the work requested. Work covered includes market information, contacts, face-to-face advice, programme arranging, product launches, organisation of receptions, etc. UKTI does have other income sources but OMIS is by far the largest. OMIS Income has grown from under £1m per annum in 2006–07 to more than £3.6m in 2008–09. This has been achieved by:

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

## ANNEX C: Key Sources of UKTI Data

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

- CRM – provides UKTI staff worldwide with a single view into customer history, 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<sup>6</sup>.

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

### Customer Relationship Management (CRM)

2.3.3 UKTI's implementation of a web-based CRM system was further progressed in 2008–09 and the system is now available in all 98 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,
- 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.

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

2.3.5 The data from CRM underpins UKTI's PIMS. This client interview based survey provides evidence about service quality and about what difference UKTI makes to business.

2.3.6 The CRM system now has details of over 120,000 organisations, half a million services and interactions with our customers and 17,000 inward investment projects.

<sup>6</sup> PIMS Research Reports, providing quarterly assessments of our performance can be found at [www.uktradeinvest.gov.uk/ukti/pims](http://www.uktradeinvest.gov.uk/ukti/pims)

### The Performance and Impact Monitoring Survey (PIMS)

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

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

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

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

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

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

Other issues covered by the survey questions include:

- new business, both in the target market as well as 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, including the availability of any private sector sources of advice or information, and
- business profile characteristics and strategic motives for exporting.

Data gathered on business profile characteristics and strategic motives for exporting are used in analysis of the survey results, to help identify characteristics of businesses most likely to benefit from UKTI support. The questions also contain crosschecks, including data about actual performance, enabling the consultant carrying out the interview to identify inconsistent responses. The follow-up interviews provide a further opportunity for crosschecks with firms' initial responses.

The results indicate how UKTI's assistance has improved firms' performance, especially productivity and profitability, and enable a judgment to be made as to whether UKTI has met the "new-to-export" and "new-to-market" indicators. Results from the initial wave of interviews also provide UKTI managers with early indications of how well different services are performing, so that any necessary adjustments can be made to drive up service quality.

## ANNEX D – Complaints to the Department

### Dealing with complaints

UKTI is committed to providing a high quality, accessible and responsive service to businesses and the community and takes all complaints very seriously, although in fact we receive few complaints. We give all our staff guidance on how to deal with complaints in line with Cabinet Office guidance<sup>7</sup> and the Freedom of Information Act.

Complaints are handled by our parent Departments FCO and BERR<sup>8</sup> and UKTI.<sup>9</sup>

For further details please contact the:

- BERR Enquiry Unit on 020 7215 5000 or email at [enquiries@berr.gsi.gov.uk](mailto:enquiries@berr.gsi.gov.uk)
- FCO at King Charles Street, London SW1A 2AH.
- UKTI Enquiry Unit on 020 7215 8000/minicom 020 7215 2471 or email at [enquiries@ukti.gsi.gov.uk](mailto:enquiries@ukti.gsi.gov.uk)

### Complaints to the Parliamentary Ombudsman about UKTI

	In hand at 1 April 2007	Reported on	Reported on: fully upheld (%)	Reported on: partly upheld (%)	Reported on: not upheld (%)	In hand at 1 April 2008
BERR	0	0	0	0	0	0
FCO	0	0	0	0	0	0
UKTI	0	0	0	0	0	0

During 2007–08 period there were no complaints upheld by the Parliamentary Ombudsman. Figures for 2008–09 are not yet available.

Further information can be found in the Parliamentary Ombudsman's Annual Report 2007–2008.<sup>10</sup>

<sup>7</sup> For further information about Service First – *The Six Standards for Central Government* see: <http://archive.cabinetoffice.gov.uk/servicefirst/2000/introduc/six.htm>

<sup>8</sup> The current guidance can be found at: [www.berr.gov.uk/administration/contact/complaints/index.html](http://www.berr.gov.uk/administration/contact/complaints/index.html)

<sup>9</sup> The current guidance can be found at: [www.uktradeinvest.gov.uk](http://www.uktradeinvest.gov.uk)

<sup>10</sup> *Parliamentary and Health Service Ombudsman Annual Report 2007–08* and previous reports are available from: [www.ombudsman.org.uk/improving\\_services/annual\\_reports/index.html](http://www.ombudsman.org.uk/improving_services/annual_reports/index.html)



