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UK Commission for Employment and Skills

Annual Report and Accounts 2012-13

HC 353

UK COMMISSION FOR EMPLOYMENT AND SKILLS

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ANNUAL REPORT AND ACCOUNTS 2012-2013

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Foreword

Sir Charlie Mayfield, Chairman

Growth is what every economy needs to restore the health of public finances and to secure the prosperity of future generations. And yet growth has so far been elusive in western economies that are struggling to recover from the 2008 financial and economic crisis. We must take urgent and decisive action now to turn things round. To achieve it, a material improvement is required in the relative global competitiveness of UK companies. And that will depend on the systematic and persistent development of the capabilities of the people working in them.

That stimulus is much more likely to come from companies than from government. And there are positive signs. At the UK Commission our ambition, which this year has started to become reality, is to transform the UK's approach to investing in the skills of our people to drive growth. By and large we are seeing companies restoring their financial resources and there's money to invest in people and competitiveness. In many sectors there are forward thinking companies that are stepping up to the challenge of setting out what capabilities they need to be more competitive and leading collaborations with unions, providers and others to secure it.

In delivering our business plan over this last year in 2012-13, we have been working at the UK Commission to encourage and support businesses through that path to growth.

Our work has started with the **insight** of our Commissioners. Very few organisations have senior leaders of the quality, diversity and range of our Commissioners. They come from employers, large and small, from the commercial, public and third sectors, from trade unions, from universities and colleges, and from all the nations that make up the United Kingdom. They have set the direction for the UK Commission and have ensured our proposals are developed and considered from all those angles.

Our **investment** has been important too. We have invested, via contestable challenge funds, to encourage innovation and leadership from employers in developing the competitiveness of the UK. We support those who show determination and demonstrate their commitment to go fastest in improving the competitiveness of their sectors; working through supply chains to ensure the impact is felt by large and small companies. Whilst using UK companies' investment is an important lever, we have taken action to make that potent lever much more powerful, by combining it with our influence on government policy, through our policy insight.

The third area is **intelligence**. We have worked this year on two of the most comprehensive surveys of employers' skills and employment needs and behaviours. In addition to using this intelligence to develop our own insight and drive investment priorities, we have also deployed it increasingly to support policy development in sectors and at departmental level in national and local government.

This annual report outlines some of these achievements. Whilst we have been encouraged by progress to date, we will increase the momentum of that impact in the next year.

SIR CHARLIE MAYFIELD
Chairman
UK Commission for Employment and Skills

Message from the Chief Executive

Michael Davis

This is the fifth Annual Report from the UK Commission for Employment and Skills.

We have a clear ambition to transform the UK's approach to investing in the skills of people as an intrinsic part of securing jobs and growth. We have a strategy in place to achieve this ambition over the longer term through greater employer ownership of skills and this annual report demonstrates how we are progressing along this journey and what we have achieved so far.

As we enter our sixth year, the UK Commission will seek to build upon our unique assets and to ensure our contribution to the UK economy and future employment outlook is the best that it can be.

An encouraging start but we must go further faster

With a revised remit for 2011-12, the UK Commission has transformed the way it operates. We believe that success lies in securing a significant change in skills investment, moving to an approach where we take bold and determined steps to encourage greater employer ownership of skills in partnership with their employees and trade unions. With the publication of "*Building the Momentum*" in 2012-13, we have refreshed our employer ownership vision, and strengthened our long term strategy. With this new strategy more established, we have made encouraging progress this year, which is gathering momentum.

As the organisation has become more Commissioner-led in its governance, we have been working more closely with Commissioners to maximise the effectiveness of government policy and stimulate ongoing innovation. We have worked successfully with BIS on the Richard Review of Apprenticeships, and its implementation, supported the Commission for Adult Vocational Teaching and Learning, and been acknowledged in the Heseltine Report. Going forward our Commissioner, Nigel Whitehead has been asked by the Minister Matthew Hancock to lead the adult vocational qualifications review in England.

In 2012-13, the Government committed £340m to test the employer ownership vision through a co-investment Employer Ownership Pilot in England. The Pilot moves us towards a new model for making public and private investment in people work harder and achieve more; aligning investment in people to broader business decisions and ensuring employers get the talent they need to succeed. The year saw two rounds established for the Pilot. The Government first committed £250m and then awarded a further £90million in December.

We have expanded our investment portfolio to a projected £113m, matched by £109m from employers, to drive enterprise, create more opportunities for young people, improve the UK's employment and skills outlook, and be a catalyst for growth. Efforts have also concentrated on galvanising scaleable and ambitious bids that can test out our employer ownership vision in practice, in the wider context of the Government's industrial strategy and skills strategy refresh. This has resulted in over 900 registrations, 170 full bids and 144 outline bids.

Our intelligence is providing unique insights on employer behaviour in relation to skills, informing policy decisions and driving investment decisions. It is also shaping our policy insight work. For instance Scaling the Youth Employment Challenge which was also published this year uses data from our own research to look at the extent of employer engagement in youth policy activity. We are also building the reputation and awareness of our research products in their own right. For instance we have completed and published the findings from two of the world's most comprehensive employer surveys for the UK and have growing evidence of the use and influence of this intelligence (the UK Commission's Employer Skills Survey, which provides an accurate picture of the shape of employer skills demand and investment, and the UK Commission's Employer Perspective Survey which shows how employers meeting those skills needs and the shape of the skills and employment landscape).

A new strategy to transform the performance of Investors in People has been agreed by Commissioners, with a focus on maximising customer value to increase business take up, embed a sustainable business model and grow the brand's equity. Since 2011 we have been evolving our service to match customer needs by applying the framework in a way that aligns to business objectives. We are continuing to innovate to ensure that it provides businesses with a rich insight into their organisation. In 2013-14 new products and services will be launched such as our on-line Leadership Academy and the Foundations staff survey tool. All these products will be designed to ensure they meet the needs of all our customers whether they be large or small.

Finally, in 2012-13 we continued to focus on making savings in our organisational operating model, including running another voluntary exit scheme at the end of 2012-13 and changing our staffing mix to bring in more paid graduate interns and apprentices.

MICHAEL DAVIS
Chief Executive
UK Commission for Employment and Skills

Annual Report

Achievements in 2012-13

In 2012-13 the UK Commission focused on four Commissioner Outcomes:

1. More employers investing in the skills of their people
2. More career opportunities for young people
3. More collective action by employers through stronger sectors and local networks
4. More employers stepping up and taking ownership of skills

These outcomes set out a direction of travel to guide us on our longer term employer ownership journey. We have taken our work forward through our five assets: Commissioner insights and networks; Research, Investors in People, Investment funds; Standards and frameworks.

Specific achievements the UK Commission has delivered during 2012-13 to meet its deliverables within each of the four outcomes, are as follows:

Outcome 1: More employers investing in the skills of their people

We have taken action to maximise the reach and impact of our campaigns and our Labour Market Information to develop stories that encourage more effective employer skills investment:

- We have used our research to develop compelling stories, including real employer "success stories," that grab attention to increase employers' investment in the skills of their people. Stories have been kept fresh, to promote steps employers can take, and speak to employers in language and through channels that compels them to take action. Articles have been published in national newspapers and business publications, and Commissioner-authored blog posts have been tweeted about, retweeted and used on our partners' websites.

- The Employer Ownership Pilot communications campaigns have ensured that our messages about the importance of investing in skills are reaching a wide audience. We ran 10 events which were attended by around 1,000 people. We sent over 36,000 emails in 7 different emails shots. We redesigned our website to make navigation more intuitive. We developed presentations on our YouTube channel that have proved very popular, indicating that we are engaging and getting messages across. We have supported Commissioners through blogs and online broadcast and print media. Over 5,000 employer ownership prospectus' were downloaded and our investment case studies were viewed 7,000 times.

- The first ever UK-wide Employer Skills Survey was published by the UK Commission in May 2012. This is the largest survey of its kind in the world, with 87,000 UK employers reporting on the skills deficiencies they experience in their workforce and the training they provide. The survey provided a picture of the actual and potential development of the UK workforce (a key driver of growth). We have taken the results of the Employer Skills Survey and used them to engage employers in the need for skills and encourage them to invest.

- The Employer Perspectives Survey was also launched. This is one of our flagship surveys and is a key source of reviewing levels of employer awareness and engagement with government policies. The findings fed into a number of strands within the business, particularly youth employment work.

- We developed and launched a High Performance Working campaign with partners including CBI, CMI, CIPD, ILM and others. The campaign is being promoted across various media and business networks, with the aim of inspiring and helping businesses get started on their skills journey. This campaign has had strong involvement from Commissioners. For example, Julie Kenny appeared on 'On the Money' on radio 5, and 'Show Me the Money' on the BBC News channel, speaking about the importance of training to her business.

We have also taken action to fully exploit the reach and impact of our products such as Investors in People (IiP) to influence employer investment behaviour:

- We have worked to widen and grow the IiP client base and re-position the brand through events and additional services. We held the IiP 2013 conference: Great People, Good Business, with Commissioners Valerie Todd and David Fairhurst as keynote speakers. This event launched the "IiP app," and previewed two new services: IiP Foundations – an online diagnostic tool for small firms; and IiP Academy – an online leadership development resource.

- Over 80% of our new business pipeline is now in the private sector, and customer retention of private sector clients is over 70%, compared to 50% in the public sector.

- We have exceeded 12-13 IiP Delivery Partner revenue projections, achieving £15.7m, ahead of the forecasted £15.5m, and set ambitious targets for 13-14.

- Strong positive trends are emerging from our marketing and acquisition activity, with a gain of 655 customers. Our conference event was sold out and was received well by delegates, receiving 808 tweets with a total reach of 177,225 users.

Outcome 2: More career opportunities for young people

- In 2012-13, the UK Commission set out and promoted a compelling business case for offering more opportunities to young people. The "adopt a youth policy" message has proved an effective call to action. A *Grow Your Own* leaflet was produced, with Northern Ireland and Scotland subsequently launching their own versions. Case studies have been developed with Commissioner organisations, to share best practice.

- In July the UK Commission launched and published the Youth Employment Challenge at Crossrail. Commissioner Valerie Todd was keynote speaker, alongside the Minister for Employment Chris Grayling MP and three other Commissioners. Positive feedback was received by attendees, and employers have responded by offering case study examples of "youth policies." Tweets regarding the launch were received by over 10,000 accounts, were retweeted and quoted widely, including in a DWP seminar and a Channel 4 debate. The Youth Employment Challenge has been included in policy documents, including the DWP select committee report on youth unemployment. Kantar media analysis of the Youth Employment Challenge and the Saturday Jobs Campaign found a total of 73 articles, with overall Opportunities To See (OTS) estimated at 41 million, from June to November 2012.

- The scope of the UK Commission's competitive investment funds was extended, resulting in an increased investment in employer owned work experience and career opportunity solutions for young people by Quarter 4. In round one of the Employer Ownership Pilot at least three quarters of projects included youth initiatives. Following the publication of the prospectus for round two of the Employer Ownership pilots a large proportion of bids feature work experience and career opportunity solutions such as Apprenticeships.

- An Investing in Young People leaflet was published in October and has been shared with Ministers and at meetings and events including the Sector Skills Council good practice network and The Skills Show. Our *Scaling the Youth Employment Challenge* report was published in March, setting a benchmark for employer involvement in youth policy activity. The report was featured in an article by Commissioner Valerie Todd in the New Statesman, and in the Evening Standard. A joint report with the Employers Education Taskforce, *Nothing in Common*, was launched in March and received over 60 pieces of media coverage, including in the FT and BBC News.

Outcome 3: More collective action by employers, through stronger sectors and local networks

- We have successfully expanded the UK Commission investment portfolio, to encourage collective employer investment. The existing Growth and Innovation Fund (GIF) and Employer Investment Fund (EIF) portfolios of UKCES investment is £113m, with employer match projected at £109m, giving a total projected employer leverage of 49% of the total combined investment by employers and UKCES.

- Working through sector networks, supply chains and local networks of all sizes, we have exceeded our employer network target of 35 networks. GIF and EIF contracts are currently in place with 36 employer networks. Through GIF there has been an increased number of applications from Local Enterprise Partnerships and Chambers of Commerce. Prospective Industrial partnerships have become a key strand of employer ownership round two pilots, with the GIF and employer ownership funds becoming more integrated. The aim has been to support larger scale integrated pilots to test employer ownership in whole sectors of the economy.

- We are developing 150 NOS (National Occupational Standards), working closely with employers. One example of the value employers are placing on the standards is in the petroleum industry, where employers are using NOS to increase efficiencies and safety: Murco used NOS to build their training programme, and now 60% of their staff have qualifications based on NOS.

