UK TRADE & INVESTMENT
ANNUAL REPORT and ACCOUNTS
2010-11

(FOR THE YEAR ENDED 31 MARCH 2011)

Accounts presented to the House of Commons pursuant to Section 6(4) of the Government Resources and Accounts Act 2000.

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

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

ORDERED BY THE HOUSE OF COMMONS TO BE PRINTED ON

14 JULY 2011

HC 1005 London: The Stationery Office £28.50

This is part of a series of Annual Reports and Accounts which, along with the Main Estimates 2011-12 and the document Public Expenditure: Statistical Analyses 2011, present the Government's outturn and planned expenditure for 2011-12.

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This publication is available for download at www.official-documents.gov.uk.
This document is also available from our website at www.ukti.gov.uk

ISBN: 9780102973693

Printed in the UK by The Stationery Office Limited
on behalf of the Controller of Her Majesty's Stationery Office

ID: 2438554 07/11

Printed on paper containing 75% recycled fibre content minimum.

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Contents

MINISTER'S FOREWORD
LORD GREEN OF HURSTPIERPOINT

It was a great honour to accept the Prime Minister's invitation to serve as Minister of State for Trade & Investment, a portfolio which is absolutely crucial to securing a balanced and sustainable growth strategy for this country.

I am very pleased that Nick Baird has been appointed Chief Executive of UK Trade & Investment (UKTI), starting in September 2011. Nick joins UKTI from the Foreign and Commonwealth Office (FCO) were he was Director-General Europe and Globalisation. He was Ambassador to Turkey from 2006 to 2009 and has extensive experience of working with the European Union and emerging markets. I look forward to working with him in the year ahead to ensure that UKTI continues to contribute to the delivery of the Coalition Government's economic priorities.

I would like to congratulate the entire UKTI network on its strong overall performance in the 2010-11 reporting year, especially being acclaimed by its peers as the best Trade Promotion Organisation in the developed world.

This performance is a credit to the excellent leadership of Sir Andrew Cahn, and currently Susan Haird, and to the hard work of UKTI staff. The UK's economic recovery is an imperative, not an aspiration. With constraints on Government spending and decreased domestic demand, two key drivers of growth in the British economy will be trade and investment. UKTI has a vital role to play in helping more SMEs to export and larger companies to win major overseas contracts, as well as in attracting high-quality inward investment. Much remains to be done and UKTI will work right across Government and in partnership with the private-sector to deliver its new strategy, 'Britain Open for Business'.

The evidence of a strong base to build on is clear. In its 'Doing Business 2011 Report', the World Bank said that, of all EU and G8 member states, the UK is the best place to do business. The Ernst & Young European Attractiveness Survey 2011 named the UK as the most attractive destination for FDI projects and jobs.

Working with the Export Credits Guarantee Department and the Department for Business Innovation & Skills to improve the finance available for exporters, and the FCO in turning its commercial diplomacy initiatives into increased success in winning contracts overseas and inward investment, UKTI will have a major role in consolidating and enhancing the economic position of the UK in the years ahead. The country deserves no less.

Stephen Green

Lord Green of Hurstpierpoint
Minister of State for Trade & Investment

ACTING CHIEF EXECUTIVE'S FOREWORD

SUSAN HAIRD CB

It has been another very productive year for UKTI. With continued economic challenges, the reporting year saw a change of Government, the departure of Sir Andrew Cahn and the arrival of our new Minister of State for Trade & Investment, Lord Green.

I also would like to place on record my thanks to Sir Andrew Cahn, under whose leadership UKTI's people demonstrated year-on-year improvements in productivity and in serving our customers. UKTI's continuing success is demonstrated by the fact that every £1 spent by UKTI on trade services in 2010-11 (2009-10) helped generate £22 (£19) additional profit for UK business. Over 23,400 UK businesses were able to exploit overseas opportunities as the result of assistance from UKTI. UKTI's estimated total financial benefit to businesses across all trade services was around £6 billion of additional profit, a 15% increase on the previous year. UKTI was directly involved in 810* (759) inward investment projects, which created 15,808 (32,557) new jobs and safeguarded 37,764 (14,661), our best results to date.

For the calendar year 2010 (2009) we also helped UK business secure defence exports of just under £6 billion, a 22% share of the global market. UK security exports were valued at £2 billion, an increase of 8% over the previous year. The UK was therefore the 5th largest security exporter, accounting for over 3% of the global market.

In October 2010, UKTI received a great accolade when it was acclaimed by its peers as the best Trade Promotion Organisation in the developed world. The award was announced at the International Trade Centre's Trade Promotion Organization (TPO) Network Awards 2010 in Mexico. Participants from 50 countries attended the awards ceremony, where delegates were looking at how to build export success, and how trade promotion agencies can help in a changing global environment.

Our new strategy, 'Britain Open for Business', launched in May 2011, will give us the means to achieve this in the context of the search for value in foreign direct investment as well as volume, the quest for high-value opportunities, including where UK companies can be part of consortia, and the drive to ensure that every innovative SME that can export does, and not just to nearby countries but to the emerging countries, that are reshaping the world's economy.

UKTI, with the support of BIS and the FCO, the publication of the White Paper on Trade, Investment & Growth and the creation of the Cabinet sub-Committee for Trade & Investment, chaired by Lord Green, will drive business-friendly policies and new arrangements for regional delivery of inward investment services. UKTI is well placed to meet these challenges.

In conclusion, I would like to thank our people for all their hard work and effort during the year. UKTI's new five-year strategy provides a clear direction and, working together with our partners, I know that we will continue to deliver strongly for the UK economy in the years ahead.

Susan Haird

Susan Haird
Acting Chief Executive
UK Trade & Investment

Left: Susan Haird CEO, with UKTI's award for best Trade Promotion Organisation, October 2010

* Provisional figure.

1 INTRODUCTION

UKTI helped 23,400 UK businesses during 2010-11 at a diminishing unit cost over each of the last 4 years

Who We Are

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

What We Do

1.2 UKTI is a major contributor in the drive for UK economic growth for trade as set out in its new strategy **'Britain Open for Business'** and the BIS White Paper, Trade and Investment for Growth. UKTI provides expert advice and support to UK-based businesses wishing to trade internationally, and support to businesses based overseas wishing to locate and invest in the UK, the latter known as Foreign Direct Investment (FDI). More detail is given at Annex H.

Activity and Performance Against Objectives

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

Basis of Accounts and Resources Deployed

1.4 The accounts on pages 66 to 89 show UKTI's voted resource only. They have been prepared in accordance with directions given by HM Treasury in pursuance of Section 5(2) of the Government Resources and Accounts Act 2000. (2009-10 figures are shown in brackets).

1.5 To arrive at the total resources used, the resources of BIS and the FCO allocated for UKTI activity also need to be added. This reflects the shared governance arrangements between BIS, the FCO and UKTI for the delivery of their shared objectives for trade promotion and foreign direct investment. These have been included by way of Memorandum Notes providing an estimate of the total resources used by UKTI to deliver its activity – see pages 90 to 93 for further details.

2 UK TRADE & INVESTMENT'S AIMS AND OBJECTIVES

In 2010-11 UKTI helped create 15,000 jobs and safeguard over 37,000

2.1 The financial year 2010-11 was the final year of UKTI's strategy, *Prosperity in a Changing World*. For that period, UKTI's aims and objectives were to:

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

2.2 The performance framework was:

Fig 1

UKTI Performance Framework (2008-09 To 2010-11)

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

UKTI's Impact Measures

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

2.3 **Prosperity in a Changing World** also tasked UKTI to become the most successful organisation of its kind in the world.

3 HOW DID WE DO?

Voted best Trade Promotion Organisation in the developed world (October 2010)

Best Trade Promotion Organisation in the Developed World

3.1 In October 2010, UK Trade & Investment was proud to be recognised by its peers as the Best Trade Promotion Organisation (TPO) from a Developed Country. The biennial Trade Promotion Organisation (TPO) Network Awards, held at the World Conference of TPO's, recognise excellence in trade promotion and celebrate those organisations which have demonstrated outstanding performance in the use of innovative and efficient systems and procedures in their export development initiatives.

3.2 The TPO Network is hosted and managed by the International Trade Centre (ITC). ITC is a joint agency of the United Nations and the World Trade Organization (WTO) for business aspects of trade development.

3.3 The 2010 awards were specifically focused on initiatives to help SMEs to compete successfully in global markets. UKTI's award was for its Gateway-to-Global Growth programme, which targets innovative SMEs with two to ten years of export experience. This service offers a single route to a wide range of guidance and support from UKTI and private-sector delivery partners, and is tailored to meet the needs of individual customers, to help UK companies reach a new level of international success. The award is a tribute to the hard work and excellence of staff across the UKTI network. It is also a challenge: we intend to show that this and other UKTI programmes can materially help more and more SMEs to become more successfully involved in international markets.

UK TRADE & INVESTMENT
Voted best Trade Promotion Organisation in the developed world

4 LOOKING BACK
WHAT WE ACHIEVED AGAINST OUR PERFORMANCE MEASURES (2010-11)

4.1 The table below (Fig 2) shows the results UKTI achieved during 2010-11 against its performance measures, along with previous years results.

4.2 UKTI achieved, and indeed exceeded, nearly all of its performance measures. It fell a little short in the area of professionalism, reaching a 77% quality rating and a 75% satisfaction rating (against the 80% measure). Whilst 3 out of 4 customers rated our services highly, we want to do more. Our new strategy covering the next 5 years charts this course.