## ANNEX E – Financial Tables: Performance in 2008–09

### UKTI programme expenditure: Major programmes

	2005–06 Outturn £m	2006–07 Outturn £m	2007–08 Outturn £m	2008–09 Outturn <sup>2,3</sup> £m	2009–10 Plans <sup>2</sup> £m
<b>Trade Development</b> which includes:	<b>68.0</b>	<b>63.4</b>	<b>57.6</b>	<b>58.9</b>	<b>60.2</b>
Support for Exhibitions and Seminars Abroad (SESA)	14.7			Replaced by Tradeshow Access Programme from 2006–07	
International Trade Advisers	16.1	17.6	16.4	17.3	18.4
Sector Specific Support	13.1	13.5	9.3	8.8	8.9
Tradeshow Access	–	10.5	8.5	7.7	8.2
Passport	5.8	6.1	4.9	3.9	3.2
Marketing and Publicity	6.3	5.7	3.4	5.4	4.9
Defence & Security Export Services	–	–	3.6	1.9	2.8
High Growth Market Specialists	–	0.3	2.4	2.6	–
Fiscal Compass (formerly High Growth Market)	–	–	–	–	2.4
Export Promoters	1.0	0.8	0.5	–	–
Business Specialists	1.9	2.6	3.6	3.6	4.4
Income	(1.1)	(1.7)	(3.6)	(4.6)	(4.7)
<b>Inward Investment</b> which includes:	<b>27.4</b>	<b>30.7</b>	<b>32.6</b>	<b>31.9</b>	<b>31.2</b>
Grants to RDAs	15.2	17.2	17.2	16.8	16.4
Promotional Expenditure	12.2	13.5	15.4	15.1	14.8
<b>New Industry New Jobs</b> additional resource	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>5.0</b>
R&D Programme <sup>1</sup>	–	4.7	7.7	7.6	7.2

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

#### Notes

1. R&D programme budgets started in September 2006, following the March 2006 pre-Budget Announcement on a new strategy for UKTI, which included committing up to £9m budget to R&D during the SR2004 period. This encompassed both existing UKTI programmes (eg Global Entrepreneurs Programme) and other new activities listed elsewhere in this Report. Our Strategy is committed to continuing to devote resources to R&D in the CSR2007 period. R&D expenditure covers both trade development and inward investment.
2. Includes Defence & Security Organisation, budget transferred 2008–09. The 2007–08 figures are restated to include this change.
3. Plans for 2009–10 include £5m additional resources in the 2009 budget.

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

# Expenditure on trade and investment

	2005–06 Outturn	2006–07 Outturn	2007–08 Outturn	2008–09 Outturn	2009–10 Plans <sup>4</sup>
Expenditure	96.5	95.8	93.8	95.4	101.1
Income	(1.1)	(1.7)	(3.6)	(4.6)	(4.7)
Net	95.4	94.1	90.2	90.8	96.4

## ANNEX F – Private Sector Sponsorship

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

During 2008–09 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 2008–09

Sponsor	Amount + notes	Event / Note	Comments
Harvey Ingram LLP	£3,000		
East Midlands Development Agency	£5,000	International Business Awards (East Midlands Region)	Sponsorship received directly by UKTI
Crayfish Design	£1,000		
London Chamber of Commerce & Industry	£25,000		
London Development Agency	£6,500	Passport to Export Awards (London Region)	Sponsorship received by regional delivery partner, indirect benefit to UKTI
Barclays	£20,000		
Greater London Enterprise	£2,500		
One North East	£10,000		
Regional Language Network	£5,000		
Royal Bank of Scotland	£10,000	Annual exporters dinner (North East Region)	Sponsorship received by regional delivery partner, indirect benefit to UKTI
Barclays	£5,287.50		
Emirates	£2,000		
HSBC	£10,000	China: Regional Cities Roadshow, seminar across UK regions to promote regional cities report, Dec08–March09 – organised by CBBC	
IBW	£10,000	Going Global seminars in China, June 2008 organised by CBBC	
Taiwan Public Construction Commission	£5,900	Costs relating to Architecture seminar in Taiwan (venue, brochures, interpretation) October 2008 UKTI recruited the speakers and co-organised the event	
Bronzeoak, Shell, BP, HSBC, Prudential, Rio Tinto, Premier Oil, Unilever.	£7,900 (IDR 135 million)	Celebration of HM The Queen's Birthday, held in Jakarta on 25 June 2008. The theme for the event was Climate Change. The sponsorship covered the cost of display panels featuring British Companies activities	
HSBC	£45,250	Britain in the Region, Dubai, November 2008	