- We have effectively used our intelligence to better target investment funds and to inform the communications strategy for employer ownership. This has involved creating nine Sector Skills Insights packs, and disseminating them through Commissioners at events, through our website, other marketing channels, and via our partners such as CIPD.

Outcome 4: More employers stepping up and taking ownership of skills

- The Employer Ownership Pilot resonated strongly with employers immediately following its launch in December 2011. In round one, through a combination of face-to-face meetings in England, use of social media and our website, we engaged with over 20,000 employers, generating 269 bids. This indicated a readiness and appetite among employers to become involved, step up and take ownership of skills, early on in the pilot.

- The success of round one contributed to an additional £90 million allocation in the Government's Autumn Statement through until 2015-16, alongside £115 of private investment in skills solutions that meet industry requirements. This was in addition to £222 million co-invested in employer-led solutions through the GIF and EIF. Employers have started to come together, to move the UK skills landscape towards a new model for making public and private investment work harder.

- Round two was launched by Skills Minister Matthew Hancock and received over 900 registrations, 170 full bids and 144 outline bids, including 115 industrial partnership proposals.

- One year on from launch the UK Commission has now refreshed its long term Employer Ownership vision *Building the Momentum*. This makes four, bold, evidence-based recommendations: Incentivise opportunities for young people; Move from grants and qualifications to sustainable investment in outcomes; Continue to create conditions for greater employer ownership; Unlock the potential of employer and college collaboration.

- The Richard Review of Apprenticeships contained positive messages about employer ownership, as did the Heseltine Report. A number of Commissioners contributed, including Toby Peyton-Jones, Sir Charlie Mayfield and Nigel Whitehead. Nigel Whitehead is leading the adult vocational qualifications review in England.

Future look In 2013-14 and beyond

Having published our long term vision for Employer Ownership, *Building the Momentum*, we need to continue to take action over the coming year, effectively positioning, promoting, testing and embedding the principles of employer ownership of skills for the long term. Our business plan for 2013-14 seeks to ensure that we remain focused and adopt an appropriately balanced approach in securing this. We are keeping our Commissioner Outcomes from 2012-13 and only modifying the short term deliverables where we need to for 2013-14.

We will continue with our policy analysis to provide ongoing policy insights, adjusting to align with the Governments' evolving industrial and skills strategies, and drawing on the leading thinking from international expert communities such as the OECD about the latest policy innovations.

So far, forward thinking employers have stepped up taking the opportunity to lead new activities to improve skills and employment in their sectors, supply chains, and localities. The pilot has successfully informed next steps and we now want to accelerate and extend the potential for greater employer ownership of skills through 2013-14. Over the coming year we will therefore continue to test and trial new forms of delivery, and ensure our investment portfolio is effectively managed. We will seek to ensure our investments are effectively targeted to meet the most pressing skills priorities, feeding in intelligence from our latest employer surveys being run later this year.

We need to ensure we extend our reach and influence over the coming year and beyond to be more outwardly focused. In particular, through our investment work and policy insights, we need to target our actions in areas which are likely to deliver the greatest benefits for young people.

We also need to work, through broader promotion of our insights, partnership working and sharing of best practice, to raise the value of skills investment to a wider business audience which incentivises better investment behaviour more extensively and has a positive impact on companies to invest in skills to grow their own businesses and this becoming the norm. Achieving positive impact would be evidenced through our research. Moreover, with changes to our approach to IiP, we will take action to ensure we achieve our ambitions by 2014.

Changes to the organisation

We continued to strive to be Commissioner-led, outwardly focused and working as a single team. We have taken a more focused approach to ensure greater efficiency and effectiveness, organising our Business Plan priorities into four Commissioner Outcomes (see earlier) which are being delivered through five assets, as follows:

- **Commissioner insights** seeks to exploit the influence of our Commissioners, stimulating ongoing improvements in policy and practice
- Our **Investment** asset, by trialling and testing new ideas, is starting to create the skills solutions and infrastructure to stimulate a step change in employer ownership of skills and to encourage better skills investment in future.
- Our **Research** asset provides intelligence to keep us abreast of changes in employers' skills requirements and investment behaviour to better inform policy and investment decisions.
- Our **Standards and Frameworks** asset is seeking to create a recognised, market-driven offer for occupational standards, delivered through a strengthened supplier base which is agile and efficient.
- **Investors in People** will engage with more individual businesses and use people strategies to drive performance improvements.

With on-going pressures on public expenditure, we have continued to put scrutiny on the UK Commission's structure and operations. Following significant reductions in operating costs in 2011-12, in the past year we put further cost-saving measures in place, including a second voluntary exit scheme (VES). We have reduced our staff headcount (excluding apprentices and graduates) by 26% over the last 3 years from an average of 126 FTEs in 2010-11 to an average of 93 FTEs in 2012-13. Including graduates and apprentices, our staff headcount has reduced by 18% over the last 3 years from an average of 126 FTEs in 2010-11 to an average of 104 FTEs in 2012-13.

In addition we have kept our running cost per head in check over the 3 year period. Taking into account inflation over this period, the average cost per head has reduced in real terms by 7%. These factors have helped us to achieve a 32% reduction in our administration budget spend, from an actual spend of £9.9m in 2010-11.

With public sector restrictions on recruitment, we have been focusing on meeting resourcing needs through a “grow your own” approach to talent, including developing our staff, offering internal promotional opportunities, creating entry level opportunities and developing a pool of associates who can offer specialist skills. The UK Commission is a strong advocate for providing opportunities for young people to gain employment experience. Through our Grow your Own people policy, we have taken on paid graduates, interns and apprentices and such opportunities now make up around 15% of our workforce.

Our move to a ‘single team’ approach supports the deployment of working practices and policies which empower individuals and provide agility to deploy our people resources most effectively. The UK Commission’s workforce is distributed across offices in South Yorkshire and London, with a small number of home-based employees. A London office move, to Sanctuary Buildings which forms part of the government estate, in October 2012, presented opportunities to improve our ways of working, IT services and infrastructure. For instance, we have implemented a telepresence system that connects the two offices, supporting teams located across both sites to work effectively together through IT.

Management engages with employees through staff meetings, all staff away days and an Employee Partnership Forum. The Forum is made up of union and non- union employee representatives, who meet monthly with management to discuss strategic issues affecting the organisation. The partnership model reflects the approach to engaging with employees on the issues that matter to them. Staff surveys also measure engagement. The last ‘temperature check’ staff survey in July 2012 indicated that the majority of staff have a clear understanding of what they are expected to achieve in their job, and get the opportunity to receive training and develop new skills. We will continue to use such mechanisms to improve staff engagement and ways of working.

Report of the Directors

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

Principal activity and business review
The principal activity and the business review is set out on pages 5 to 9 of this Annual Report and the Financial Review is set out below.

Incorporation
The UK Commission for Employment and Skills (the UK Commission) is a company limited by guarantee and was incorporated on 13 November 2007. Under Clause 5 of the Memorandum of Association all members undertake to contribute to the company such an amount as may be required, not exceeding £1, in the event of it being wound up during the period of membership or within one year afterwards. The UK Commission is a Non Departmental Public Body (NDPB) jointly sponsored by the Department for Business, Innovation and Skills (BIS), Department for Work and Pensions (DWP), Department for Education (DFE), HM Treasury (HMT), the Department of Learning Northern Ireland, the Scottish Government, and the Welsh Government.

Governance and decision making
The Commissioners are directors of the company and are responsible for the management of the UK Commission. At 31 March 2013 there were 28 directors, compared with 24 directors at 31 March 2012. The Commission delegated its organisational oversight role to the Strategic Management Group of the UK Commission.

The membership of the board and other legal and administration details are set out on page 51.

The UK Commission has a conflict of interest policy and its Register of Members Interests is regularly updated. The full register can found on the UK Commission's website:
http://www.ukces.org.uk/commissioners

Further details of the organisation's governance groups and decision making are contained in the Governance Statement on pages 23 to 29.

Going Concern Assessment
In the light of the confirmation of a Grant-in-Aid resource budget allocation of £66.4m provided by Government in the Grant-in-Aid letter for 2013-14, the Directors have reviewed the financial position as at 31 March 2013 and are comfortable that the UK Commission remains a going concern and that it will have sufficient cash to pay its liabilities as they fall due.

Whereas the operating costs in the Net Expenditure Account are recognised on an accruals basis, NDPBs can only recognise the actual amount of cash received during the period in respect of Grant-In-Aid financing. NDPBs are required by BIS to limit the amount of cash held to 2% of the Grant-In-Aid budget and the UK Commission had £7.8m of accrued costs and trade payables as at 31 March 2013. This has resulted in the Statement of Financial Position showing net liabilities of £5.6m at the end of the year.

Payments to Suppliers
The UK Commission endeavours to pay suppliers as soon as possible once an invoice or claim is received and delivery is confirmed, and within the guidelines required of government bodies. Over the course of the year the UK Commission has paid suppliers within eight days of receipt of invoice on average over the year, compared with an average of seven days in the previous year. On average 5% of payments made were over 30 days from receipt of invoice compared with 6.2% in 2011-12.

Auditors
Under the Government Resources and Accounts Act 2000 (Audit of non-profit-making Companies) Order 2009, which came into force on 4 March 2009, the Comptroller and Auditor General is required to audit the UK Commission's accounts for the year ended 31 March 2013. An amount of £37,000 has

been provided for Audit fees. The NAO have not carried out any other paid work for the UK Commission in 2012-13.

Disclosure of relevant audit information

As Accounting Officer, as far as I am aware there is no relevant audit information of which the UK Commission's auditors are unaware. I have taken all of the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the UK Commission's auditors are aware of that information.

Sickness absence data

During the year the UK Commission had 346 days (2011-12: 605 days) of absence from work due to sickness. Of this, 152 days relate to 3 staff on long-term sick leave during the period (2011-12: 410 days related to 8 staff on long-term sick leave during the period). The number of days off for the remaining staff, excluding agency staff and staff on long-term-sick, equates to an average of 1.9 days (2011-12: 1.9 days) sick leave per staff member. Inclusive of staff on long-term-sick, this equates to an average of 3.3 days (2011-12: 6.0 days) sick leave per staff member.

Reporting of personal data related incidents

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

Table 1: Summary of protected personal data-related incidents formally reported to the lead sponsor department in 2012-13

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

Further information on information risk

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

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

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

Category	Nature of incident	Total
I	Loss of inadequately protected electronic equipment, devices or paper documents from secured government premises.	Nil
II	Loss of inadequately protected electronic equipment, devices or paper documents from outside secured government premises: 15 Laptop stolen, 10 of which were active and the remainder spares, from the Grosvenor Gardens office in London (SW1W 0TT) . Nature of data involved ; Work in progress draft materials (reports and documents). Final versions of documents stored centrally, so no lost work. Some contact information consisting of email addresses and telephone numbers	1

	held in Microsoft Outlook (less than 1000 records). Hard drive encrypted and adequately protected with Becrypt (level 3 security encryption, endored by CESG) so access and hard drive deleted after 3 failed login attempts. Highly unlikely that any information would be extracted from the hard drive, so considered low risk.	
III	Insecure disposal of inadequately protected electronic equipment, devices or paper documents.	Nil
IV	Unauthorised disclosure	Nil
V	Other	Nil

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

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

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

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

Provision of information and consultation with employees
We consider good communication with our employees to be very important and communicate through regular meetings on an individual, team and organisation-wide level. In addition there are regular meetings of the Employee Partnership Forum (including trade union and staff representation) to inform, discuss and, where appropriate, consult on matters affecting employees. We have aimed to involve staff in every step of the journey in reshaping our organisation, so they feel part of it and positive about our future. Staff are kept updated about organisational performance via our performance report, which is shared on a quarterly basis, and, to assess staff satisfaction, we periodically undertake a staff survey and share the findings with staff, management and Commissioners.

Corporate Social Responsibility
The UK Commission is committed to meeting or exceeding all legal requirements and ethical standards and norms while conducting our business. In addition to our wider role of working in the public interest to improve employment and skills in the UK we aim to encourage and support employee participation in the local community and respect for the environment by actively seeking to recycle wherever possible and minimise travel and use of resources.

This is achieved in accordance with our shared behaviours: Belief in better, Taking responsibility together, Being brave and Commissioner Leadership.

Financial Review

Incoming resources

The UK Commission is funded by Grant-In-Aid financing from BIS on behalf of all the sponsoring departments and Devolved Administrations.

At 1 April 2012 the total Grant-In-Aid resource budget allocated for the 12 month period to 31 March 2013 amounted to £71.8m. During the year the UK Commission received updated Grant-in-Aid letters, with the final Grant-In-Aid resource budget being set at £70.1m.