Fig 2

Performance Measures	Achieved 2010-11	Outturn 2009-10	Outturn 2008-09
1. Maximise foreign direct investment			
525 inward investment project successes of which:	810*	759	600
a) 125 high-value	468*	268	262
b) 285 good quality	234*	139	244
c) 70% agree UKTI is a significant favourable influence	72%*	72%	74%
At least 30 of the good-quality projects involve additional R&D activity	49*	49	47
2. Improve UK business performance			
20,000 businesses assisted of which:	23,400	23,600	20,700
a) 12,000 innovative	19,400	19,600	17,300
b) 50% of all assisted businesses improve performance	51%	53%	51%
including 50% in high-growth markets	48%	51%	51%
3. Increase R&D activity			
a) 1,000 businesses supported increase R&D activity as a result	3,050	2,130	1,860
b) including 70 FDI R&D projects	71*	71	67
4. Enhance UK's reputation as the international business partner of choice			
Measurable improvement over three years in defined sectors and named markets	No change	No change	No change
5. Professionalism			
a) 80% quality rating**	77%	76%	76%
a) 80% satisfaction rating**	75%	74%	75%
b) £3.0m revenue from charging	£6.9m	£6.0m	£4.6m

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

** These ratings record only those giving a positive view. Around 18% of customers give a neutral view and 4-5% give a dissatisfied response.

5 LOOKING FORWARD
WHAT WE ASPIRE TO ACHIEVE (2011-12 TO 2015-16)

UKTI's new five-year strategy "Britain Open for Business" available at www.ukti.gov.uk/uktistrategy

5.1 The economic crisis of 2008-2009 hit trade and investment hard. Global trade fell by 23%. UK trade and investment both fell and have not yet fully recovered, but the potential for growth is huge. While the European Union and the United States remain the major markets for British companies, the most significant growth will come from the high-growth and emerging markets of Asia, Latin America and the Middle East. As for inward investment, traditional markets such as the United States will remain the major sources for the UK, but high-growth and emerging markets will become increasingly significant over time.

UKTI's Five-Year Strategy – **Britain Open for Business**

5.2 For 2011-12 onwards, UKTI has a new Strategy for the next five years, **Britain Open for Business** www.ukti.gov.uk/uktistrategy

5.3 This sets out how the Government will provide practical support to exporters and inward investors over the period of the Spending Review (SR10). The strategy builds on a successful track record of delivering real benefits for business, but acknowledges that we can – and must – do more. In particular, we need a new drive to ensure the UK remains one of the top destinations for foreign direct investment and a new thrust to increase exports, especially to the high-growth and emerging markets of the new global economy. UKTI, working with all parts of Government has a central role to play in rebuilding the UK's economic reputation, and in boosting confidence in the UK as an international business partner of choice.

Growth Through Exports

5.4 UKTI has two main ambitions:

- **to encourage significantly more SMEs to export**. We will target a range of new services at innovative and high-growth SMEs – including a major new approach to e-connectivity and programmes to link SMEs to trade finance, credit insurance and venture capital – we will also continue to use existing award-winning bespoke products aimed at boosting export capability and breaking into new markets, and
- **to help bring high-value opportunities home** through a programme of intensive support for larger companies seeking to win overseas contracts ranging from £250 million upwards – the market for very large-scale, high-value projects, which also bring major supply chain opportunities for SMEs, runs into trillions of pounds and covers a wide range of sectors.

Growth Through Inward Investment

5.5 UKTI will play a central role in delivering a whole of Government approach to attracting inward investment to the UK by:

- Creating a pipeline of up to 750 FDI projects per annum, of which most would be characterised as high-quality, which benefit the UK economy through productivity spillovers, and by bringing new ideas and ways of working, as well as valuable knowledge and technologies. These projects will be R&D intensive and also promote growth and competition.
- Targeting institutional investors, such as Sovereign Wealth Funds and overseas pensions funds, to win investment for large-scale infrastructure and regeneration projects in the UK.
- Ministers will play an active role in developing and sustaining winning

relationships with investors, as well as with the UK's top exporters, and these customers will be able to call on expertise and resources from across Government, to ensure they receive a **seamless, "one-stop" service**.

Making the Most of the Olympics

5.6 UKTI will seize the **once in a lifetime potential** of the London 2012 Olympics and Paralympics. A major international business programme will aim to boost British exports and attract inward investment.

Looking Forward – How We Will Report Our Performance (2011-12 to 2014-15)

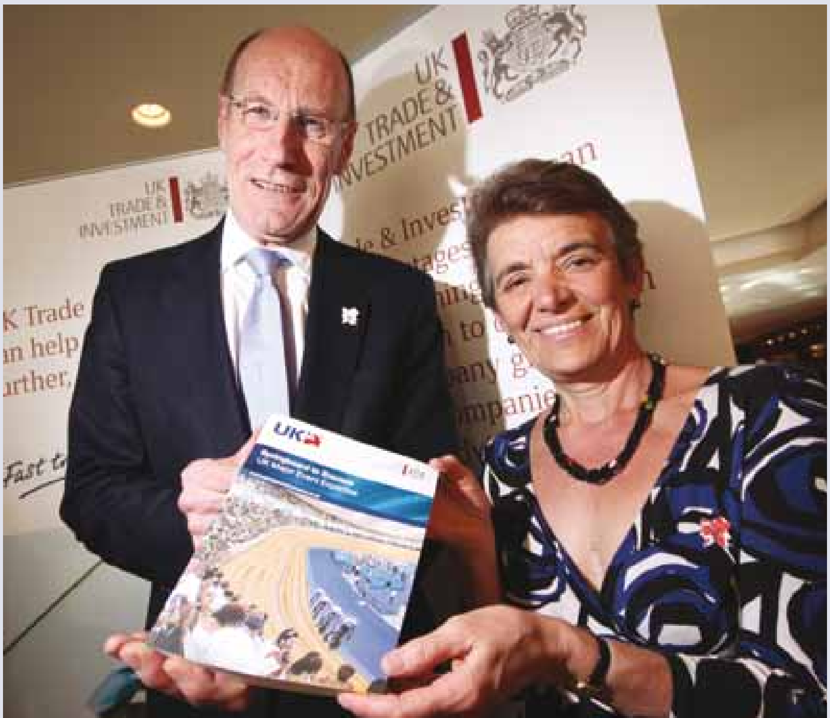
5.7 UKTI will measure the impact of what we do on the business performance of the exporters and investors we serve. The goals set out below (Fig 3) are our aspirations for 2014-15 (to the end of the Spending Review).

Fig 3

	TRADE SUPPORT	INWARD INVESTMENT
UK ECONOMY (policy aim)	Productivity and GDP Growth; Innovation	Productivity and GDP Growth; Innovation
Business Outcomes	• £ additional profit attributed to UKTI and return on taxpayer £s spent (baseline £6 billion and £22 to £1) • Total number of jobs created and taxpayer cost for each job (new measures)	• £ Gross Value Added for investment projects and return on taxpayer £s spent (new measures) • Jobs created per investment and taxpayer cost for each job (new measures)
Intermediate Business Impacts	• Percentage improvement in medium term productivity and profit (goal 75% for intensive support and 60% for other tailored support) • No. of businesses assisted that increase R&D (goal 3,000)	• Percentage significant influence on location in the UK or scale and scope of project (goal 70%)
Outputs (Business Benefit)	• Percentage reporting 'significant business benefit', e.g. barriers to new business overcome; changed behaviour resulting in improved business strategy; increased skills (goal 70%) • Percentage helped to access high-value opportunities agree UKTI had a significant favourable influence (new measure)	• Percentage overcoming barriers (goal 60%)
Activity – volume (Productivity Measures)	• No. of businesses assisted (goal 25,000) and subsets of: • No. of innovative businesses (goal 20,000) • No. expecting substantial growth (goal 12,000)	• No. of 'involved successes' (goal 750) and subsets of: • No. of high-quality successes (goal 500) • Percentage high or good quality projects (goal 90%)
Activity – quality and satisfaction	• Percentage quality assessment (goal 80% and 90% for intensive support) • Percentage satisfaction (goal 80% with 90% for intensive support)	• Percentage quality assessment (goal 80% with 90% for intensive support) • Percentage satisfaction (goal 80% with 90% for intensive support)

"Springboard to Success" – A showcase of expertise and experience of UK companies visit www.springboardtosuccess.co.uk

Springboard To Success Case Study: A Directory Showcasing the UK's World-Class Expertise in Making the World's Largest Events Possible



John Armitt (Chairman of the Olympic Delivery Authority) and Susan Haird (Acting UKTI Chief Executive)

Springboard To Success is a show case of the UK's world-class expertise in delivering the infrastructure, specialist technology, services and skills to make the world's major events possible.

Developed by UKTI, *Springboard to Success* showcases the expertise and experience of 408 UK companies. The directory has been created to facilitate the communication of UK capability, and through this to achieve business for the UK major event industry internationally. It is a user friendly and timely tool (given where we are in the 2012 Olympic Games project lifecycle and developments in other major event projects).

The directory focuses on UK companies' capabilities and experience, highlighting their world leading major infrastructure, sporting project / major event credentials – with a view to helping them win more work in this multi-billion pound sector. In particular, it aims to provide the information that future host nations, such as Brazil or Russia, might need to help them identify potential UK suppliers of relevant goods and services. This is an important part of realising the potential of this sector to support the Government's growth agenda, not least because of the size and importance of these projects. For example, it is estimated that the value of projects in Brazil, linked directly and indirectly to the staging of the 2016 Olympic and Paralympic Games and 2014 Fifa World Cup, will exceed £50bn.