Sponsor	Amount + Notes	Event/Note	Comments
Portland Trust	£6,327.50	Palestinian Investment Conference, London, December 2008	
Marketing Manchester	£10,000	UKTI Winning Beyond 2012 Global Sports Conference held on 1 April 2008 in Manchester	
BBC World Wide	Approx £50,000 of material from motion gallery. Estimate is based on what they would have charged a commercial organisation for a five-year international licence for approx 11 minutes of material	Contribution of motion gallery material to Love & Money.	
Grant Thornton	£5,000		
London Stock Exchange	£10,000		
Yorkshire Forward	£15,000	UKTI Business Awards (Mumbai)	
SEEDA/SWERDA	£15,000		
NWDA	£15,000		
British Midlands	£15,000		
Virgin Atlantic	approx. £15,000 in value	UKTI Business Awards (Mumbai) 10 Upper Class tickets	

Conversion into Sterling is at the average exchange rate for the year.

### The North America Scholarship Programme

The North America Marketing Scholarship Programme gives representatives from selected UK SMEs the opportunity to attend an intensive marketing course at one of the world's leading business schools, J.L. Kellogg School of Management in Illinois, Chicago. This is followed by a one week executive attachment to high profile American businesses and corporations, to see the marketing process in action. The Programme supports up to 20 scholarship placements a year, ten in the Spring and ten in the Autumn.

The Programme, which has been running since 1992, covers the latest management theories and case studies to help participants develop long-term business relationships in the US, and the unique skills needed to succeed in North America. UK SMEs would be very unlikely to get access to the courses without the assistance of UKTI.

The course Programme is run at zero cost to the companies and each placement is worth in the region of £6,200 (excluding expenses). Overall costs per year are approximately £124,000. The Programme is funded by UKTI with its partner sponsors; the Ellis Goodman Foundation, which provides US\$2,500 per Scholar each year and British Airways (BA) who provide flights.

In 2009/10 Ellis Goodman will contribute approx £35,000 (30%) against UKTI's contribution of £80,000 (70%).

The Canadian element of this scheme was discontinued in 2006.



## ANNEX G – Acronyms

A-in-A	Appropriations in Aid
AME	Annually Managed Expenditure
AO	Accounting Officer
ATF	Asia Task Force
ATO	Accredited Trade Organisation
AUSA	Association of the United States Army
B2B	Business to Business
BA	British Airways
BCCI	Birmingham Chamber of Commerce and Industry
BCSB	Banking Code Standards Board
BERR	Business, Enterprise & Regulatory Reform
BG	Business Group
BIGT	Bioscience, Innovation and Growth Team
BIS	Business, Innovation and Skills
BRIC	Brazil, Russia, India and China
BSMS	Business Support Cross-Product Monitoring Survey
BSSP	Business Support Simplification Programme
C&AG	Comptroller and Auditor General
CB	Companion of the Order of the Bath
CBBC	China-Britain Business Council
CBE	Commander of the British Empire
CBI	Confederation of British Industry
CETV	Cash Equivalent Transfer Value
CIPFA	Chartered Institute of Public Finance and Accountancy
CMG	Companion of the Order of St Michael and St George
COP	Committee on Overseas Promotion
CRM	Customer Relationship Management
CSR	Comprehensive Spending Review
CT	Computerised Tomography
CUE	Coventry University Enterprises
DA	Devolved Administration
DAG	Defence Advisory Group
DEL	Departmental Expenditure Limit
DESO	Defence Export Service Organisation
DFID	Department for International Development
DIUS	Department for Innovation, Universities and Skills
DSO	Departmental Strategic Objective