The Grant-In-Aid cash limit for 2012-13 was £69.9m, of which £60.8m was utilised in the year.

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

Because Grant-In-Aid funding is treated as financing rather than income in the Statement of Comprehensive Net Expenditure the results for the period show a loss equivalent to the expenditure to be met from Grant-In-Aid. The Grant-In-Aid financing recognised is the value of cash drawn down. The loss attributed to General Reserves therefore reflects the value of accrued expenditure at 31 March 2013.

In 2012-13 the UK Commission also received £0.3m (2011-12: £0.5m) of licence and publication income in relation to the IiP business.

Application of resources received

Of the total expenditure incurred in the year of £62.4m (2011-12: £63.5m), 79% (2011-12: 80%) of total resource received was distributed to employer-led partner bodies, 10% (2011-12: 11%) was directly spent by the UK Commission on its asset and outcome programmes and 11% (2011-12: 9%) was used to fund the organisation's administration costs.

Partner programme activity

In 2012-13 the UK Commission continued the process of change in how it achieves its objectives through third party partner bodies. The UK Commission has moved from a position in previous years of mainly providing strategic core funding to licensed Sector Skills Councils to support the achievement of the UK Commission's aims, to a position in 2012-13 where the UK Commission is solely funding projects with employer-led bodies, including Sector Skills Councils, to deliver skills solutions through competitive bidding rounds of the £49.3m (2011-12: £51.0m) that was spent in the year to fund these partner bodies:

- No strategic core funding was provided to Sector Skills Councils in 2012-13 (2011-12: £39.9m);
- £36m (2011-12: £5.5m) was provided in the year to fund 14 Employer Investment Fund (EIF) projects delivered by 11 Sector Skills Councils;
- £8.7m (2011-12: £3.1m) was provided in the year to fund 12 Growth and Innovation Fund (GIF) projects by 7 Sector bodies including Sector Skills Councils and 2 other organisations;
- £4.4m (2011-12: £1.3m) was provided in the year through the Universal Services contracts to fund the delivery of updated or new National Occupational Standards (NOS) and Apprenticeship frameworks by 9 Sector bodies and 4 other organisations;
- £0.1m (2011-12: £1.2m) was provided in the year to support other sector bodies in specific programmes of work.

All funding programmes have specific guidelines and all applicants are subject to a formal process of assessment and approval. The contract and project delivery is closely monitored and reported on by the UK Commission through regular delivery progress updates from the funded organisations through the year.

The UK Commission's Investment Group was responsible for oversight of the Employer Investment Fund (EIF) and Growth Innovation Fund (GIF) budgets in 2012-13 and the Strategic Management Group was responsibility for the oversight of the Universal Services contracts.

Direct programme spend activity
The budget available for the UK Commission programme activity was allocated to support the delivery of specific projects in line with the Business Plan priorities. The forecast spend on each project compared to budget was monitored on a regular basis by 'Asset' leads and the Executive Leadership Team and was overseen by the Strategic Management Group. The expenditure in this area of activity decreased to £6.1m for 2012-13, compared with £6.2m for 2011-12. The 2011-12 figure has been restated due to Research and IIP core staff being re-classified as frontline staff following a review of staff classification with BIS and the NAO during 2012-13.

Organisational administration activity
11% (2012-13: 9%) of the total expenditure or £6.9m (2011-12: £6.2m) supports the on-going administration costs of the organisation, including depreciation and other non-cash related costs. The increase in cost compared to 2011-12 is due to the £0.7m cost of the voluntary exit scheme which was accrued in 2012-13. Also in 2012-13 we carried out a review of staff costs classifications in the light of HM Treasury's guidelines. As a result of this review we are now classifying Research and IIP core staff as programme costs as opposed to administration-related costs. This change has been reflected in these accounts for 2012-13 and in the prior year comparatives. The organisational administration budget is controlled at a functional level by budget managers, is monitored on a regular basis by the Executive Leadership Team and is overseen by the Strategic Management Group.

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

Outstanding trade payables at the end of 2012-13 represented the equivalent of approximately 8.4 days (2011-12: 7 days) of total payments made in the year.

As at 31 March 2013 the UK Commission is reporting negative General Reserves of £5.7m (2011-12: £4.4m). This is because the UK Commission had recognised trade and other payables of £7.8m at the end of the period (2011-12: £6.8m), but has recognised the associated Grant-In-Aid funding for these liabilities only when it has been received. This is in line with the standard accounting treatment in respect to Grant-In-Aid financing for NDPBs.

M Davis	**Sir C Mayfield**
Chief Executive	**Chairman**
28 June 2013	**28 June 2013**

Remuneration Report

Strategic Management Group

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

Julie Kenny CBE DL (Chairman)
Sir Charlie Mayfield
Dave Prentis
Deirdre Hughes OBE
Grahame Smith
Lucy Adams
Tony Lau-Walker CBE

Executive Director Remuneration Policy

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

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

The pay strategy for the Chief Executive and Executive Directors is the same as for all permanent staff. The Chief Executive's pay arrangements were approved by BIS with the input from the Commission's Chairman and Strategic Management Group within the context of government guidance.

The following information is subject to audit.

Disclosure of Salary and Benefits in kind for the year ended 31 March 2013

Name	2012-13 Salary including allowances in pay bands for the year £000's	2012-13 Performance pay[1] £000's	2011-12 Salary including allowances in pay bands for the year £000's	2011-12 Performance pay[1] £000's
Company Directors[2]				
Sir Charlie Mayfield[4]	30-35	-	30-35	-
Michael Davis	125-130	0-5	120-125	0-5
Chris Humphries CBE[3]	-	-	-	10-15
Executive Directors				
Kay Dickinson[5]	85-90	0-5	85-90	0-5
Ian Kinder[6]	85-90	0-5	75-80	5-10
Simon Perryman	85-90	5-10	85-90	0-5
Professor Mike Campbell OBE	-	-	15-20	-
Geoff Fieldsend	-	-	25-30	0-5
Jerry Lloyd	-	-	5-10	-
Non Executive Directors				
Deirdre Hughes OBE [8]	5-10	-	0-5	-
Scott Johnson	0-5	-	-	-
Seyi Obakin[9]	0-5	-	0-5	-
Liz Sayce OBE [7]	5-10	-	5-10	-
Band of highest paid director[10]	130-135		125-130	
Median of total remuneration[10]	36.4		37.2	
Ratio[10]	3.6		3.4	

Reporting bodies are required to disclose the relationship between the salary of the most highly-paid individual in their organisation and the median earnings of the organisation's workforce. The salary of the most-highly paid individual in the UK Commission in the financial year 2012-2013 was Michael Davis with a salary (including London weighting) of £128.5k. The total remuneration was 3.6 times the median salary of the workforce, which was £36k. The salary of the most-highly paid individual in the UK Commission in the financial year 2011-2012 was £123k. The total remuneration was 3.4 times the median salary of the workforce, which was £37k.

During 2011-12 and 2012-13 there were no benefits in kind received for any Directors.

1 The performance pay for 2012-13 relates to performance in respect of 2011-12. Similarly the 2011-12 figure relates to the 2010-11 performance year. Only the amounts reported under the Performance Pay column are based on employee performance, all other amounts are fixed salaries per individual contracts.
2 Statutory Directors Chris Humphries and Michael Davis were the only Statutory Company Directors of the organisation to receive any pension entitlement.
3 Chris Humphries left at the end of his fixed term contract. There were no exit payments made to him although he received a performance-related bonus in 2011-12 in relation to his performance for the 9 months of 2010-11.
4 The figure represents the amount paid to John Lewis Partnerships for making available his services as Chair of the UK Commission. The annual fee is £28k plus VAT.
5. Kay Dickinson left under standard voluntary exit scheme terms on 17 May 2013. She was accepted under the scheme in 2012-13 but left in 2013-14. The costs were accrued in 2012-13 but were paid in 2013-14. Kay received a compensation payment of £25-30k in 2013-14 including compensation in lieu of notice. In addition the cost to the organisation of buying out the actuarial reduction on her pension was £145-150k. Kay did not receive any additional

compensation for loss of office.

[6] 2011-12 figure includes remuneration earned before he was promoted to Executive Director on 1 August 2011.

[7] Represents the amount paid to Disability Rights UK for making available her services as a Non-Executive Director to the UK Commission in 2011-12 and 2012-13.

[8] There was an overpayment of £2k in 2012-13 this will be recovered in 2013-14.

[9] An amount of £4K was accrued in relation to Seyi Obakin's services as director for the year-ended 31 March 2013.The actual payment of £4k was made in April 2013.

[10] The increase in the ratio is due to a change in the mix of staff to more graduates and apprentices in 2012-13 and the Chief Executive Officer having a full year on the Chief Executive Officer salary in 2012-13.

Pension entitlements for the year ended 31 March 2013

Name	Accrued pension at pension age as at 31/03/13 and related lump sum	Real increase in period of pension and related lump sum at pension age	CETV as at 31/03/13[2]	CETV as at 31/03/12	Real increase in CETV	Employer contribution to Partnership Pension account
	£000's	£000's	£000's	£000's	£000's	Nearest £100
Company Directors[1]						
Sir Charlie Mayfield	-	-	-	-	-	-
Michael Davis	10-15	2.5-5	93	63	17	-
Executive Directors						
Kay Dickinson	20-25 plus lump sum of 65-70	0-2.5 plus lump sum of 0-2.5	435	403	8	-
Simon Perryman	50-55	2.5-5	966	864	51	-
Ian Kinder	45-50	0-2.5	836	758	34	-

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 Pensions Increase legislation. Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (**partnership** pension account).

Employee contributions are salary-related and range between 1.5% and 3.9% of pensionable earnings for **classic** and 3.5% and 5.9% for **premium**, **classic plus** and **nuvos**. Increases to employee contributions will apply from 1 April 2013. Benefits in **classic** accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For **premium**, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike **classic**, there is no automatic lump sum. **classic plus** is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per **classic** and benefits for service from October 2002 worked out as in **premium**. In **nuvos** a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. In all cases members may opt to give 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

[1]Statutory Directors. Michael Davis was the only Statutory Company Director to receive any pension entitlement.
[2] The actuarial factors used to calculate CETVs were changed in 2011-12. The CETVs at 31 March 2012 and 31 March 2013 have both been calculated using the new factors, for consistency. The CETV at 31 March 2012 therefore differs from the corresponding figure in last year's report which was calculated using the previous factors.

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 Civil Service pension arrangements can be found at the website http://www.civilservice.gov.uk/pensions

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 member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

This reflects the increase in CETV that is 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.

Unaudited Information

Performance Pay Awards

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

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

- Outstanding
- Superior
- Successful
- Needs improvement

The performance levels awarded normally determine the level of pay increase and/or bonus. However as a public body, the organisation has been restricted to a 1% pay award for staff and no pay award for the Executive Directors and CEO in 2012-13 following a pay freeze which has been in operation since 2008. A bonus was paid in 2012-13 in relation to 2011-12 performance year. The Executive Leadership Team pay awards are agreed by the Strategic Management Group, subject to recommendations from the Chief Executive. The Chief Executive's pay award is agreed by BIS on the recommendation of the Strategic Management Group and the Chairman. If the performance level is assessed as Needs Improvement or below then no bonus or pay increase is awarded.

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

Senior Staff Service Contracts

Name	Start date of contract	End of contract date
Kay Dickinson	1 April 2008[1]	17 May 2013
Simon Perryman	1 April 2008[1]	
Michael Davis	1 March 2009	
Ian Kinder	22 July 2009[2]	

[1]Contract was transferred from SSDA under a COSOP arrangement from SSDA on 1 April 2008.
[2]Ian Kinder was promoted to Executive Director in August 2011.

On behalf of the Board

M Davis	**Sir C Mayfield**	**28 June 2013**
Chief Executive	Chairman	Date

Sustainability Report

As an Non-Departmental Public Body, the UK Commission is expected to report on its environmental sustainability performance. The UK Commission has been granted an exemption by the Cabinet Office to produce a sustainability report as the overall environmental impact of the UK Commission is low given it has a floorspace totalling under $1000m^2$ and on average 104 staff in the year.

Accounting Officer's and Chairman's Statement of Responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under the Framework Agreement with the Department of Business Innovation and Skills, they are required to follow the principles of HM Treasury's Financial Reporting Manual 2013-14. Consequently they have elected under the Companies Act 2006 to prepare the financial statements in accordance with IFRS as adopted by the EU and applicable law and to provide the additional disclosures required by the Financial Reporting Manual 2013-14 where these go beyond the requirements of the Companies Act 2006.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the surplus or deficit of the UK Commission for that period. In preparing those financial statements the Directors are required to:

- Select suitable accounting policies and then apply them consistently
- Make judgments and estimates that are reasonable and prudent
- State whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the UK Commission will continue in operation.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 and the Government Financial Reporting Manual (FReM). They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Accounting Officer for the Department has designated the Chief Executive as Accounting Officer for the UK Commission for Employment and Skills. The responsibilities of an Accounting Officer, includes responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the UK Commission for Employment and Skills's assets, as set out in Managing Public Money published by HM Treasury.