The primary audience for the directory will be international, including:

- Future host and bidding cities and governments of major events;
- Organising committees of major events; and
- Private sector – supply chain.

Springboard to Success is one of the building blocks of UKTI's international business programme to help the UK secure an economic legacy through its status as Host Country of the 2012 Olympic and Paralympic Games.

5.8 UKTI will assess customer perceptions of the quality of all its services and customer satisfaction through independent surveys. For further details see Annex A.

How UKTI Resource Reductions are Being Managed Going Forward (2011-12 to 2014-15)

5.9 In line with Other Government Departments, UKTI's resources will be reduced over the next four years. Our aim is to target resources to where they deliver greatest value for the UK economy and the taxpayer. We also aim to increase productivity and generate additional income to put back into service delivery.

5.10 The table below (Fig 4) sets out resource outturn for 2010-11 and estimated total future resources to be deployed covering the period 2011-12 to 2014-15.

5.11 The table below (Fig 5) sets out capital outturn for 2010-11 and estimated total future capital to be deployed covering the period 2011-12 to 2014-15.

Fig 4

	2010-11 Outturn £m	2011-12 Budget £m	2012-13 Budget £m	2013-14 Budget £m	2014-15 Budget £m
Overseas network running costs (FCO Resource Estimate)	198	200	195	185	170
BIS Admin and UKTI Programme	141	141	136	129	125
UKTI Income	(7)	(7)	(8)	(9)	(11)
Total resource position	**332**	**334**	**323**	**305**	**284**

Fig 5

	2010-11 Outturn £m	2011-12 Budget £m	2012-13 Budget £m	2013-14 Budget £m	2014-15 Budget £m
Total capital	**1.0**	**3.3**	**2.0**	**3.0**	**1.2**

How UKTI Will Deploy its Resources

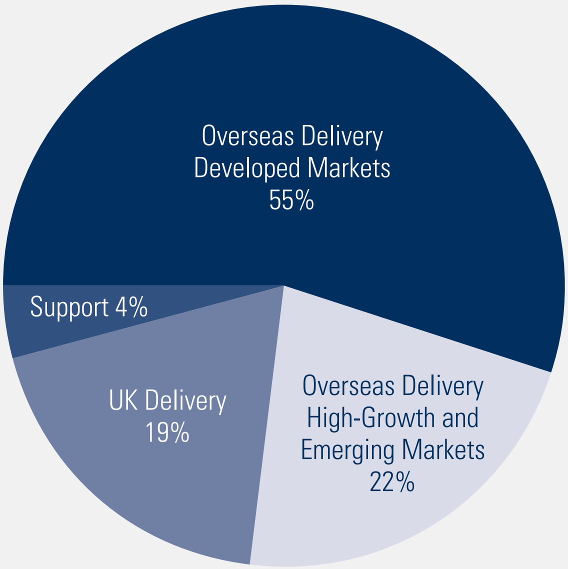
5.12 To support the new strategy, UKTI has re-focused activity and reduced funding on corporate marketing, maximised the use of business specialists, and reviewed its presence in mature markets. There is an increased focus on inward investment projects and trade support for SMEs. Income-generating activities are also set to more than double over the SR10 period. The resource allocation to UKTI's 96 markets is determined by: where UK business activity indicates a need for us to be there; where the main proven sources of inward investment are; and where growth and trade flows indicate potential opportunity. The current footprint focuses on the 17 highest growth markets and involved a significant shift in trade resource away from the developed markets of Europe and the US. The performance and productivity of each market is monitored at least quarterly, with resource adjusted accordingly to meet business needs. This will continue in SR10, with more resource deployed towards high-growth and emerging markets.

5.13 Resource allocation to sectors is guided by the Sector Advisory Groups – see Annex F and follows the review that UKTI, in partnership with BIS, has conducted. This review has mapped UK capabilities against the projected evolution of global demand across a broad range of sectors, and the funding streams will follow this sectoral focus.

Percentage of UKTI's Total Resources Deployed Overseas and in the UK

5.14 The percentage of resources deployed overseas and in the UKTI is as follows (Fig 6):

Fig 6



In approximate terms:

- for every £4 UKTI spends, £3 goes to providing support overseas, helping UK companies to export and attract FDI.
- UKTI spends around £1 in every £3 overseas in high-growth and emerging markets, such as China, India and Brazil. The balance will shift in favour of these markets over the lifetime of UKTI's five-year strategy.
- £1 in every £5 is used across the whole network to deliver services through partners. In the UK, private-sector delivery accounts for £4 in every £5 we spend.
- just four pence in every £1 is spent on administrative support.

6 MANAGEMENT COMMENTARY

UKTI provides services in 96 markets, covering just over 98% of global GDP

6.1 The Management Commentary sets out what UKTI achieved during 2010-11 for the total resource consumed, as well as the resource specifically voted to UKTI.

UKTI's High-Level Achievements in 2010-11

6.2 The illustration below (Fig 7) sets out what UKTI achieved for the total resource it consumed and how this is split between Trade Support and Foreign Direct Investment.

6.3 UKTI operates in over 162 locations in 96 countries. These countries (markets) cover 98% of the world's Gross Domestic Product (GDP). Full details of UKTI's market coverage can be found in Annex G on page 110.

6.4 The performance system used to derive UKTI's achievements is known as the Performance and Impact Monitoring System (PIMS). This system is based around independent market research of those who have used UKTI services and also non-users. The National Audit Office confirmed the performance measurement system as fit for purpose in a review completed in 2009. Details of the PIMS system can be found in Annex C – Key Sources of UKTI Data.

UKTI's 2010-11 Objectives

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

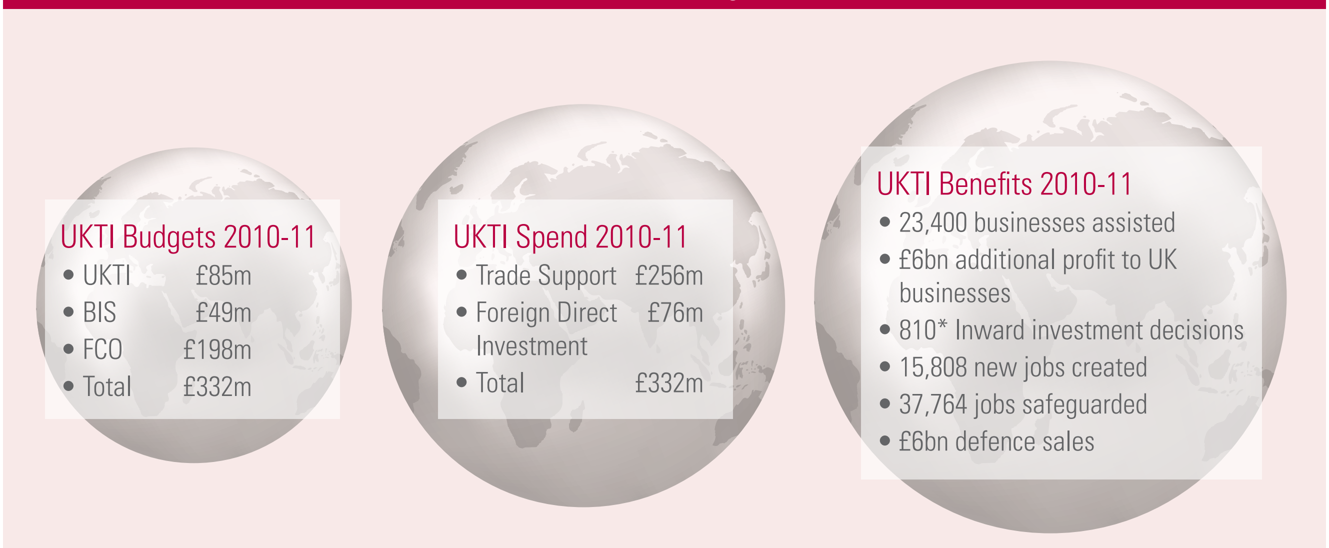
6.6 UKTI's two sub-objectives are:

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

These objectives are agreed by Ministers and used by management to measure performance, and to allocate resources (see Note 4).

Fig 7

UKTI is in 96 markets covering 98% of Global GDP



* Provisional figure.

Summary of Total Resources Consumed and Outputs / Outcomes

6.7 The table below (Fig 8) summarises the total resources used during 2010-11 with comparators together with key outputs/outcomes. Details of the total resource deployed by UKTI can be found in the Memorandum Notes on pages 90 to 93.

6.8 UKTI continues to market the unique selling points of the UK as a springboard to global growth and in the tough economic climate of 2010-11 met the challenges by delivering more for the same unit of resource.

Percentage of UKTI's Total Resources Deployed on Trade Support and Foreign Direct Investment

6.9 The table opposite (Fig 9) sets out total resources deployed by the sub-objectives covering the period 2007-08 to 2010-11.

In approximate terms:

- For every £4 UKTI spends, £3 goes to helping UK businesses to export, and £1 to attracting FDI to the UK.
- For every £5 spent on trade support, around £4 is used to provide direct support for individual companies. Around £1 in every £5 is used to support groups of companies (in specific sectors).

Trade Support Performance for 2010-11

6.10 In order to assess the outcome of its support, each quarter, UKTI asks through its independent market researchers, 1,000 businesses who have received its services in the previous four to seven months, about their experience of quality, satisfaction and the outcome of our service. They are asked specifically whether the help resulted in financial benefit and if so can they quantify it. Some 35% report significant additional profit. Over a third of these report additional profit in excess of £100k.