DVD	Digital Versatile Disc
ECR	Export Communications Review
EET	Economics & Evaluation Team
EIU	Economist Intelligence Unit
EMEA	Europe, Middle East and Africa
EMRS	Export Marketing Research Scheme
EST	British Army Extra Support Team
EU	European Union
FCO	Foreign and Commonwealth Office
FCP	Flexible Computing Programme
FDI	Foreign Direct Investment
FReM	Financial Reporting Manual
FRS	Financial Reporting Standards
FSSAB	Financial Services Strategy Advisory Board
FTE	Full Time Equivalent
FTSE	Financial Times Stock Exchange
FY	Financial Year
GAAP	Generally Accepted Accounting Practice
GDP	Gross Domestic Product
GEP	Global Entrepreneurs Programme
GO	Government Office
GPP	Global Partnership Programme
GPS	Global Positioning System
GVA	Gross Value Added
HGMP	High Growth Markets Pilot
HMG	Her Majesty's Government
HMT	Her Majesty's Treasury
HQ	Headquarter
HRH	His Royal Highness
IATC	International Agri-Technology Centre
IBDF	International Business Development Forum
IBM	International Business Machines
IBT	International Briefing Tour
ICT	Information and Communication Technologies
ID	Investor Development
IDEX	International Defence Exhibition
IG	International Group
IiP	Investors in People
IOD	International Organisation Development
IPR	Intellectual Property Rights

ITA	Independent Trade Adviser
ITFG	Information Technology and Finance Group
ITS	Immune Targeting Systems
ITSO	Information Technology Security Officer
ITT	International Trade Team
JETCO	Joint Economic Trade Committee
KCMG	Knight Commander of St. Michael and St. George
KPI	Key Performance Indicator
LCEGS	Low Carbon Environmental Goods and Services
LSC	National Learning and Skills Council
MG	Marketing Group
MoD	Ministry of Defence
MOG	Machinery of Government
MP	Member of Parliament
MVS	Market Visit Support
NAO	National Audit Office
NCR	Net Cash Requirement
OBE	Order of the British Empire
OECD	Organisation for Economic Co-operation and Development
OGC	Office of Government Commerce
OGD	Other Government Department
OMIS	Overseas Market Introduction Service
ONS	Office for National Statistics
OUBS	Open University Business School
PCPF	Parliamentary Contributory Pension Fund
PFI	Private Finance Initiative
PIMS	Performance and Impact Monitoring Survey
PR	Public Relations
PSA	Public Service Agreement
PWP	Public Web Presence
R&D	Research and Development
RDA	Regional Development Agency
REP	Resources and Evaluation Panel
RfR	Request for Resources
RPI	Retail Prices Index

RSA	Royal Society of Arts
S&I	Science and Innovation
SAG	Security/Sector Advisory Group
SBAC	Society of British Aerospace Companies
SDI	Scottish Development International
SESA	Support for Exhibitions and Seminars Abroad
SG	Sectors Group
SHRG	Strategy & Human Resources Group
SIRO	Senior Information Risk Owner
SITPRO	Simplifying International Trade Promotions
SLZ	Soft Landing Zones
SME	Small and Medium-sized Enterprises
SR	Spending Review
TAP	Tradeshow Access Programme
TSO	The Stationery Office
UK	United Kingdom
UKAN	UK Advisory Network
UKIBC	UK India Business Council
UK-IPO	UK Intellectual Property Office
UKTI	UK Trade & Investment
UKTI DSO	UKTI Defence & Security Organisation
UNCTAD	United Nations Conference on Trade and Development
URL	Uniform Resource Locator
VAT	Value Added Tax
VFM	Value For Money
WFE	World Future Energy









Published by TSO (The Stationery Office) and available from:

Online

[www.tsoshop.co.uk](http://www.tsoshop.co.uk)

Mail, Telephone, Fax & Email

TSO

PO Box 29, Norwich NR3 1GN

Telephone orders/General enquiries: 0870 600 5522

Order through the Parliamentary Hotline Lo-call: 0845 7 023474

Fax orders: 0870 600 5533

Email: [customer.services@tso.co.uk](mailto:customer.services@tso.co.uk)

Textphone: 0870 240 3701

The Parliamentary Bookshop

12 Bridge Street, Parliament Square

London SW1A 2JX

Telephone orders/ General enquiries: 020 7219 3890

Fax orders: 020 7219 3866

Email: [bookshop@parliament.uk](mailto:bookshop@parliament.uk)

Internet: <http://www.bookshop.parliament.uk>

TSO@Blackwell and other Accredited Agents

Customers can also order publications from

TSO Ireland

16 Arthur Street, Belfast BT1 4GD

028 9023 8451 Fax 028 9023 5401

ISBN 978-0-10-296170-6