On behalf of the Board.

M Davis	**Sir C Mayfield**	**28 June 2013**
Chief Executive	Chairman	Date

Governance Statement

1. **Scope of Responsibility**

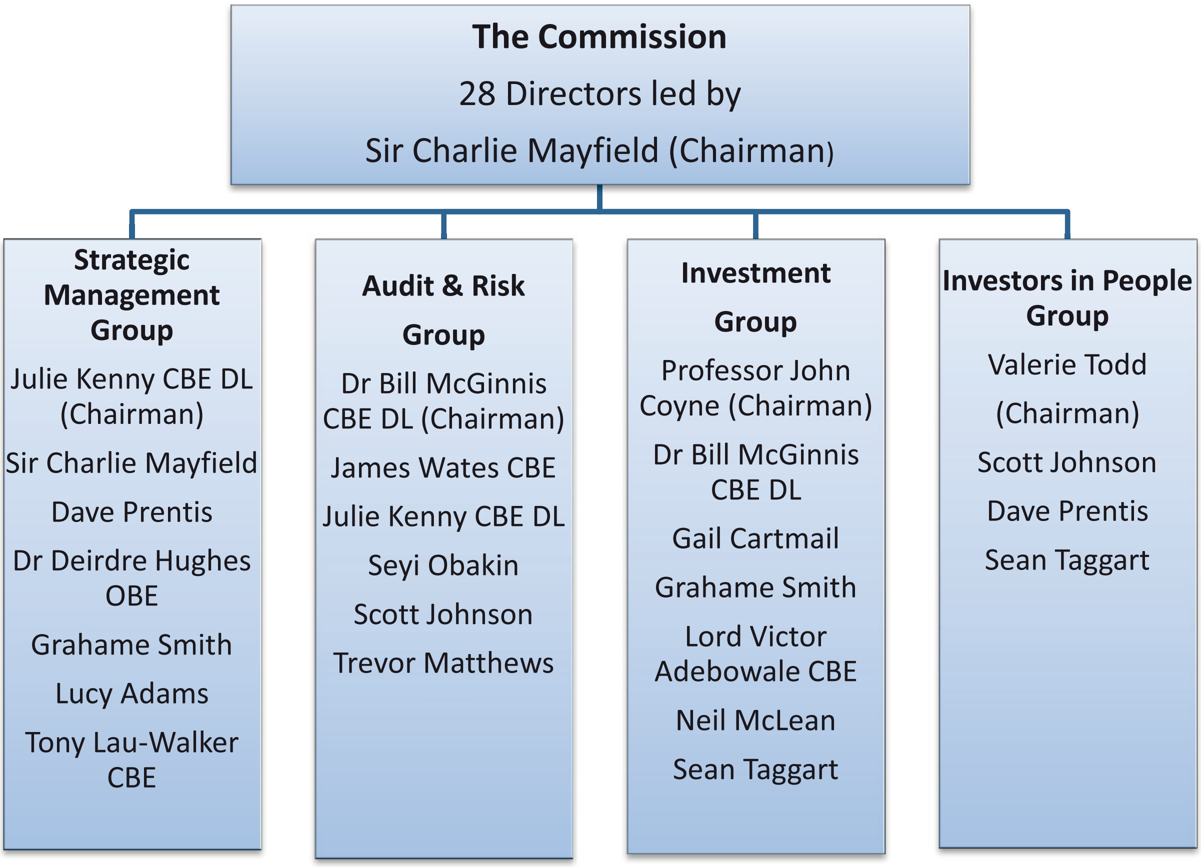
It is recognised that it is the responsibility of the Chief Executive Officer, as Accounting Officer, to ensure that there is a sound system of governance and internal control; and that the business of the UK Commission for Employment and Skills is conducted in accordance with *Managing Public Money* to ensure public money is safeguarded and properly accounted for and used economically, efficiently and effectively.

2. **The Purpose of the Governance Statement**

2.1 The Governance Statement, for which the CEO takes personal responsibility, aims to provide a clear understanding of the dynamics of the business and its control structure. Essentially, it supplements the accounts by recording the stewardship of the organisation to provide a sense of how the organisation's performance has been controlled; and of how successfully it has coped with the challenge it faces. In doing this the CEO is supported by a Governance framework which includes the UK Commission, its sub-groups and the Executive Leadership Team.

2.2 This statement explains how the organisation has complied with the principles of good governance and reviews the effectiveness of these arrangements.

3. **The Organisation's Governance Structure**



3.1 The Commissioners are directors of the company and are responsible for the management of the UK Commission. At 31 March 2013 there were 28 directors, compared with 24 directors at 31 March 2012. The UK Commission has delegated its organisational oversight role to the Strategic Management Group of the Commission.

3.2 Commissioners are publically appointed by the Secretaries of State of the Department for Business, Innovation and Skills and the Department for Work and Pensions. Appointments are made in consultation with the ministers in the three devolved nations – Scotland, Wales and Northern Ireland - who also make their own Commissioner appointments. The Chairman is also appointed through a public appointments process.

3.3 Commissioners bring the inspirational leadership that drives the UK Commission's agenda. They are supported by the Chief Executive and have an active role in delivering the Commission's remit to achieve maximum impact.

3.4 The Commission's Commissioner Leadership model means that Commissioners are outward facing and 'hands on'. They are focused on outcomes and impact. Through their existing positions they bring independence and credibility and access to a whole range of important networks. Commissioners:

- Provide strategic leadership and work closely with the Executive to deliver the Commission's priorities and outcomes;
- Bring an informed Commissioner perspective to enable greater challenge;
- Are the voice of the Commission on relevant issues by speaking publicly on relevant issues and support the Chairman in taking a lead role in meetings with Ministers on Commission priorities;
- Use their position, credibility and networks to persuade employers and others of the importance of skills in supporting enterprise, jobs and growth; and
- Work with staff to 'road-test' materials, advice or ideas/initiatives.

3.5 Decision making by Commissioners takes place at full meetings of the Commission and through a series of Commissioner Groups that have been formerly established to carry out specific roles. These groups are as follows:

3.6 **The Strategic Management Group** consists of not less than five Commissioners plus the Chief Executive, with a quorum of three. The chairman of the Commission attends meetings as appropriate in an ex-officio capacity. Membership should include appropriate representation from across the Commission's Outcomes and Audit and Risk Group. The Strategic Management Group meets at least quarterly. Its duties are to oversee the operation of the UK Commission; to advise the Commission on the performance of the organisation against business objectives and the effective management of its resources; to coordinate and monitor delivery and strategic impact; and to ensure that the necessary cross cutting work programmes are in place to enable the Commission to carry out its role effectively. It is also responsible for decisions regarding remuneration and supports the Chairman to make recommendations to the Secretary of State concerning the appointment or re-appointment of Commissioners and the appointment and removal of the Chief Executive. Additional meetings are required to approve the Business Plan, budgets and Annual Report.

3.7 **The Audit and Risk Group** consists of not less than three Commissioners, with a quorum of two. The Chairman of the Commission cannot be a member of this group. Membership should include representation by a Commissioner who is also a member of the Strategic Management Group. The Chief Executive, the Executive Director (Business Services) and a representative from Internal and External Audit ordinarily attend meetings. The group meets at least three times each year. Its purpose is to support the directors in discharging their responsibilities in relation to issues of risk, control and governance, and of associated assurances. It also provides assurance back to the Commission in the form of an Audit and Risk Group Annual Report.

3.8 **The Investment Group** consists of not less than five Commissioners and the Chief Executive, with a quorum of three. The Chairman of the UK Commission may attend appropriate meetings in an ex-officio capacity. The group meets as appropriate to support the cycle of investment business, normally quarterly. Its duties are to make investment decisions on behalf of the Commission in accordance with allocated funding, to monitor delivery and impact of the decisions made, and to advise the Commission on how investment funds can be used to maximise their contribution to the UK Commission's overall aims.

3.9 **The Investors in People Group** consists of not less than three Commissioners, who are also directors. The Chief Executive, members of the Executive Leadership Team or other staff attend or provide information as directed. The quorum for meetings is three Commissioners. The chairman of the Commission may attend meetings in an ex-officio capacity. The group meets as appropriate to support the cycle of business but at least once a year. This new group was set up in 2012. Its purpose is to agree the UK Commission's Investors in People strategy and continue to ensure that it supports the wider goals and objectives of the UK Commission.

3.10 The Commission has adopted a complementary Scheme of Delegation to provide these groups with appropriate decision making powers. The Scheme of Delegation also sets out those powers that have been delegated to the Chief Executive and Executive Directors.

3.11 Individual Commissioners have been appointed to take the lead on each one of the four UK Commission's Outcomes. These lead Commissioners are supported by a team of Commissioners who contribute towards the development and delivery of that outcome.

3.12 Decision making in the outcomes is carried out in accordance with powers that have already been delegated to the Executive or by reference to the appropriate formal decision making groups.

4 Board Performance and Effectiveness

4.1 During 2012-13:

- The Commission met four times and achieved 67% group attendance
- The Strategic Management Group met seven times and achieved 71% group attendance
- The Audit and Risk Group met four times and achieved 73% group attendance
- The Investment Group met five times and achieved a 70% group attendance
- The Investors in People Group met once and achieved 75% attendance

4.2 During the year the Audit and Risk Group looked at organisational performance management and financial control; the risk management policy for Investment; management of Employer Ownership risks; Investment managmment; risk management policy and annual assurance. The group also provided an Audit and Risk Group report on their work undertaken during the year, as well as providing assurance to SMG in relation to the Annual Report and Accounts.

4.3 The Strategic Management Group looked at the quarterly performance management reports; governance processes; Commissioner recruitment and appointments, procurement approvals; pay and bonus; communications strategy; resourcing and risk mitigation, as well as approving the Annual Report and Accounts on behalf of the Commission.

4.4 The Investment Group discussed investment performance, management and reporting; evaluation of the employer Investment and the Growth and Innovation Funds; and Employer Ownership Pilots Round 1 and 2.

4.5 The Investors in People Group discussed delivery centre relicensing; marketing strategy; Investors in People progress; IT Roadmap; and asset strategy.

4.6 Last year, in accordance with good practice, Commissioners met for their annual session without the Executive to consider the effectiveness of the UK Commission. The chairman fed back to the chief executive on the outcome of these discussions. The Commission also undertakes an independent board effectiveness review every three years and the next is due to take place in 2013.

4.7 Over the year the Commission has continued to develop and enhance its information and performance reporting to meet the needs of the governance groups both in terms of timeliness, data quality and presentation.

4.8 The corporate governance of the organisation was carried out in compliance with the Corporate Governance Code.

5. How the Organisation Manages and Assesses its Risks

5.1 The UK Commission, with the support of the Strategic Management Group, leads effective risk management by agreeing the organisation's direction, focus and risk appetite. This is designed to encourage appropriate well-managed risk taking, to maximise the effectiveness and impact of the UK Commission and make the most of opportunities to deliver greater benefits.

5.2 The risk management approach is defined and embedded via a formal Risk Management Policy and Process Guide which defines the UK Commission's risk appetite and how the risks are assessed in terms of impact and likelihood. The appetite is designed to identify and prioritise the risks to the achievement of its objectives and is determined according to the categorisation of risk impact. It details the risk appetite for that category and gives guidance on the highest level of risk acceptable for that category of impact.

5.3 The risk management process supports an overall Strategic Risk Register, along with Operational Risk Registers.

5.4 The Commission has delegated the oversight of the organisation's risks to:

- the Strategic Management Group, who has responsibility for overseeing, on a quarterly basis, the management of risks within the strategic risk register; escalated business plan outcome/asset risks from the operational risk registers; and for approving any changes to the Risk Management Policy.

- the Audit and Risk Group, who provide assurance over controls and management of the system of risk management. The Audit and Risk Group takes a thematic approach to the review of the organisation's top strategic risks, mitigations and assurance to ensure that the key risks are reviewed in a more in-depth, holistic manner.