6.11 The independent researchers then take these amounts reported by UKTI's customers and test them against other answers given for consistency,

Fig 8

Objective	2010-11		2009-10	
	Resource £m	Outputs/Outcomes	Resource £m	Outputs/Outcomes
To enhance the competitiveness of companies in the UK through overseas trade and investment	UKTI £58.9	23,400 business assists	UKTI £62.1	23,600 business assists
	BIS £39.0	£6bn additional profit for UK business	BIS £42.3	£5.2bn additional profit for UK business
	FCO £158.4	£6.9m income	FCO £159.9	£6.0m income
	£256.3	Almost £6bn defence sales	**£264.3**	Over £7bn defence sales
To attract a continuing high-level of quality foreign direct investment	UKTI £26.2	810* inward investment decisions	UKTI £32.3	759 inward investment decisions
	BIS £10.3	15,808 new jobs created	BIS £9.9	32,557 new jobs created
	FCO £39.3	37,764 jobs safeguarded	FCO £36.6	14,661 jobs safeguarded
	£75.8		**£78.8**	
Total	**£332.1**		**£343.1**	

* Provisional figure.

£22 additional profit for every £1 spent on UKTI trade services

discounting any that are inconsistent. They then apply a discount rate of eight percent for any amounts attributed to future years, up to a limit of five years. Amounts more than five years in the future are usually excluded. This provides an average benefit return which is applied statistically across the total number of businesses assisted. Around a year after the completion of the survey, a sample of 400 companies from the original 4,000 companies are again contacted to see how their overseas business has been developing, and to confirm or otherwise the benefit figures they previously supplied.

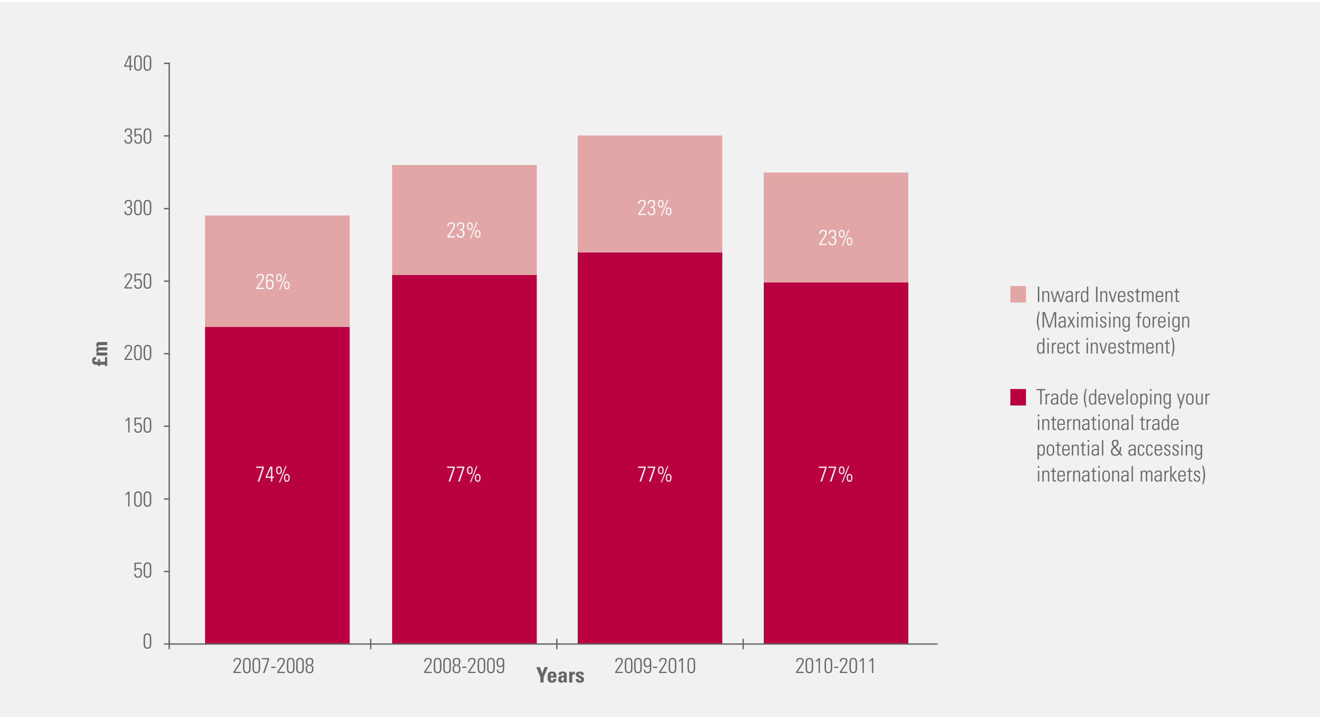
6.12 In 2010-11 British companies attributed an additional £6bn to their bottom-line profits as a result of working with UKTI, up from £5.2bn the previous year. This represents £22 for each £1 spent on UKTI trade services, up from £19:£1 for 2009-10. This increase reflects rising productivity, as UKTI helped 23,400 British companies whilst reducing costs by £9m. See Annex A for full details.

6.13 Approximately 69% of UKTI's clients report significant benefits to their productivity and competitiveness because of UKTI's support.

6.14 Evidence from UKTI's performance measurement system and evaluation programme shows that benefits, both quantitative and qualitative, result from helping businesses to overcome barriers to business in new overseas markets, and gain the knowledge and contacts they need to up-grade their approach to international business. Many of UKTI's customers report that they have improved their products and services as a result of gaining exposure to new contacts and new ideas through UKTI trade services. Over 3,000 report additional investment in R&D. These benefits have lasting positive impact on business performance in both domestic and overseas markets.

6.15 Expansion into new export markets will be a key route to growth for many British businesses over the coming years, and a major factor which will contribute to returning the UK economy to stronger growth. Three-quarters of UKTI trade service customers see exporting as a means of achieving a level of growth not otherwise possible, with 41% expecting substantial growth over the next five years, as compared with only 24% of other UK exporters.

Fig 9 – UKTI split between Trade Support and Inward Investment over last 4 years



Trade Support Case Study: New York Delhi

London-based New York Delhi was set up by a former retail buyer, Nina Uppal, in 2007. Having achieved considerable success in the domestic market, Nina began to seek out opportunities overseas, exhibiting at food shows both in the UK and overseas. She asked UKTI to produce an Overseas Market Introduction Service (OMIS) report about the Canadian markets, then spent a week in Canada visiting potential buyers.

During a UKTI outward trade mission in September 2010, New York Delhi met two major Canadian distributors, and subsequently secured an exclusive contract to sell the company's snacks to specialist outlets throughout the country. The company began trading in Canada at the end of January 2011 and Nina is even looking to employ more people in 2011 to help deal with the increased business from Canada.

"The help and support that we have received from UKTI has been invaluable to us," says Nina. "They identified the right companies for us to meet and the rest was up to us and the brand. We have since continued to work with UKTI and are now in negotiations with three Chinese distributors. When we can secure a deal, we'll be well on our way to becoming the global brand I know we will be. UKTI has nurtured our business so much, and I'd recommend it to any company that wants to expand overseas. They've got a great service, so use it."

Foreign Direct Investment Case Study: Vestas Wind Systems – £50m Investment in the UK

Danish wind turbine manufacturer, Vestas Wind Systems, is investing more than £50 million in UK R&D, including an R&D centre on the Isle of Wight.

Vestas Wind Systems first entered the wind turbine industry in 1979, and today has the widest range of turbines in the wind power industry. Of the approximately 20,700 people Vestas employs worldwide, more than 500 are in the UK.

As part of the British Government's strategy of encouraging overseas companies to expand their UK presence further, UKTI has met with Vestas several times to discuss how the company could help the UK to achieve its wind energy targets, and also helped facilitate dialogue with the Department for Energy and Climate Change (DECC).

Recently, the company allocated a massive £50 million to the Isle of Wight, changing its focus there from blade production to an R&D centre.

"With this investment we have chosen the UK as the location to build a strategically vital part of our global technology capability," says Rob Sauven, UK Managing Director at Vestas Technology R&D. "We remain fully committed to the UK through our R&D centres."

6.16 The performance measurement system which underpins these results is recognised by UKTI's peers and academics as world-leading.

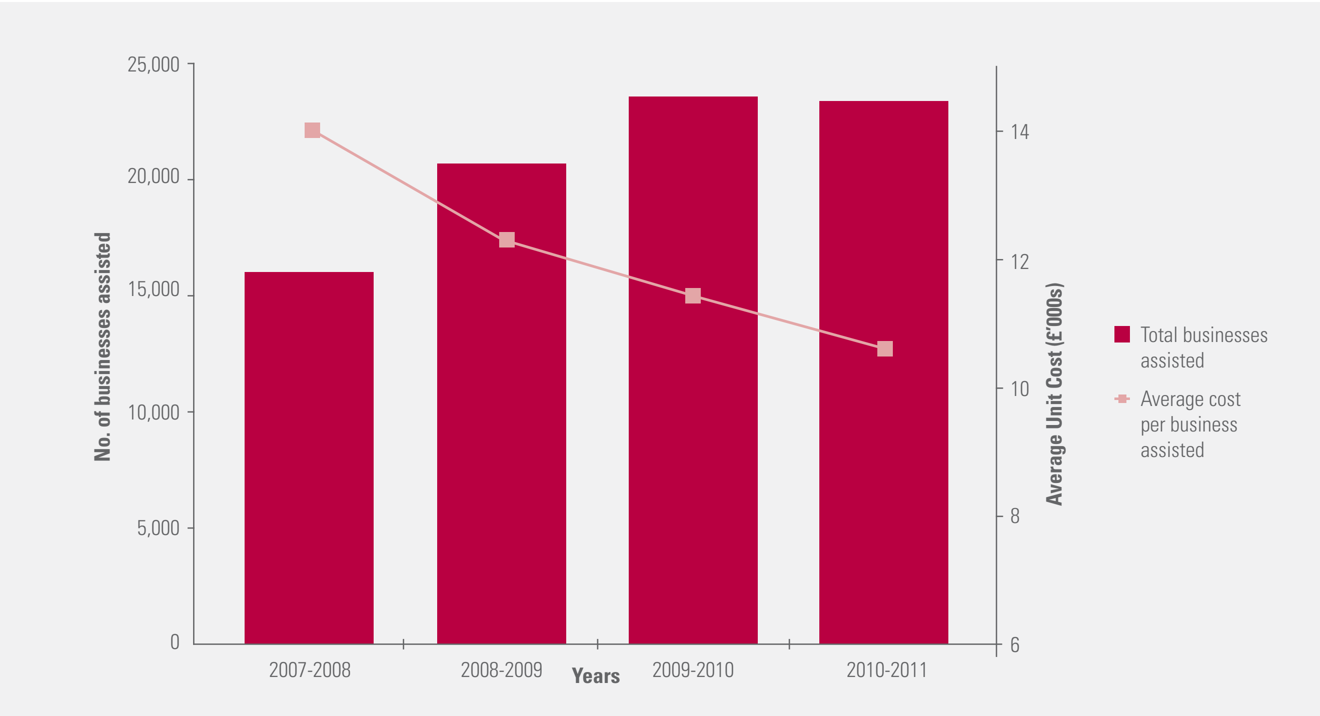
6.17 Over the last four years, UKTI has cut the average cost per customer of assisting business by 22%, from around £14k to around £10.9k today. Over this same period, the quality of our work and the satisfaction of our trade customers have remained steady, demonstrating that UKTI is becoming more efficient by delivering more for less, but not to the detriment of our trade customers. (Fig 10)

Foreign Direct Investment Performance for 2010-11

6.18 For expenditure of £75.8m on inward investment, UKTI directly assisted 810* inward investment projects, a 7% increase on last year's figures. The average cost of each inward investment project that UKTI has assisted has greatly reduced over the last four years and is demonstrated in the diagram overleaf (Fig 11).

6.19 Over the last four years, the average cost of securing inward investment projects has dropped by 30%, from around £145k to £94k (in cash terms). According to Ernst & Young's European Attractiveness Survey 2010 entitled "Waking Up to the New Economy", the UK remains the number-one European recipient for inward investment projects.

Fig 10 – More trade development/less average unit cost over the last four years



UKTI directly assisted 810* inward investment projects, a 7% increase on last year's figure

Inward Investment and the Effect on Jobs.

6.20 The table opposite sets out the number of jobs created as a result of UKTI intervention. (Fig 12)

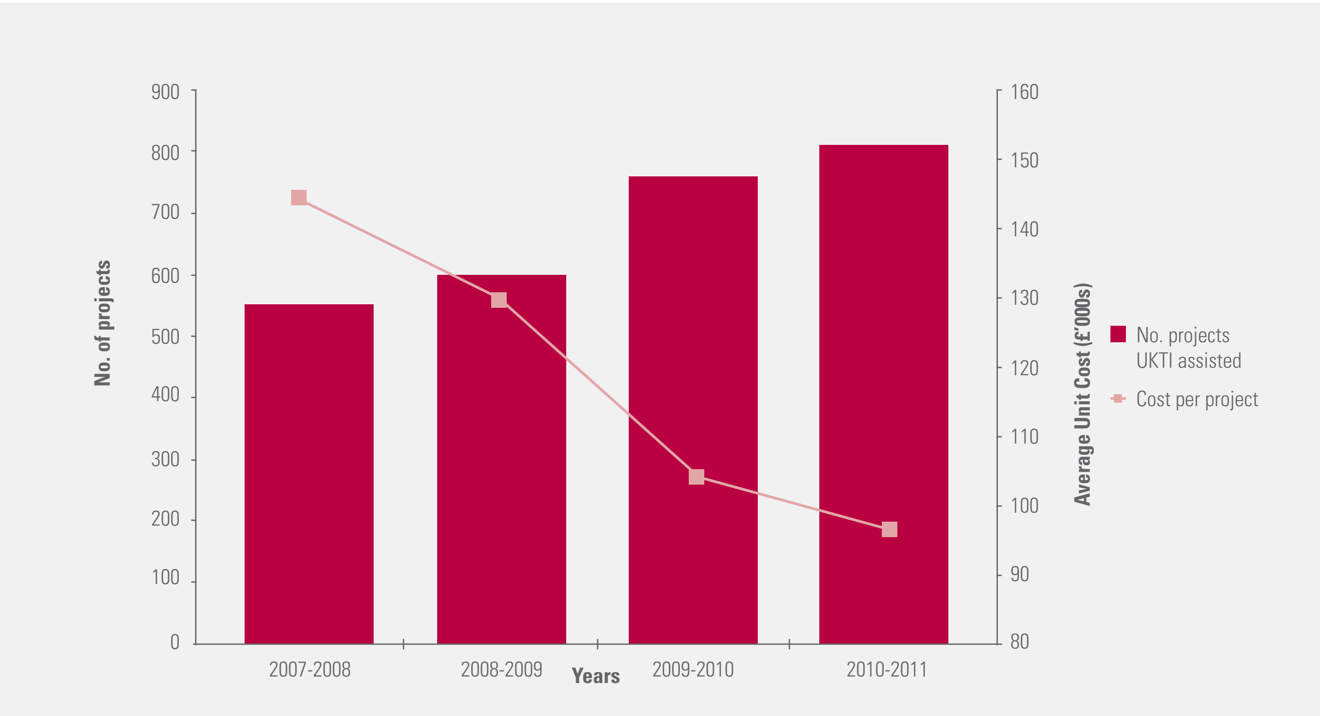
6.21 During 2010-11, the Government announced that the inward investment activity previously undertaken by the Regional Delivery Agencies, excluding London, would transfer to UKTI. At the end of March 2011, following a competitive process, PA Consulting was appointed as our new private-sector delivery partner. This is three year contract valued at approximately £41.7m (see note 21 on page 89, Events After the Reporting Period for further details).

Support for Defence and Security Exports

6.22 During 2010-11, UKTI Defence & Security Organisation (UKTI DSO), continued to work closely with the Ministry of Defence (MOD) and the Home Office to help the UK defence and security sectors succeed internationally. UKTI DSO achieved this by providing overseas customers of UK defence and security companies with access to the MOD, armed forces and wider Government specialist support.

6.23 Defence and security companies continued to represent an important part of the UK economy, contributing billions of pounds of exports each year and providing tens of thousands of jobs in the United Kingdom. The Government made it clear in the 2010 Strategic Defence and Security Review that support for defence and security exports is a priority, both in terms of growth, and to help strengthen UK's strategic and political relationships.

Fig 11 – More inward investment/less average unit cost over the last four years



* Provisional figure.

6.24 In 2010, the UK maintained its position as the second largest exporter of new defence products and services, and posted strong growth in exports of security products and services. The UK won almost £6 billion of new defence business, increasing its share of the global defence market to 22%, and £2 billion of new security business. Security exports grew by over 8% from the previous year, maintaining its 5th place in the world. The UK's most important markets were the Middle East, the US and India.

Fig 12

	2007-08	2008-09	2009-10	2010-11 (Provisional)
Number of inward investment decisions in which UKTI was significantly involved	549	600	759	810*
Number of new jobs created	14,274	10,678	32,557	15,808
Number of jobs safeguarded	9,824	18,600	14,661	37,764
Total New and Safeguarded Jobs	24, 098	29,278	47,218	53,572

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

Defence Export Case Study: Contracts of over £1 billion placed by India

In 2010, two major contracts, valued at over £1 billion, were placed by India. These were the sales of Hawk trainer aircraft by BAE Systems and AW101 VVIP helicopters by Agusta Westland. The conclusion of these contracts reflected the long-standing defence equipment relationship between the UK and India and the involvement of UKTI DSO in facilitating the necessary government-to-government understandings that underpin the sale, and in supporting the final discussions between the companies and the Indian Government.

7 FINANCIAL REVIEW

Introduction

7.1 This financial review records information on the use of resources voted by Parliament directly to UKTI via the Supply Estimates process. It does not include other resources provided by BIS and the FCO, which are required to provide a full picture of the resources consumed. These are set out in the Memorandum Notes on pages 90 to 93. The resources voted to BIS (HC 1001) and the FCO (HC 974) are shown in their respective Annual Report and Accounts.

Resources (Estimates)

7.2 Estimates are the means by which the Government seeks and obtains authority from Parliament for its spending each year. This covers expenditure on specified services for which the Accounting Officer is accountable to Parliament. The Accounts report Outturn figures against Estimate, as well as other key control figures. (Fig 13)

7.3 In 2010-11, UKTI's net Request for Resources (RfR*) was £92.9m (£96.4m) and net resource outturn was £85.7m (£94.4m) – a 7.8% (2.1%) underspend (Fig 14).

7.4 The UKTI gross programme underspend of £7.2m was mainly due to a combination of targeted savings. These include renegotiating key contracts; spending restrictions on activity including marketing, resulting in cancelled events; and delays to IT projects, resulting in lower depreciation (Fig 18).