6 The Organisation's Risk Assessment

6.1 The UK Commission's Strategic risks which were outside of risk appetite in year were as follows:

Risk description	Cause of risk occurring	Consequence if risk materialises	Mitigating actions in place to reduce risk
Failure to operationalise Employer Ownership	Joint decision-making is too slow and does not align with employer's needs. Operational contracting /delivery management processes/ resources/ capabilities are sub-optimal	Reputational damage, employer confidence in program diminishes, impact is lost	Provided additional resource to help BIS to process round 1 bids. Work with BIS to change arrangements for second pilot to make it more efficient. A Memorandum of Understanding with BIS and the SFA on the respective roles and responsivbilities has been agreed

Risk description	**Cause of risk occurring**	**Consequence if risk materialises**	**Mitigating actions in place to reduce risk**
Employer Investment Fund and Growth and Innovation Fund investments fail to demonstrate impact	Lack of quality proposals, projects do not deliver in line with plans, projects take too long to realise impact or we don't indentify the impact properly/fully.	Employer Networks and Sectors have lost the opportunity to develop bespoke best market solutions and fail to achieve impact. Commissioners /employers/ politicians reduce commitment to business plan.	Detailed assessment of bids and due diligence. Formal evaluation is part of the contract requirement, investment monitoring arrangements in place
The UK Commission fails to demonstrate sufficient added value of its leadership role in the investment process	Not seen to be adding value to the investment process, investment decisions are challenged by partners, insufficient co-ordination with key partners, wrong projects supported. Incorrect perceptions by some stakeholders re cost of Investment process.	Risk that organisation does not pass Triennial review	Focuses on ensuring process is robust and assessment identifies those opportunities have the potential for the greatest impact. And communicate this approach to stakeholders.
Single team approach fails to embed	Don't take our people with us; don't deploy resources in a flexible and responsive manner, capability/skills mismatch. Capability of management & Leadership is out sufficient to match the role/remit.	Organisation fails to deliver on priorities effectively	Focus on people manager development & behaviours. Continuing Senior Management engagement to ensure culture of matrix working is embedded across organisation. 'Single team' objective for Senior Management team. CEO monthly review of staff resourcing & allocation with Home Team leads
As we look further into the future there is a risk that the capability gap will become wider in terms of ability to deliver our business plan/remit	We don't acknowledge/act in response to the extra stretch required to continuously improve/innovate/be forward thinking	Organisation fails to deliver on priorities effectively	Actively prioritise our workload and staff resource allocation to maximise our impact where we can. Bring in secondees and extend use of Associate pool and Research Fellows. Focus on staff development, including Action Learning Sets. Bring in more graduates and apprentices ('Grow our own' approach).

7 **Data Security**

All data is held centrally on a server and any held on laptop hard drives is encrypted and adequately protected with Becrypt (level 3 security encryption, endorsed by CESG). There have been no significant lapses of data security during the last year.

8 **Transparency**

The UK Commission has followed the Cabinet Office data publishing requirements in relation to the Government's data transparency agenda and has gained assurance that the UK Commission's activities and controls in this area are operating sufficiently effectively as part of the internal audit reviews carried out in the year.

9 **Tax Compliance**

During the year BIS initiated a tax policy to ensure that all BIS partner organisations that have off-payroll appointees are compliant in relation to the payment of tax. The UK Commission has reviewed those individuals who could fall under this definition and has ensured that all relevant individuals have contractual clauses that require them to pay appropriate UK taxes as a condition of contract.

10 **Review of effectiveness**

10.1 As Accounting Officer and Chief Executive Officer, I have responsibility for conducting an annual review of the effectiveness of the system of the organisation's governance, risk management and internal control.

10.2 This review is informed by the work of the Executive Team within the organisation, who have responsibility for the development and maintenance of the governance structures, internal control framework, and the assurance of those controls provided by:

- the Annual Report of the Audit and Risk Group,
- our internal auditors through their programme of reviews, including reviews of the systems of governance, management and risk assessment controls which were undertaken in the year.
- comments made by the external auditors in their management letter
- other reports where relevant.

10.3 The UK Commission obtained assurance from the Audit and Risk Group, in its Annual Report, that suitable controls are in place through assurance provided to both the Audit and Risk Group and the Executive Team from a number of sources including:

- the outcome of a programme of 9 internal audit reviews undertaken in the year;
- annual external audit feedback;
- relevant stakeholder and sponsor feedback including relevant BIS audits;
- relevant internal control reviews including a VAT review;
- the Security Risk Management Overview Annual Report; and
- audit reports on the organisations we are investing EIF or GIF funds in.

10.4 The internal audit opinion was that sufficient internal audit work has been undertaken to allow them to draw a reasonable conclusion as to the adequacy and effectiveness of the UK Commission's risk management, governance and control processes.

10.5 The Governance Statement represents the end product of the review of the effectiveness of the governance framework, risk management and internal control. The Audit and Risk Group provide an annual report to the UK Commission on internal controls, governance, and risk management approach and assurances.

10.6 There have been no significant governance or internal control issues raised during the financial year, nor has there been any material financial loss reported. Further assurance on internal control was obtained in a report undertaken by Deloitte on behalf of BIS during the year.

An internal audit review on managing the risk of financial loss was also undertaken in 2012. No significant gaps in our controls were identified.

10.7 I have been advised on the implications of the result of the review of the effectiveness of the system of governance including internal control and risk management by the Commissioner's Audit and Risk Group through its annual report.

10.8 I have considered the evidence provided with regard to the production of the Annual Governance Statement. The conclusion of the review is that there is a sound system of governance and internal control; and that the UK Commission for Employment and Skills' business has been conducted in accordance with *Managing Public Money.*

Michael Davis	**28 June 2013**
Chief Executive	Date

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

Registered Company number 6425800

I certify that I have audited the financial statements of the UK Commission for Employment and Skills for the year ended 31 March 2013 under the Government Resources and Accounts Act 2000. The financial statements comprise the Statement of Comprehensive Net Expenditure, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as adopted by the European Union. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the directors and the auditor

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

Scope of the audit of the financial statements

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

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

Opinion on regularity

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

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2013 and of its net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by European Union; and
- the financial statements have been prepared in accordance with the Companies Act 2006.

Opinion on other matters

In my opinion:

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

Matters on which I report by exception

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

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

Report

I have no observations to make on these financial statements.

Amyas C E Morse **Date 2 July 2013**

Comptroller and Auditor General

National Audit Office

157-197 Buckingham Palace Road

Victoria

London

SW1W 9SP

Registered Company Number 6425800

Statement of Comprehensive Net Expenditure

	Note	For the year ended 31 March 2013 £000's	£000's	For the year ended 31 March 2012 £000's	£000's
Expenditure					
Partner Programe funding	4	49,343		51,044	
Direct programme Spend	5	6,117		6,238	
Admin pay costs	6	4,399		3,781	
Non-pay Admin costs	7	2,293		2,137	
Depreciation and amortisation	8	207		294	
			(62,359)		(63,494)
Income					
Other grants and income	2		255		518
Net expenditure			**(62,104)**		**(62,976)**
Net expenditure after interest and taxation			**(62,104)**		**(62,976)**

There were no recognised gains or losses other than the net expenditure for the year.
All operations were continuing.
The accompanying accounting policies and notes form an integral part of these financial statements.

Registered Company Number 6425800

Statement of Financial Position

		As at 31 March 2013		As at 31 March 2012	
	Note	**£000's**	**£000's**	**£000's**	**£000's**
Non-current assets					
Property, plant and equipment	8	387		402	
Intangible assets	8	227		252	
Total non-current assets			**614**		**654**
Current assets					
Trade and other receivables	9	483		356	
Cash and cash equivalents		1,090		1,387	
Total current assets			**1,573**		**1,743**
Total assets			**2,187**		**2,397**
Current liabilities					
Trade and other payables	10	(7,825)		(6,760)	
Total current liabilities			**(7,825)**		**(6,760)**
Assets less liabilities			**(5,638)**		**(4,363)**
General reserves			**(5,638)**		**(4,363)**

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

The financial statements were approved by the Board of Directors on 28 June 2013.

M Davis
Chief Executive

Sir C Mayfield
Chair

Registered Company Number 6425800

Statement of Cash Flows

	Note	For the year ended 31 March 2013 £000's	£000's	For the year ended 31 March 2012 £000's	£000's
Net cash outflow from operating activities					
Cashflows from operating activities					
Net expenditure			(62,104)		(62,976)
Adjustment for non-cash transactions		290		306	
(Increase) / Decrease in trade and other receivables		(126)		(146)	
Increase / (Decrease) in trade and other payables		1,065		(1,027)	
			1,229		(868)
Cash generated from operations			**(60,875)**		**(63,843)**
Cashflows from investing activites					
Purchase of tangible fixed assets		(189)		(117)	
Purchase of intangible assets		(62)		(118)	
Net cash outflow from capital expenditure			(251)		(235)
Cashflows from financing activities					
Receipt of Grant-In-Aid funding	3		60,829		65,461
Increase/(decrease) in cash and cash equivalents			**(297)**		**1,383**
Cash and cash equivalents at the beginning of the period			**1,387**		**4**
Cash and cash equivalents at the end of the period			**1,090**		**1,387**

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

Registered Company Number 6425800

Statement of Changes in Taxpayers' Equity

			For the year ended 31 March 2013		For the year ended 31 March 2012
			General Reserves		General Reserves
	Notes	£000's	£000's	£000's	£000's
At start of period			**(4,363)**		**(6,848)**
Changes in reserves in the period					
Net Expenditure after interest and taxation		(62,104)		(62,976)	
Total recognised income and expense in the period			**(62,104)**		**(62,976)**
Grant-In-Aid financing	3		60,829		65,461
At end of period			**(5,638)**		**(4,363)**

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

Notes to the Accounts

1. Accounting Policies

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

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

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

The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the UK Commission for the purpose of giving a true and fair view has been selected. The particular accounting policies adopted are described below. They have been consistently applied in dealing with items considered material in relation to the accounts.

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

Going concern
The accounts have been prepared on the going concern basis, which assumes that the UK Commission's activities will continue in operational existence for the foreseeable future. The validity of this assumption is dependent upon the continuation of support from the UK Commission's funder and in response to the progress made by the UK Commission in obtaining future funding confirmation. In the light of the Grant-in-Aid resource budget allocation provided by Government in the Grant-in-Aid letter for 2012-13, the Directors are comfortable that it will have sufficient cash to pay its liabilities as they fall due.

Segmental reporting
The UK Commission's expenditure is analysed, at the highest level of reporting, by segments which align with the categories of expenditure shown in the UK Commission's Grant-in-Aid letter. The expenditure budget is ring-fenced between spending on the costs of running the organisation and the costs of deliverying its programmes of work.

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

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

The main source of income is generated from the Investors in People Delivery Centres and royalty fees for Investors in People publications. The UK Commission has a licence from Government to use the Investor in People Standard to operate a business for which it charges licence fees to delivery

1. Accounting Policies (continued)

partners. Investor in People income is recognised in the accounting period in which the services and products are rendered, when it is probable that the economic benefits will flow to the UK Commission and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable for the sale of services and products, net of VAT.

Charging policy
The UK Commission is the guardian and champion of the Investors in People brand and range of products and services. It implements the Investors in People Framework in the United Kingdom through a network of licensed Investors in People Delivery Partners for which the Delivery Partners are charged a fee in return for the right to use of the Investors in People intellectual property.

Foreign currency translation

(a) Functional and presentation currency
The financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the UK Commission operates.

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

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

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

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

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

The total payments made under operating leases are charged to the Statement of Comprehensive Net Expenditure on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.
Where property, plant and equipment have been financed by lease agreements under which substantially all the risks and rewards of ownership are transferred to the UK Commission, they are treated as if they have been purchased outright and classified as finance leases. Finance leases are capitalised at the commencement of the lease at the lower of the present value of the minimum lease payments or the fair value of the leased asset. Finance charges payable are recognised over the period of the lease based on the interest rate implicit in the lease to give a consistent periodic rate of return.

1. Accounting Policies (continued)

Intangible assets

Intangible assets are stated at the amortised historic cost as a proxy for fair value and are reviewed annually for impairment.

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

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

Software licences are amortised on a straight-line basis over the shorter of the licence and the useful economic life of three years. Software development costs are not depreciated until the software has gone live.

Property, Plant and Equipment

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

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

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

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

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

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each Statement of Financial Position date.

Impairment of non-current assets

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

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

1. Accounting Policies (continued)

Contributions to pension fund

Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme which are described in Note 6. The defined benefit element of the scheme is unfunded and is non-contributory. The UK Commission recognises the expected cost of this element on a systematic and rational basis over the period during which it benefits from employees' services by payment to the Principal Civil Service Pension Scheme (PCSPS) of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS.

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

Financial instruments

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

Financial assets

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

Loans and receivables

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

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

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

Prepayments and other receivables held by the UK Commission as at 31 March 2013 are stated at cost less allowances made for doubtful receivables, where applicable, which approximates fair value given the short dated nature of these assets.

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

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand.
The cash balances are all held in Government Banking Service accounts.