Resource Spend Against Budget

7.5 Resources consumed by major programmes in enhancing the competitiveness of companies in the UK through overseas trade support and inward investments during 2010-11 are compared against the original budget allocation as follows (with previous year's expenditure in brackets):

Trade Support

- £18.3m (£18.3m) was spent on funding, private-sector delivered customer-facing activity (International Trade Teams) delivering international trade support in the English regions. The budget for the year was £18.5m,

Fig 13 – Summary of Outturn Against Key Control Totals

	Actual £m	Voted total £m	Variance £m	Variance %
Net Resource Outturn	85.7	92.9*	7.2	7.8%
Capital	1.0	2.1	(1.1)	52.4%
Net Cash Requirement	87.6	95.3	7.7	8.1%
Income	(6.9)	(6.3)	(0.6)	9.5%

- £11.1m (£11.2m) was spent on sector-specific activities in markets and sectors with strong potential for British business. The budget for the year was £11.8m. The reduced spend reflects lower activity and cancelled events,
- £8.4m (£8.4m) was spent to support new and inexperienced exporters through overseas exhibitions, seminars and mission support schemes. The budget for the year was £8.2m,
- £2.1m (£2.8m) was spent on the Passport to Export programme, aimed at providing practical advice and support to small and medium-sized enterprises (SMEs), which are new to or inexperienced in exporting. The budget for the year was £2.8m. The reduced spend is due to lower than expected Business Development Credit claims during the year, and some events being cancelled or postponed,
- £5.8m (£7.2m) was spent on trade marketing events and publicity. The budget for the year was £6.0m,
- £2.1m (£2.3m) was spent on major defence and security events. The budget for the year was £2.7m. The reduced spend is mainly due to the cancellation of events in-year,
- £2.7m (£2.4m) was spent on the Fiscal Compass Programme (providing advice and support to UK companies to access overseas government's fiscal stimulus packages). This programme was superseded by the High Value Opportunities (HVO) Programme in-year. The budget for the year was £2.4m.
- £4.5m (£4.2m) was spent on private-sector business specialists who help deliver our key programmes. The budget for the year was £6.1m. The reduction in spend against budget is a combination of savings due to renegotiated contracts, and reduced activity.
- £6.9m income (£6.0m) has exceeded the budget of £6.3m. This is mainly due to a continuing strategic push to increase our income generating activities. The income received from OMIS is £5.8m, and £1.1m was generated by defence, marketing and other cost recovery activities.

Inward Investment

- £14.0m (£16.4m) ring-fenced Grant in Aid for RDAs. This was in line with the budget.
- £12.1m (£15.9m) was spent on inward investment programmes. This included marketing the UK abroad and the production of publicity materials. The budget for the year was £11.9m. The additional spend in the prior year was mainly related to the Global Investment Conference.

Fig 14 – Reconciliation of Resource Expenditure Between Estimates, Accounts and Budgets

	2010-11 (£000)	2009-10 (£000)
Net Resource Outturn (Estimates)	85,731	94,384
Less Operating Income – Excess Appropriations-in-Aid	(625)	(105)
Removal of cost of capital	–	204
Net Operating Cost (Accounts)	85,106	94,483
Resource Budget Outturn (Budget)	92,910	96,384
Of which:		
Departmental Expenditure Limits (DEL)	92,889	96,363
Annually Managed Expenditure (AME)	21	21

There is one adjusting item between Net Resource Outturn and Net Operating Costs (for details see note 8.2).

7.6 The following tables record UKTI's programme expenditure for the period 2007-08 to 2010-11 together with 2011-12 plans, in accordance with HM Treasury reporting requirements (Figs 15-18).

Capital Spend Against Budget (2010-11)

7.7 UKTI's capital budget for the year was £3.1m. In the Spring Supplementary Estimate £1.0m was transferred to BIS to cover the costs of UKTI's office move from Kingsgate House, London to 1 Victoria Street, London (see savings generated in Section 9.30). Outturn was £1.0m (£3.9m) compared to a final budget of £2.1m, spent on developing replacement business critical systems, both customer-facing and internal knowledge-sharing. The unutilised budget is a result of spending restrictions and delays to a number of key programmes, in particular to CRM and OMIS information system replacements (Fig 16).

Taxpayers Equity (Capital)

7.8 The Statement of Financial Position as at 31 March 2011 shows negative taxpayers' equity of £7.5m (£9.3m). This is the net sum of total assets less total liabilities. The negative figure reflects the inclusion of liabilities falling due in future years which are to be financed by drawings from the UK Consolidated Fund (the Fund). Such drawings will be from grants of Supply approved annually by Parliament to meet UKTI's net cash requirement (NCR). Under the Government Resources and Accounts Act 2000, no funds may be drawn from the Exchequer ahead of need.

Fig 15 – Summary Table of UKTI Programme Expenditure on Trade and Investment (2006-07 to 2011-12)

The table below summarises UKTI's programme expenditure for 2006-07 to 2010-11, with that planned for 2011-12.

	2006-07 Outturn £m	2007-08 Outturn £m	2008-09 Outturn £m	2009-10 Outturn £m	2010-11 Outturn £m	2011-12 Plans £m
Expenditure	95.8	93.8	95.4	100.5	92.0	91.0
Income	(1.7)	(3.6)	(4.6)	(6.0)	(6.9)	(7.0)
Net	**94.1**	**90.2**	**90.8**	**94.5**	**85.1**	**84.0**

Fig 16 – Table of UKTI's Capital Expenditure (2007-08 to 2011-12)

Capital Expenditure	2006-07 Outturn £m	2007-08 Outturn £m	2008-09 Outturn £m	2009-10 Outturn £m	2010-11 Outturn £m	2011-12 Plans £m
Total Capital Expenditure	**0.2**	**0.4**	**0.1**	**3.9**	**1.0**	**3.3**

Fig 17 – Table of UKTI Major Programme Expenditure (2006-07 to 2011-12)

The table below sets out UKTI main programme expenditure for 2006-07 to 2010-11, with that planned for 2011-12.

	2006-07 Outturn £m	2007-08 Outturn £m	2008-09 Outturn £m	2009-10 Outturn £m	2010-11 Outturn £m	2011-12 Plans £m
Trade development which includes:	63.4	57.6	58.9	62.1	58.9	56.1
International trade advisers	17.6	16.4	17.3	18.3	18.3	21.1
Sector specific support	13.5	9.3	8.8	11.2	11.1	10.1
Tradeshow access	10.5	8.5	7.7	8.4	8.4	6.0
Passport to export	6.1	4.9	3.9	2.8	2.1	1.9
Marketing & publicity	5.7	3.4	5.4	7.2	5.8	4.5
Defence & security export services	–	3.6	1.9	2.3	2.1	2.0
High Value Opportunities* specialists (formerly Fiscal Compass)	0.8	2.4	2.6	2.4	2.7	2.7
Export promoters	–	0.5	–	–	–	–
Business specialists	–	3.6	3.6	4.2	4.5	3.8
Income	(1.7)	(3.6)	(4.6)	(6.0)	(6.9)	(7.0)
Inward investment which includes:	30.7	32.6	31.9	32.3	26.2	27.9
Grants to RDAs	17.2	17.2	16.8	16.4	14.0	–
Delivery of FDI	–	–	–	–	0.1	13.9
Promotional expenditure	13.5	15.4	15.1	15.9	12.1	14.0
Joint Programmes which include:						
R&D Programme	*4.7*	*7.7*	*7.6*	*7.0*	*6.6*	*6.4*

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

Fig 18 – Breakdown of UKTI Major Programme Expenditure Against Budget

Programme Expenditure	Budget 2010-11 £m	Actual 2010-11 £m	Variance 2010-11 £m
International trade advisers	18.5	18.3	0.2
Sector specific activities	11.8	11.1	0.7
Tradeshow access programme	8.2	8.4	(0.2)
Passport to export	2.8	2.1	0.7
Trade marketing & publicity	6.0	5.8	0.2
Defence & security events	2.7	2.1	0.6
High Value Opportunities (formerly Fiscal Compass Programme)	2.4	2.7	(0.3)
Business specialists	6.1	4.5	1.6
Grants to RDAs	14.0	14.0	–
Promotional expenditure	11.9	10.0	1.9
R&D programme	7.0	6.6	0.4
Other programmes**	7.8	6.4	1.4
Gross Programme	**99.2**	**92.0**	**7.2**
Income	(6.3)	(6.9)	0.6
Net Programme	**92.9**	**85.1**	**7.8**

8 UKTI'S RISK MANAGEMENT FRAMEWORK

8.1 UKTI is committed to high standards of corporate governance and ensuring that a robust system of risk management is implemented throughout the organisation. In overview, UKTI proactively manages risk at an appropriately aggregated level. Risks are collected at group level and aggregated to a strategic level in the strategic risk register. In addition to this, key activities such as projects or procurements maintain their own risk registers and use these to feed in at group level. Risk is reviewed and reported on regularly.

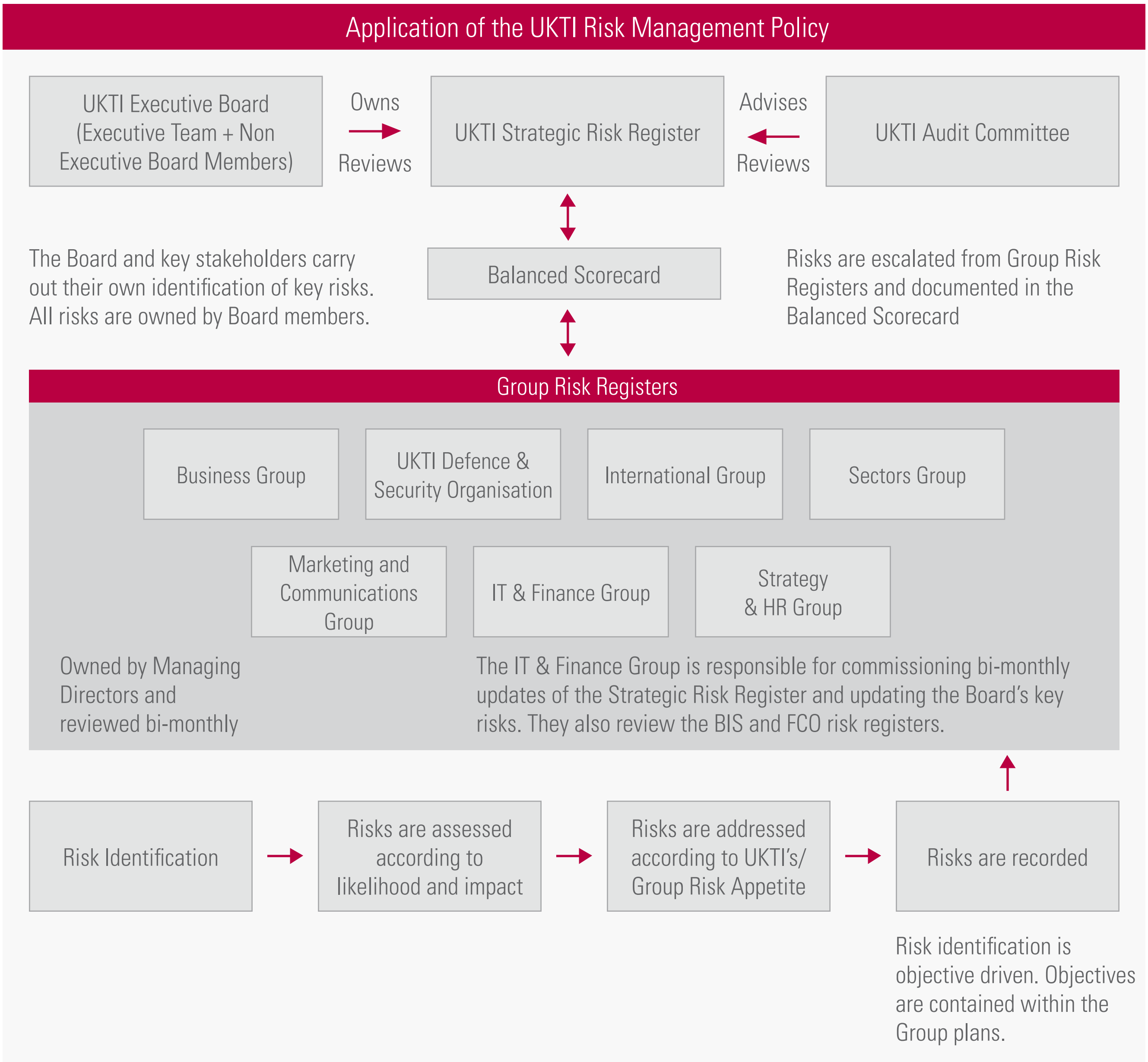
8.2 During the year UKTI commissioned, Internal Audit to review our Risk Management and Corporate Governance. This review provided assurance that:

- "UKTI has developed an effective corporate governance structure appropriate to its status as a Non-ministerial Department in the form of the Executive Board, its supporting Committees and the Executive Team of UKTI senior management (see section 10). High-level management information is provided by the Balanced Scorecard to aid decision-making.
- UKTI has put in place formal risk management procedures through the review and update of Group Risk Registers, which contribute to the Strategic Risk Register of the top UKTI key risks, discussed at the Executive Board and Audit Committee.
- UKTI continually seeks to improve its risk management. In 2010, the Audit Committee undertook a 'top down' exercise to update the Strategic Risk Register, and in November a revised format was introduced that is similar to the current version in use at the Department for Business Innovation & Skills".

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

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

8.5 The flow chart overleaf sets out how UKTI collects and manages risk information.


Application of the UKTI Risk Management Policy
UKTI Executive Board (Executive Team + Non Executive Board Members)
Owns
Reviews
UKTI Strategic Risk Register
Advises
Reviews
UKTI Audit Committee
The Board and key stakeholders carry out their own identification of key risks. All risks are owned by Board members.
Balanced Scorecard
Risks are escalated from Group Risk Registers and documented in the Balanced Scorecard
Group Risk Registers
Business Group
UKTI Defence & Security Organisation
International Group
Sectors Group
Marketing and Communications Group
IT & Finance Group
Strategy & HR Group
Owned by Managing Directors and reviewed bi-monthly
The IT & Finance Group is responsible for commissioning bi-monthly updates of the Strategic Risk Register and updating the Board's key risks. They also review the BIS and FCO risk registers.
Risk Identification
Risks are assessed according to likelihood and impact
Risks are addressed according to UKTI's/ Group Risk Appetite
Risks are recorded
Risk identification is objective driven. Objectives are contained within the Group plans.

UKTI's Key Risks

8.6 The table below provides a summary of UKTI's key risks and mitigating actions over the course of 2010-11.

Risk	Description	Impact	Mitigating Actions
Global economic conditions	UKTI fails to respond effectively to the continued fall-out from the global economic downturn.	Fewer UK businesses sell their products/ services overseas, undermining the UK's ability to export out of recession.	Our new UKTI strategy, *Britain Open for Business*, refocuses UKTI resource on high-value opportunities, high-quality FDI, strategic relationship management and high-growth markets and sectors. Encouragement of more businesses, including SMEs, to export and to diversify into new markets.
Operational performance	UKTI fails to make the efficiency and productivity gains that were factored into its Spending Review settlement.	We do not achieve the objectives set out in our strategy.	Through active business planning we deploy our resources and establish our success criteria so as to achieve best VfM. We maintain a robust culture of programme and project management to ensure that we deliver our strategy actions to time and to budget. We have developed an effective performance measurement and monitoring mechanism (PIMS) which ensures, via independent survey of our customers, robust accountability, strong customer focus and increased professionalism, effective performance management and human resource development.
Management of change	UKTI fails to deliver an effective service to support delivery of FDI outcomes following the abolition of the RDA's.	The UK slips against our principal competitors in the global FDI rankings.	Successful transitional arrangements were put in place to cover the period as the RDAs wound down. Tender process completed to deliver successor FDI network under a single contract for England (minus London) to ensure seamless delivery for FDI support to business. We will continue to work in co-operation with key partners, i.e. the three Devolved Administrations in Scotland, Wales and Northern Ireland, together with London's new business support organisation body, 'London & Partners'.
External market / regional events	UKTI fails to respond adequately to disruption in key overseas markets/ regions, whether as a result of natural disasters or political upheaval.	UK businesses involved in these markets receive a sub-standard level of service.	We respond quickly and flexibly, rebalancing our teams in the affected market/region as necessary, and remaining engaged with the local competent authorities. Via FCO and our own staff on the ground, we ensure that we are continually in a position to offer our customers, UK businesses, the most up-to-date and pertinent advice.
Data-security	UKTI fails in its statutory obligations regarding data security.	Our customers' data is compromised. Customer confidence in UKTI is degraded.	Our data-handling risks are assessed on a quarterly basis. We implemented a data security action plan based upon Cabinet Office Guidance. All of our people have undertaken e-learning training on data handling and are obliged to undertake an annual refresher.

8.7 UKTI's residual risk rating after mitigating actions has been maintained at a satisfactory level.

9 THE UKTI ORGANISATION
ITS PEOPLE AND BUSINESS PARTNERS

UKTI – the organisation by numbers…

Some 2,270 people, of whom:

- **1,227 are overseas** (195 diplomats; 1,032 locally employed)
- **635 are UK based posts** approximately 567 are in London (of whom 86 are MoD secondees, 33 are diplomats, 65 are private-sector / contractors) and 48 are in Glasgow
- **408 are in nine English regions** (of whom 300 are private-sector employees in our delivery partners)
- **90% are frontline delivery posts**

9.1 Full details of UKTI Ministerial Appointments and Board Structure can be found on page 45.

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

9.3 UKTI focuses the work of its people, both in the UK and overseas, on delivering the organisation's Strategy and meeting performance indicators. As a result of restructuring activity over the last three years, significantly more of UKTI's staff resources are being targeted at the front-line that are in direct contact with business customers.

Interchange Programme

9.4 In addition to the 300 senior people supporting UKTI (paragraph 11.6 on page 43 refers), UKTI operates an interchange programme seconding people both into and out of the organisation. Private sector business specialists work with teams in key markets overseas to identify opportunities and raise the profile of the UK in their industry sectors. Examples of this include the FIFA World Cup, Olympic and Paralympic Games in Brazil, and Infrastructure in China and Iraq. Using their experience, sector expertise and business networks, they add real value to UKTI's work. During 2010-11 UKTI seconded 19 individuals from the private-sector and 9 UKTI people were seconded out to business.

Working with Our People

9.5 The aim of UKTI's people policies and practices is to support the people working for us to enable them to deliver our business objectives and targets. They also need to support organisational change wherever it may be required. We work to ensure that these policies, practices and guidelines are implemented effectively and professionally.

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

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

Excellent Leadership and Management

9.7 UKTI's leadership best practice principles are based on inspiring, communicating and empowering our staff at all levels in the organisation. These principles are complemented by guidelines on "management excellence" which aim to drive up management performance and effectiveness. This best practice on both leadership and management provides managers across the network with an easy reference point on a range of issues and procedures directly affecting their people including recruitment, induction and performance management. "Management excellence" also features in Client Relationship and Key Account Management Skills workshops are designed for staff to support UKTI's programme of professional development.