1. Accounting Policies (continued)

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

Financial liabilities
Financial liabilities held by the UK Commission are classified as financial liabilities measured at amortised cost. Financial liabilities measured at amortised cost are initially measured at fair value, net of transaction costs, and subsequently measured at amortised cost using the effective interest method. The UK Commission’s financial liabilities comprise trade payables, other payables, accruals and deferred income.

All financial liabilities held by the UK Commission as at 31 March 2013 are short-term in nature and are held at cost. The Directors consider the carrying value of these financial liabilities to be a reasonable approximation of their fair value.

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

Period Covered By Financial Statements
This set of accounts covers the twelve months period to 31 March 2013.

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

- the useful lives and expected pattern of consumption of the future service potential embodied in non-current assets
- the fair value of non-current assets; and
- the fair value of financial assets and financial liabilities.

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

1. Accounting Policies (continued)

New standards, amendments and interpretations not yet effective
The following standard was in issue but not yet effective and has not been adopted in these financial statements:

- IAS 9 – Financial Instruments. This standard is in three phases and addresses classification and measurement issues, impairments and hedge accounting. The standard is effective for periods commencing on or after 1 January 2015. The Directors do not believe this revision will have a significant impact on the UK Commission.

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

General Reserves
Clause 4 of the Memorandum of Association of the company requires that the income of the company be applied solely towards the promotion of the objectives of the company and prohibits its distribution directly or indirectly, by way of a dividend, bonus or otherwise by way of profit to the members of the company provided that nothing shall prevent the company from making payment in good faith at a reasonable proper rate to any member, officer or servant of the company in respect of remuneration for services rendered, interest on monies lent, rent for premises demised or reimbursement of out-of-pocket expenses.

Liabilities of members
Under Clause 5 of the Memorandum of Association all members undertake to contribute to the assets of the company such an amount as may be required, not exceeding £1, in the event of it being wound up during the period of membership and within one year afterwards.

2. Other grants and income

	For the year ended 31 March 2013 £000's	For the year ended 31 March 2012 £000's
IiP License Income	245	518
Other	10	-
	255	518

3. Grant-In-Aid

	For the year ended 31 March 2013 £000's	For the year ended 31 March 2012 £000's
Grant-In-Aid received:		
From BIS on behalf of Government co-sponsors	60,829	65,461
NOS Levy received from QCA from prior year	-	22
	60,829	65,483
Less: Grant-in-Aid allocated to finance Statement of Financial Position Items:		
NOS Levy received from QCA from prior year	-	(22)
Transfer to general reserves	60,829	65,461

4. Partner Programe Funding

	For the year ended 31 March 2013 £000's	For the year ended 31 March 2012 £000's
Strategic core funding of Sector Skills bodies	-	39,884
Investment funding:		
- Employer Investment Fund	36,075	5,513
- Growth and Innovation Fund	8,727	3,101
Standards and Frameworks delivery funding	4,413	1,328
Other Grant funding	128	1,218
Total	49,343	51,044

The 2011-12 expenditure has been reanalysed compared to the analysis in the 2011-12 accounts to align it to the business plan 'asset' categories and investment fund definitions that are now being used from 2012-13 onwards to provide greater clarity and comparability.

5. Direct Programme Spend

	For the year ended 31 March 2013 £000's	For the year ended 31 March 2012 £000's
Direct spend by Business Plan Asset/Outcome:		
- Research	2,726	2,940
- Investment	139	211
- Investors In People	813	863
- Standards and Frameworks	125	228
- Comissioner Insights	131	239
- Business plan Outcomes direct spend	350	104
- Other	-	2
Frontline delivery staff costs (Research staff and Core IIP Staff)[1]	1,833	1,651
Total	6,117	6,238

The 2011-12 expenditure has been reanalysed compared to the analysis in the 2011-12 accounts to align it to the business plan 'asset' categories that are now being used from 2012-13 onwards to provide greater clarity and comparability.

[1] In 2012-13 we carried out a review of staff costs classifications in the light of HM Treasury's guidelines. As a result of this review Research and IIP core staff are classified as programme costs as opposed to administration-related costs. This change has been reflected in these accounts for 2012-13 and the prior year figures.

6. Admin Pay Costs

	For the year ended 31 March 2013 £000's	For the year ended 31 March 2012 £000's
Salaries[1]	4,804	4,144
Social security costs	425	397
Other pension costs	774	779
Inward secondees and temporary staff[2]	72	(32)
Less frontline delivery staff costs allocated to programme[3]	(1,676)	(1,507)
Total	4,399	3,781

[1] Included in the 2012-13 salaries figure is the £696k cost of the Voluntary Exits that were agreed at the end of 2012-13. In 2011-12 the cost of the voluntary exits included in the salary line was £104k. Additionally, included in the 2011-12 salaries figure is an extra-contractual payment of £12k. Refer to note 17 Losses and Special Payments for details.
[2] The negative charge in the year 2011-12 is attributable to an expense accrual brought forward from 2010-11 relating to an inward secondee. The accrual was reversed in 2011-12 after receiving confirmation that the UK Commission would not be charged.
[3] In 2012-13 we carried out a review of staff costs classifications in the light of HM Treasury's guidelines. As a result of this review Research and IIP core staff are classified as programme costs as opposed to administration-related costs. This change has been reflected in these accounts for 2012-13 and the prior year figures.

Average number of employees during the year were as follows:

	For the year ended 31 March 2013 FTEs	For the year ended 31 March 2012 FTEs
Company Directors (Chief Executive)	1.0	1.0
Direct employees	102.2	99.3
Agency staff	0.4	-
Inward Seconded staff	0.5	1.0
Total	104.1	101.3

Pension contributions
Principal Civil Service Pension Scheme (PCSPS)
Staff are registered under the Principal Civil Service Pension Scheme (PCSPS).
The PCSPS is an unfunded multi-employer defined benefit scheme. Contributions on a "pay as you go" basis are credited to the exchequer under arrangements governed by the Superannuation Act 1972. The company is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the company has accounted for its contributions as if it were a defined contribution scheme. The pensions cost is assessed every four years in accordance with the advice of the Government actuary.

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

Total contributions to the scheme in the year were £773k (2011-12: £779k).

Partnership Pension Account
Employees can opt to open a partnership account, a stakeholder pension with an employer contribution.The employer makes a basic contribution of between 10 percent and 25 percent (depending on the terms of their employee contract agreements) into a stakeholder pension product chosen by the employee.

Total contributions to the scheme in the year were £1k (2011-12: nil).

6. Admin Pay Costs (continued)

Civil Service and Other Compensation Schemes

Exit package cost £000's	Number of staff for the year ended 31 March 2013	Number of staff for the year ended 31 March 2012
0-10	-	-
10-25	5	2
25-50	3	2
50-100	3	-
100-150	1	-
150-200	1	-
Total	13	4

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for at the point when the exit has been agreed by both the UK Commission and the member of staff. As at 31 March 2013, there were 2 staff exits agreed and exited in 2012-13 and 11 exits agreed but with exit dates in 2013-14. The total costs of the exit packages agreed in 12-13 were £696k (2011-12: £104k).

Where UKCES has agreed early retirements, the additional costs are met by UKCES and not by the Civil Service Pension Scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

7. Non-Pay Admin Costs

	For the year ended 31 March 2013 £000's	For the year ended 31 March 2012 £000's
Staff Development & Other Staff Costs	348	148
Travel & Subsistence	677	607
Meetings, Conferences & Events	67	85
Printing, Stationery & Advertising	30	44
Equipment & Systems	242	214
Communication Charges	111	116
Professional & Recruitment Fees	302	220
Accommodation & Facilities	597	834
Fixed assets written off	83	12
Financing & Bank Charges & Other[1]	(7)	1
Less frontline delivery staff overheads charged to programme[3]	(157)	(144)
Total	2,293	2,137
Of which the following items are included;		
Auditors remuneration – external audit	37	39
Operating lease rentals – buildings[2]	214	463
Operating lease rentals – other	7	16
Total	258	518

Financing & Bank Charges & Other , the other element for 2012-13 relates to a refund from HMRC in relation to the prior year.

[2] The 2012-13 is lower than 2011-12 mainly as a result of an over-.accrual made in 2011-12.

[3] In 2012-13 we carried out a review of staff costs classifications in the light of HM Treasury's guidelines. As a result of this review Research and IIP core staff are classified as programme costs as opposed to administration-related costs. This change has been reflected in these accounts for 2012-13 and the prior year figures.

8. Non-current assets

Property, plant and equipment

For the year ended 31 March 2013

	Equipment £000's	Information Technology £000's	Furniture and Fittings £000's	Leasehold Improvements £000's	Total £000's
Cost					
At 1 April 2012	4	907	194	-	1,105
Additions	-	164	2	23	189
Assets written off	(4)	-	(184)	-	(188)
At 31 March 2013	-	1,071	12	23	1,106
Depreciation					
At 1 April 2012	3	617	83	-	703
Charge for the year	-	91	30	-	121
Eliminated on assets write off	(3)	-	(102)	-	(105)
At 31 March 2013	-	708	11	-	719
Net book amount					
At 31 March 2013	-	363	1	23	387

For the year ended 31 March 2012

	Equipment £000's	Information Technology £000's	Furniture and Fittings £000's	Leasehold Improvements £000's	Total £000's
Cost					
At 1 April 2011	4	791	252	-	1,047
Additions	-	116	1	-	117
Assets written off	-	-	(59)	-	(59)
At 31 March 2012	4	907	194	-	1,105
Depreciation					
At 1 April 2011	2	435	105	-	542
Charge for the year	1	182	25	-	208
Eliminated on assets write off	-	-	(47)	-	(47)
At 31 March 2012	3	617	83	-	703
Net book amount					
At 31 March 2012	1	290	111	-	402

8. Non-current assets (continued)

Intangible Assets at 31 March 2013	Software under development £000's	Software £000's	Total £000's
Cost			
At 1 April 2012	-	444	444
Additions	20	42	62
At 31 March 2013	20	486	506
Amortisation			
At 1 April 2012	-	193	193
Provided in the year	-	86	86
At 31 March 2013	-	279	279
Closing net book amount at 31 March 2013	20	207	227

Intangible assets at 31 March 2012	Software under development £000's	Software £000's	Total £000's
Cost			
At 1 April 2011	-	327	327
Additions	-	118	118
Assets written off			
At 31 March 2012	-	445	445
Amortisation			
At 1 April 2011	-	107	107
Provided in the year	-	86	86
Eliminated on Assets write off			
At 31 March 2012	-	193	193
Closing net book amount at 31 March 2012	-	252	252

9. Trade and other receivables

	At 31 March 2013 £000's	At 31 March 2012 £000's
Prepayments	429	189
Trade receivables	3	60
VAT	51	107
Total	483	356
Of which:		
Balances With central Goverment	51	107
Balances with Other Goverment Bodies	295	-
Balances with bodies external to Goverment	137	249
Total	483	356

10. Trade and other payables

Amounts falling within one year:

	At 31 March 2013 £000's	At 31 March 2012 £000's
Trade payables	1,217	1,248
Accruals – Sector Skills Councils & Other sector bodies[1]	4,625	3,481
Staff Related Accruals – Untaken leave	95	134
– Bonus accrual	190	190
– Voluntary exit cost accrual	669	62
Accruals – Other	1,029	1,645
Total	7,825	6,760
Of which:		
Owing to Central Government	-	-
Owing to Other Government Bodies	29	591
Owing to bodies external to Goverment	7,796	6,169
Total	7,825	6,760

[1]Accruals in relation to Sector Skills Councils and other funded bodies are for contracted milestones with a delivery date on or before 31 March 2013.

Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade payables is 8.4 days (2011-12: 7). The UK Commission has financial risk management policies in place to ensure that all payables are paid within the internal credit timeframe.

Accruals for untaken leave are calculated based on employee leave days outstanding as at 31 March 2013.

11. Contingent liabilities disclosed under IAS 37

The company had no contingent liabilities at 31 March 2013 or 31 March 2012.

12. Financial instruments

As the cash requirements of UKCES are met through Grant-in-Aid provided by BIS, Financial instruments play a more limited role in creating and managing risk than would apply to a non-public body. The majority of financial instruments relate to contracts to buy non financial items in line with the UKCES's expected purchase and usage requirements and the UKCES is therefore exposed to little credit, liquidty or market risk.

13. Capital commitments

There has been no capital expenditure committed and contracted as at 31 March 2013 (31 March 2012: nil).

14. Insurance

With the exception of third party insurance required by the Road Traffic Acts and any others which are statutory or contractual obligations, the organisation follows the usual rules for public bodies of non-insurance. The organisation is indemnified by the Department for Business, Innovation and Skills, (BIS) in respect of the Employer's liability insurance.

15. Commitments under leases

Operating lease payments amounting to £221k (2011-12: £479k) were recognised as an expense during the year. Total future minimum lease payments under operating leases are given in the table below for each of the following periods.

	Buildings[1] 2013 £000's	Other 2013 £000's	Buildings[1] 2012 £000's	Other 2012 £000's
In one year or less	292	27	263	7
Between two and five years	388	2	199	12
Greater than five years	-	-	-	-
Total	680	29	462	19

[1]The operating leases relate to the Memorandum of Terms of Occupation (MOTO) agreements in relation to the rental of the Wath Office located at Renaissance House, Adwick Park in Wath-upon-Dearne and the rental for the London office space in Sanctuary Buildings, London.

Both Renaissance House and Sanctuary Buildings MOTO agreements form part of the Civil Estate Occupancy Agreement for Crown Bodies (CEOA).

The MOTO for Renaissance House runs up to 16 December 2017 and can be terminated by the UKCES with effect from 1st April 2015, upon serving 12 months notice. The MOTO for Sanctuary Buildings runs up to 27th September 2017 with both parties having the option to terminate the agreement on 1st October 2015 upon serving 12 months notice.

16. Losses and special payments

	For the 12 months to 31 March 2013 £000's	For the 12 months to 31 March 2012 £000's
Losses and special payments total value:	-	12
Transactions included in the figure above exceeding £1,000:		
Extra-contractual payment made in relation to a voluntary exit based on legal advice received	-	12

17. Transactions with related parties

The UK Commission is a NDPB funded by BIS and is regarded as a related party. Funding for the current year comprised Grant-In-Aid (£60,829k).

In addition the Wath Office located at Renaissance House is rented by way of separate Memorandum of Terms of Occupation (MOTO) agreements with BIS. During the year the UK Commission made Total rental payments for the year including rates and service charges amounted to £182k. Details of this rental arrangement is on Note 15 Commitments under leases.

During the year the UK Commission also entered into transactions with other organisations that can be considered as related because of the nature of the involvement of Commissioners. The table below details the most material transactions and the relationship of the organisations to the UK Commission. All were arms length transactions carried out in the normal course of business, were competitively let and were administered in accordance with the UK Commission's conflict of interest policy. The involvement of Commissioners for each relationship is noted against each party where relevant.

17. Transactions with related parties (continued)

For the year ended 31 March 2013

Director	UKCES Role/ Relationship	Related Organisation Role/ Relationship	Related Organisation	Transaction	Value included in accounts £000's	Amount yet to be paid at 31 March 2013 £000's
David Fairhurst[1]	Director	Chairman	People 1st	Employer Investment Fund project funding	5,402	370
Gail Cartmail[1]	Director	Council member				
James Wates CBE[1]	Director	Chairman	CITB - Construction Skills[2]	Employer Investment Fund project funding	1,225	29
Trevor Matthews[1]	Director	Chairman	Financial Skills Partnership	Employer Investment Fund project funding and transition funding	1,668	422
John Cridland CBE	Director	Director	Business in The Community (BITC)	Research case studies and membership fees	236	236
Tony Lau-Walker CBE[3]	Director	Council Member	Learning and Skills Improvement Service (LSIS)[2]	Universal Services contract	112	-

[1] These Directors are excluded from any Commission decisions affecting individual EIF or GIF investment funding decisions.
[2] There is a related party relationship as a Government body as well as in relation to having common Directorship.
[3] Tony Lau-Walker CBE was not involved in the decision to award this contract to LSIS.

18. Events after the Reporting Period

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

Authorised for issue
The financial statements were authorised for issue on 2 July 2013.

Legal and Administrative Details

Company registration number:	06425800
Registered office:	Renaissance House, Adwick Park Wath-upon-Dearne, South Yorkshire S63 5NB
Company Secretary:	Kay Dickinson (until 17/05/13)
Bankers:	H M Paymaster General
Auditors:	Comptroller and Auditor General National Audit Office 157-197 Buckingham Palace Road Victoria, London, SW1W 9SP

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

Directors
The directors in office during the year are listed below:

Name	Date of appointment	Actual resignation date
Executive Directors		
Michael Davis	03/01/11	
Sir Charlie Mayfield	16/11/10	
Non Executive Directors		
Sir Brendan Barber	01/04/08	10/12/12
David Prentis	01/04/08	
Dr Bill McGinnis CBE, DL	01/10/08	
Grahame Smith	01/04/08	
Jeremy Anderson CBE	01/04/08	
James Wates CBE	01/04/09	
Julie Kenny CBE, DL	01/04/08	
Liz Sayce OBE	01/04/08	
Lord Victor Adebowale CBE	01/04/08	
Valerie Todd	01/04/08	
Nigel Whitehead	01/04/09	
Lucy Adams	17/05/11	
Professor John Coyne	17/05/11	
John Cridland CBE	17/05/11	
Sean Taggart	17/05/11	
David Fairhurst	21/07/11	
Deirdre Hughes OBE	21/07/11	
Tony Lau-Walker CBE	21/07/11	
Trevor Matthews	21/07/11	30/04/13
Seyi Obakin	21/07/11	
Paul McKelvie OBE	01/04/12	
Scott Waddington	01/04/12	
Neil McLean	01/05/12	30/04/13
Gail Cartmail	01/05/12	
Toby Peyton-Jones	01/05/12	
Scott Johnson	01/05/12	
Frances O'Grady	22/01/13	

Commissioner biographies

Sir Charlie Mayfield - Chairman

Sir Charlie Mayfield was appointed as UK Commission Chairman in November 2010 and received a knighthood in June 2013 for services to business. Sir Charlie became the John Lewis Partnership's fifth Chairman in March 2007. He joined the Partnership in 2000 as Head of Business Development, responsible for business strategy and development for both John Lewis and Waitrose. Sir Charlie joined the Board as Development Director in 2001 and was responsible for developing the Partnership's online strategy. He became Managing Director of John Lewis in January 2005 prior to taking up his appointment as Chairman of the Partnership in March 2007.

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

Michael Davis – Chief Executive

Michael Davis is the Chief Executive of the UK Commission for Employment and Skills. He previously held the position of the Commission's Director of Strategy and Performance.

Before joining the UK Commission, Michael was the Managing Director of CFE. Michael led CFE from a start up to becoming a national specialist in policy for skills, employment and economic development.

Previously, Michael was Chairman of Lastolite Ltd., a leading manufacturer of backgrounds and lighting control systems for the photo and video industry, and Chairman of Leicester College.

Michael holds a BA (Hons) in Economics from Lancaster University.

Lucy Adams
Director of Business Operations, BBC

Lucy joined the BBC as Director, BBC People in 2009. She is responsible for the full range of HR functions including training and development, resourcing, employee relations, reward, organisation design and change management. She is also responsible for the BBC's outsourced HR services. Her role recently expanded to Director, Business Operations to include BBC Workplace who are responsible for running the BBC's property portfolio and Business Continuity and Safety.

Lucy was previously Director of HR at the international legal firm Eversheds LLP. Prior to that she spent nine years at Serco Group plc, starting as Change Director in the Rail Division before becoming the Group HR Director in 2004.

Lord Victor Adebowale CBE
Chief Executive, Turning Point

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

Victor is a non-executive member of the NHS Commissioning Board, was formerly on the Boards of the Audit Commission, and the National School of Government and is a Fellow of the Sunningdale Institute. He is President of the International Association of Philosophy and Psychiatry, Victor is Chancellor and a visiting Professor of Lincoln University.

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

Jeremy Anderson CBE
Chairman, Global Financial Services KPMG LLP

In Jeremy's capacity as Chairman of KPMG's Global Financial Services practice he is frequently travelling the world speaking to clients, regulators and policymakers. This enables him to bring a wide and practical perspective to discussions on key financial, regulatory, operational and corporate governance issues.

Jeremy has spent 30 years working with the banking and insurance industry in an advisory capacity, involved with strategy, risk management, governance, IT, operational transformation, payments, mergers and bank restructuring. He has worked extensively with major banks to help them execute global programmes as they deal with the challenges of a fast changing global market. During this time he has worked with clients across Europe, the United States and Asia Pacific.

During the early stages of the current financial crisis he led the KPMG team which helped stablise and then evaluate plans for the restructuring and future direction of Northern Rock bank in the UK.

Jeremy joined KPMG's Financial Sector Consulting Group in 1985 after 5 years in the IT industry. In 1998 Jeremy was appointed Deputy CEO, later CEO, of KPMG Consulting in the UK. Jeremy became a member of Atos Origin S.A.'s Group Management Board when it acquired KPMG Consulting in 2002. He returned to KPMG in October 2004, to lead the firm's UK Financial Services practice, taking European leadership responsibilities in 2006 and Global leadership in 2010.

Jeremy is a former Chairman of the UK National Employment Panel. He was awarded a CBE in 2005 for his services to employment.

Sir Brendan Barber
General Secretary of the TUC

Sir Brendan joined the TUC in 1975, and was appointed Deputy General Secretary in 1993. He was elected General Secretary in 2003 and has served on a number of public bodies, including the ACAS Council. He is currently a member of the Court of Directors of the Bank of England. Sir Brendan's term as a Commissioner ended with his retirement from the TUC in December 2012.

Gail Cartmail
Assistant General Secretary (AGS), Unite the Union

Gail's main role is to lead the union's construction, energy, finance and public service teams, campaigning for better terms and conditions for members in that sector.

In the past, she has represented members from a range of sectors, including manufacturing. Before becoming the AGS for public services, she worked for the union in a range of other roles, including Head of Health from 2003 to 2005, when she was closely involved in negotiating the new national agreement, Agenda for Change.

Professor John Coyne
Vice Chancellor, University of Derby

Professor John Coyne has been Vice-Chancellor of the University of Derby since 2004. His entire career has been in the East Midlands, commencing at Nottingham University from which he graduated in 1973 before spending seventeen years as an academic, Director of a Research Centre and Warden. He is an economist by original discipline but has spent the major part of his academic career concerned with business development, small firms, management buy-outs and new business creation.

He has led the University of Derby to more than a doubling of its size over the past 8 years and increased its profile nationally and regionally. The University of Derby has a growing reputation for high quality programmes, delivered by committed staff. It is student centred, learning led and committed to making a difference to the communities that it serves. The University has been shortlisted in recent years for 'University of the Year' and in 2010 won 'Leadership Team of the Year' at the Times Higher Education awards.

During his career John has also been involved in transnational education. He was responsible for the establishment of an institution in Indonesia in the 1990s and served on the board of Joint Ventures in Malaysia and South Africa where he served for three years as Chair.

John is currently Chair of the Employer Investment Fund committee at the UK Commission for Employment and Skills. He is also a director of Cfe Research and Consultancy Ltd, a company that specialises in the development of policy and application in the fields of enterprise, skills development, and the delivery of public services. He serves on many local bodies including the Chamber of Commerce, the Derby Renaissance Board, the Derbyshire Economic Partnership and the Local Enterprise Partnership.

John Cridland CBE
Director-General, CBI

As Director-General of the CBI, John Cridland is the key spokesman for the business community in the media, on public platforms and with the government. He leads the CBI – the voice of business - in the UK and represents it internationally. John was educated at Boston Grammar School and has an MA in History from Christ's College Cambridge. He joined the CBI as a policy adviser in 1982 and has been Director of Environmental Affairs and of Human Resources Policy. John was Deputy Director-General from 2000 to 2010. John is a Board member of Business in the Community and a member of the Council of Cranfield

University. He was Vice Chair of the National Learning and Skills Council between 2007-2010. He spent 10 years on the Low Pay Commission and the ACAS Council, and was also a member of the Commission on Environmental Markets and Economic Performance.

John is married with two teenage children and lives in Bedfordshire. He was awarded a CBE for services to business in 2006 and an Honorary Doctorate from the University of Lincoln in 2011.

David Fairhurst
Chief People Officer, McDonalds Europe

David is the Chief People Officer at McDonald's Europe with responsibility for all people strategies and practices for more than 6,900 restaurants employing over 375,000 people in 40 countries.

David has previously held Human Resources positions working for H J Heinz, SmithKline Beecham and Tesco. David is a Chartered Companion of the Chartered Institute of Personnel and Development where he is currently serving as its Vice President of Learning, Training and Development. He is the chairman of People 1st; a Fellow of the RSA; a Fellow of Lancaster University Business School; Chair of the Advisory Board to the Centre for Professional Personnel and Development (CPPD); and a Fellow of the Sunningdale Institute – a virtual academy of leading academics and thought leaders created to advise and advance public service.

In 2007, David was awarded an honorary doctorate in Business Administration by Manchester Metropolitan University Business School, where he is a Visiting Professor; and in 2010 he was awarded an honorary doctorate in Business Administration by Middlesex University Business School. David has also won various business awards including 'Most Influential Practitioner' by readers of HR Magazine for three consecutive years.

Dr Deirdre Hughes OBE
Chair of the National Council for Careers

Dr Deirdre Hughes is a policy adviser, academic researcher/writer, trainer and freelance consultant specialising in the impact of careers, employment and skills policies to support the development of jobs and growth. She is an Associate Fellow at the Institute for Employment Research (IER) Warwick University, and an Associate at the Centre for Educational Sociology, Edinburgh University.

Deirdre was awarded an OBE in 2012 in recognition of her services to career guidance.

Scott Johnson
Chief Executive, Chas Smith Group Ltd.

Scott Johnson is an experienced small and medium sized business practitioner in the construction sector. From his initial new start up business as a student, he has worked across the sector leading to his current role as co-owner of Hertfordshire-based Chas Smith Group Ltd.

In 2002, he was appointed by the Secretary of State for Trade & Industry to the Small Business Council, a post he held for five years. He has also been appointed to the Ministerial Advisory Panel on Skills and the Skills Funding Advisory Board to champion the needs of small businesses.

He is an active member of the Confederation of British Industry, sitting on their SME, Skills and Employment Policy Councils. He also currently represents small firms in the Better Regulation Strategy Group at the Department for Business, Innovation & Skills.

Julie A Kenny CBE, DL
Chairman and Chief Executive, Pyronix Limited

Julie Kenny founded Pyronix Limited in 1986 and is now Chairman and Chief Executive of the company, together with its parent company Secure Holdings Limited. Based in Rotherham, South Yorkshire, Pyronix manufactures an extensive range of electronic security equipment for intruder alarms.

For 20 years Julie has been involved in serving the business and wider communities and currently holds several regional and national positions. Julie is one of three Commissioners, appointed by Government, to oversee improvements of governance at Doncaster Metropolitan Borough Council; immediate past Chairman and Director of the British Security Industry Association; Chair of Governors at Maltby Academy; Sheffield Branch President of the NSPCC and sits on the Board of Creative Sheffield.

In recognition of her contribution to the region's business and industry, Julie was awarded a CBE in 2002 and an Honorary Doctorate from Sheffield Hallam University in 2006. In 2012, Julie won the Engineering and Manufacturing award at the First Women Awards and served as High Sheriff of South Yorkshire 2012-2013.

Julie had a successful career as a litigation lawyer in both local authority and private practice before changing direction and founding Pyronix.

Tony Lau-Walker CBE
Chief Executive Officer, Eastleigh College

Tony Lau-Walker is Chief Executive Officer of Eastleigh College, a General Further Education college supporting over 22,000 learners annually. With over 30 years' experience in vocational education, he sits as Chair of The Windsor Group of Colleges, which focus on collaborative work with employers to meet the training needs of large organisations. Tony was awarded a CBE in the Birthday Honours June 2013.

Trevor Matthews
Executive Director and Chairman Developed Markets, Aviva

Trevor Matthews joined Aviva in December 2011 as Chief Executive of Aviva UK and was also appointed to the Board of Aviva plc. In April 2012 Trevor was appointed Executive Director & Chairman, Developed Markets with responsibility for Canada, Italy and Spain. Trevor resigned as a Commissioner on 30 April 2013 when he returned to his native Australia.

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

Bill McGinnis was appointed as the Northern Ireland Adviser on Employment and Skills in October 2008. He has been Chair of the McAvoy Group Limited (off-site building solutions) since 2000.

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

Bill was awarded an OBE in 1997 and a CBE in the 2004 for his services to Northern Ireland Industry. In 2005 he was honoured as Marketer of the Year at the Chartered Institute of Marketing Awards. In 2008, he received an honorary doctorate from the University of Ulster. Bill holds an MSC from the University of Ulster.

Paul McKelvie OBE
Consultant

A training and development professional, Paul worked with ScottishPower between 1990 and 2007. He headed up ScottishPower Learning, a partnership between the company and its trade unions that helped train the company's employees; and improve the employability of young people in the community. Latterly, Paul was appointed to the broader role of Corporate Responsibility Director.

Since leaving ScottishPower, Paul has developed a portfolio career which includes Board Membership of the Scottish Funding Council (where he is Vice-Chair) and Skills Development Scotland. Paul is chair of their Joint Skills Committee.

Paul has his own consultancy which focuses on corporate responsibility and is also a member of the Goodison Group in Scotland Forum.

In 2005 Paul was awarded an OBE in the Queen's Birthday Honours List for services to lifelong learning in Scotland.

Neil McLean
Consultant, DLA Piper UK LLP, and Chair of the Leeds City Region Local Enterprise Partnership

Neil McLean was head of the DLA Piper Real Estate group in Leeds for over 10 years. Neil was until recently chair of the Leeds City Region Local Enterprise Partnership (LEP) board and resigned as a Commissioner on 30 April when his term as LEP chair ended.

Frances O'Grady
General Secretary of the TUC

Joining the TUC as Campaigns Officer in 1994, Frances launched the TUC's Organising Academy in 1997. She headed the TUC's organisation department in 1999, reorganising local skills projects into unionlearn which now helps a quarter of a million workers into learning every year.

As Deputy General Secretary from 2003, Frances has led on industrial policy, the NHS and the Olympics. She has served as a member of both the Low Pay Commission and the High Pay Centre, and the Resolution Foundation's Commission on Living Standards.

Frances was born in Oxford, has two adult children and lives in North London.

Seyi Obakin
Chief Executive, Centrepoint

Seyi is Chief Executive of Centrepoint, the leading national charity working with homeless young people. He joined Centrepoint in 2003 as Finance Director and was appointed Chief Operating Officer in 2006 and Chief Executive in January 2009.

Seyi was previously Treasurer of Foundation 66 and Clapham Park Homes. He also served as a Commissioner on the Family Commission and a Commissioner to the national inquiry into lifelong learning.

Toby Peyton-Jones
HR Director, Siemens in the UK and North West Europe.

Toby has held a wide variety of high profile leadership roles within the organisation that include General Management, Mergers and Acquisitions and HR.

He has extensive international experience including working in China as the Director of the Siemens Management Institute.

Prior to Siemens, he had started his career as an Officer in the Royal Engineers and moved on to work in the areas of Leadership Development and Management Consulting, supporting companies from both the public and private sector.

Dave Prentis
General Secretary, Unison

Dave was UNISON's deputy general secretary from its formation in 1993 and drove through a strategic review of the union, aimed at delivering key reforms, to bring union services closer to the members. He became General Secretary of UNISON in 2000.

Dave is a member of the TUC general council, TUC executive committee and the Trade Union Labour Party Liaison Committee. He is also a member of the Labour Party's Prosperity in Work and the Labour Party Joint Policy Committee and a member of various joint working parties with the Government and the CBI.

Dave is a Director of the Institute of Public Policy Research (IPPR). He is also an adviser to the Warwick Institute of Governance and Public Management and a visiting fellow of Nuffield College, Oxford and

President of Unity Trust Bank.

Liz Sayce OBE
Chief Executive, Disability Rights UK

Liz Sayce is Chief Executive of Disability Rights UK, the UK's leading pan-disability organisation and has recently led an Independent Review into disability employment programmes.

From 2000-2007 she was Director, Policy and Communications, for the Disability Rights Commission. She directed a Formal Investigation into physical health inequalities experienced by people with mental health problems and/or learning disabilities. She spent 8 years as Policy Director of Mind, and one year as a Harkness Fellow in the USA, studying the impact of the Americans with Disabilities Act and related policy initiatives. She was a member of the UK Government's Disability Rights Task Force (1997-99).

With personal experience and knowledge of mental health issues, Liz has published widely on mental health, disability and social inclusion, including From Psychiatric Patient to Citizen (Macmillan-Palgrave 2000).

Grahame Smith
General Secretary of the Scottish Trades Union Congress

Grahame was appointed as the STUC's Deputy General Secretary in 1996. In that role, he headed the STUC's Policy and Campaigns Department and had specific responsibility for the STUC's work on lifelong learning and public services. He was appointed as General Secretary in December 2005.

Grahame is a member of the Board of Scottish Union Learning. He is also a director and Board member of SCDI and Workplace Chaplaincy Scotland. He has been a member of the Board of Scottish Enterprise since December 2008. He is a member of the joint SDS/SFC Skills Committee and recently joined PILOT, the UK Governments Group for the Oil and Gas sector.

Sean Taggart
Owner and Chief Executive, Albatross Group

Sean is co-owner and Chief Executive of The Albatross Group of Companies, a collection of 6 multi-award winning group tourism businesses with a combined turnover of just under £30 million. Established in 1985, the Group employs just over 100 people and is headquartered in Kent, with offices in central London, Wiltshire, Hemel Hempstead and Brisbane in Australia. He chairs the Coach Tourism Council in the UK and is treasurer of the European Tour Operators Association whilst also chairing Crossroads Care West Kent, a regional charity supporting over eight hundred children and adults that care for sick or disabled family members at home.

Sean has also served as deputy chair of the Small Business Council (2003-2007), a member of the Ministerial Advisory Panel on Leadership & Management (2006-2008) and chair of the Business Support as a Profession Advisory Group (2007-2009).

Valerie Todd
Director of Talent & Resources, Crossrail Ltd.

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

Valerie started her working life in local government working for the London Boroughs of Tower Hamlets, Havering and Newham initially as a programme officer for the London Borough of Tower Hamlets and completing her time in local government in 2003 as an assistant director (Business Strategy and Support Services) with the London Borough of Newham. She then joined Transport for London as Director, Business Services (Surface Transport).

Valerie graduated from the Open University with a Master of Business Administration (MBA). Valerie has been a board member of the Brent Fair Cities (National Employers Panel) Board, West London Working Board, Transport for London Executive Management Team and Transport for London Board. More recently, she has been appointed to the Employers' Forum on Disability President's Group, is the Founding President of the Women's Transportation Seminar and is a Governor for the University of West London.

Scott Waddington
Chief Executive SA Brain and Co Ltd.

Scott was born and educated in Wales followed by attending Reading University (Economics and Accounting Degree). He spent the majority of his career in the hospitality sector, specifically in drinks marketing and pub retailing working with businesses including Bass, Carlsberg and Century Inns.

He joined the privately owned Welsh brewer and pub company, SA Brain as Chief Executive in 2001. Following a review of corporate strategy, the Brains brand was repositioned, investment in the pub estate was increased and the drinks distribution business was expanded through acquisition across Wales. Brains now has a total of 260 pubs as well as a growing brewing and brands business.

The developments within Brains have been recognised with a number of awards including the Western Mail 'Welsh Company of the Year', the Publican's 'Regional Brewer of the Year', 'Marketing Strategy of the Year' at The National Business Awards, The Publican 'Pub Company of the Year' and the Hollis 'Sponsorship of the Year'.

Scott was Chair of the CBI for Wales during 2010-2011.

James Wates CBE
Chairman, Wates Group Limited

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

James is Chairman of CITB Construction Skills, Chairman of the UK Contractors Group, a Vice Chairman of the CBI Construction Council, Senior Vice President of the British Council for Offices and Past President of the Chartered Institute of Building.

In addition, he is a trustee of the BRE (Building Research Establishment) Trust, a governor of Emanuel School and Vice Chairman of Queen Elizabeth's Foundation for Disabled People. James sits on the London Regional Council of The Prince's Trust and is a patron of the Wates Family Enterprise Trust. James was awarded a CBE in the 2012 New Years honours list for his services to construction and the charitable sector.

Nigel Whitehead
Group Managing Director Programmes & Support, BAE Systems

Nigel was appointed as the Group Managing Director, Programmes & Support, BAE Systems in 2008. Nigel has responsibility for some of the UK's largest engineering, manufacturing and support services programmes.

Previously Nigel was Group Managing Director of the Military Air Solutions business, during which time he was also a Supervisory Board Member of Eurofighter GmbH. Nigel has been active in the defence and security sectors for 27 years, including design, development, production and support programmes in the UK, Sweden and Australia.

Before joining the Company as an aerodynamicist, Nigel worked for Rolls-Royce for four years as a production engineering apprentice and graduated in mechanical engineering. Nigel is a Chartered Engineer, a Fellow of the Royal Aeronautical Society and a Fellow of the Royal Academy of Engineering.

Nigel's external roles include: Council Member, Royal Academy of Engineering; Trustee, WIG (Whitehall and Industry Group); Chairman, UK Council for Electronic Business; Member, Apprentice Ambassador Network; and Council Member, A|D|S (Aerospace, Defence, Security). Nigel is passionate about painting and spending time with his family.

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