9.8 These twin approaches – leadership and management – build on UKTI's Investors in People (IIP) global accreditation. UKTI is an Investor in People worldwide and in 2009 was awarded Bronze status following successful review at the end of 2008. Our accreditation is scheduled to be reviewed again at the end of 2011. IIP is one of the ways in which UKTI measures how well it is doing in leading and developing its staff. The organisation also runs regular staff surveys across the network to gauge staff engagement as part of our commitment to continuous improvement. A series of "pulse" surveys across the network in 2009 found positive progress following the previous main UKTI survey in 2007. Progress will be checked again in mid-2011.

Corporate Knowledge & Performance

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

2010-11 corporate priorities were to continue to deliver the knowledge and skills required to improve our professionalism in delivering the strategy, chiefly:

- Knowledge based courses;
- Induction level training provided by the in-house team for people new to UKTI supported by an e-learning welcome programme;
- Induction programme for new heads of Trade and Investment overseas;
- UKTI briefing programme for heads of UK Embassies, High Commissions and Consulates overseas; and
- Induction programme to support the FCO Commercial Diplomacy agenda.

Systems training

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

Skills programmes

9.10 Developing Successful Client Relationships (DSCR). Since 2007 this programme has been delivered to over 105 teams in the regions and overseas resulting in increased OMIS revenue and improved PIMS scores.

9.11 Client Relationships and Key Account Management Skills. This programme was introduced in September 2010 as a successor to DSCR and goes more deeply into the area of managing client relationships and key accounts. Its content is closely tied to the new UKTI strategy. It has been delivered to 20 teams in 2010-11.

9.12 The Journey to Business Intimacy develops key account management skills for investment staff. It provides practical tools to identify potential investors and skills practice in developing propositions for key clients. During 2010 this programme was delivered twice in London and overseas in Hong Kong, Sydney, Mumbai, Paris, Washington, San Francisco and Toronto.

Diversity

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

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

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

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

9.17 UKTI contributes to the equality plans for both parent Departments, and participates in the diversity training and development opportunities available through BIS and the FCO. UKTI monitors performance against organisational targets and other performance measures through PIMS. Annually, PIMS also provides information about the use of UKTI's services by minority groups focused on the gender and race and age of businesses owners, partners or directors; and whether they have any longstanding illnesses or disabilities.

9.18 UKTI monitors the number of currently under-represented groups accessing services. This information was benchmarked against the first year of collection in 2006. Results for the survey carried out during Jan – March 09 to April – May 2010 show that 4% of the firms surveyed, had owners, partners or directors who had a disability or long-standing illness; 34% were female, and 10% were from an ethnic minority community.

Income Generation and Sponsorship

9.19 UKTI has set up a Commercial Development Unit (CDU) to generate increased revenue. Greater commercial capability is a key part of UKTI's new five-year strategy (Britain Open for Business) for responding to a tighter resource environment – see pages 14 to 19 for further details. Generating additional revenue will increase the overall resource available to the organisation, improve customer experience through a greater consistency in charging and help to focus activity on areas that business values most.

9.20 The CDU is tasked with bringing about a step-change in our approach across the organisation, to enable us to meet our income objectives. As a minimum, the CDU will aim to meet the agreed Spending Review income target of growing income from around £5 million in FY 2010-11 to £11 million in four years' time.

9.21 Once operational, the CDU will:

- Be the focal point and centre of expertise for maximising revenue on behalf of all parts of UKTI;
- Assume responsibility for OMIS policy, operations, targets and performance monitoring;
- Expand and enhance OMIS capacity and UKTI institutional capability to deliver increased revenue and service;
- Build a new revenue-focused team to deliver income and operational savings through sales, sponsorship and smart procurement;
    1. Consider sponsorship/ commercialisation options for UKTI core programmes;
    2. Nurture relationships with key commercial partners on behalf of UKTI – using all of UKTI's resources, including the Board;
- Provide corporate expertise to scrutinise high-value contracts, to maximise VFM;
- Contribute to the up-skilling and professionalism of UKTI people.

It is our anticipation that the CDU will up-skill the wider UKTI organisation in a 'train the trainer' capacity.

9.22 UKTI discloses all private-sector sponsorship exceeding £5,000 for a single event. In 2010-11 this totalled £250k (£206k in the previous year). Full details can be found at Annex D.

Corporate Responsibility and Sustainability

9.23 UKTI takes an integrated approach to its environmental and social responsibility, pursuing the Government's agenda on environmental, economic and social objectives. UKTI's vision for responding to the sustainability agenda is underpinned by our focus on:

- supporting UK businesses who have developed innovative green technologies and low-carbon solutions to help them grow through trade;
- attracting inward investment that will contribute to the UK's low-carbon economy; and
- embedding sustainable principles in the way it operates on a day-to-day basis.

9.24 UKTI's unique construct, being a joint non-ministerial Government department of the Department for Business, Innovation and Skills and the Foreign and Commonwealth Office, and also being responsible for helping UK businesses with green low-carbon solutions to internationalise, poses unique challenges.

9.25 In response to this UKTI commissioned work during 2011 to develop an integrated policy approach which we are adopting from the start of next year. The recommendations are summarised below and will help UKTI develop a sustainability policy to match our vision and goals. We envisage that this will lead to:

- a simple mechanism for quarterly monitoring and reporting on supporting low-carbon business to internationalise;
- a simple mechanism for monthly monitoring and reporting on air and rail-travel data;
- using existing data to calculate and report on emissions, ensuring that the source and calculation of the data remains consistent each period;
- obtaining data on monthly electricity and gas usage at 1 Victoria Street, London;
- establishing methods based on reliable assumptions for apportioning data on electricity and gas usage, as well as on water, waste and recycling levels to the elements of the building used by UKTI;
- exploring the availability of equivalent data relating to the UKTI's occupancy of Europa Building, Glasgow; and
- establishing the significance of UKTI usage of other buildings (such as the MOD's Bovington and Larkhill premises) – where significant, investigating the availability of natural resources usage and waste and recycling levels to report alongside data for London and Glasgow.

9.26 For next year we will aspire to report on our sustainability strategy and policy together with our performance. The paragraphs below set out what we have set in train during 2010-11.

Promoting growth and innovation in the economic development of low-carbon businesses in the UK

9.27 The global trade in low-carbon and environmental products and services is estimated at £3 trillion a year and is set to rise to £4.3 trillion by 2015. Many UK companies and institutions have developed environmental solutions and technologies which are in great demand across the world.

9.28 In 2011, UKTI will:

- lead a green export campaign to position the UK as a leading provider of low-carbon solutions in markets where it is clear UK business can gain advantage. The UKTI campaign, involving trade missions and showcase events linked to overseas visits by Ministers, will be used to generate positive media coverage for UK business. Initially, UKTI will prioritise China, India, Brazil and the west coast of North America, where research has identified the greatest immediate business potential;
- work with the Knowledge Transfer Networks, Technology Strategy Board, Global Science and Innovation Network and the wider scientific community, to help create an export pipeline of innovative green technologies and services. Working closely with the overseas network of the FCO to promote green growth, we will identify new emerging opportunities; and
- work with the Department for Energy and Climate Change to attract investment to the UK for low-carbon energy solutions, to help the UK to meet its target of generating 15% of energy requirements from renewable sources by 2020. In particular, we will work to secure investment to build Britain's offshore wind capability.

From April 2010 to March 2011, UKTI's corporate induction team:

- managed and delivered around 75 courses for just under 800 delegates.
- received feedback showing that more than 95% of staff were either "very satisfied" or "mostly satisfied" with the training they received.
- monitored that over 180 new staff in our overseas Posts, regions and HQ used the online e-learning programme.

9.29 As mentioned previously, UKTI is not an employer in its own right. For the majority of its human resource requirements, it draws on civil service staff employed by one or other of its two parent Departments. In the UK most of its people are drawn from BIS and occupy BIS premises. For overseas most of its people are from the FCO who likewise provide the workspace. As a result of this, there are issues around the boundaries of what UKTI can measure, control and influence.

Accommodation Sustainability

9.30 In March 2011 UKTI moved out of its Head Office accommodation based at Kingsgate House, 66-74 Victoria Street, London and is now co-located with the Department for Business, Innovation & Skills in 1 Victoria Street, London. The move has enabled UKTI to start generating immediate savings both in cash and carbon. As a result of the move UKTI will make efficiency saving in space occupancy by 40%. Savings made on accommodation accrue to BIS who provide UKTI's accommodation and related services. We estimate that from 1st January 2012 onwards UKTI's estate costs in Central London will fall from about £3.4 million to £2.1 million per annum (38%). We expect our accommodation related carbon emissions to fall by a similar amount.

Engaging with the Wider Community

9.31 Both UKTI's parent Departments support staff in carrying out a variety of voluntary public duties. These include activities such as trusteeships for national charities; various roles as school governors and membership of audit committees. Both Departments also operate salary sacrifice schemes whereby staff can give tax efficiently and are encouraged to do so, to their chosen charities.

9.32 A significant number of our people also volunteer their services in their own personal time for other good causes. As a flavour, these include: acting as welfare officer for an RAF association, overseas community work with underprivileged children, feeding the homeless, raising funds for charity and supporting not-for-profit organisations through membership of their Boards and Committees.

Reporting of Personal Data Related Incidents

9.33 No incidents concerning the loss of "Protected Personal Data" were reported to the Information Commissioners Office in 2010-11.

9.34 UKTI continues to take a proactive role in developing and implementing measures to meet Information Assurance requirements. During the year, all UKTI personnel were required to undertake data handling training. Our Information Assurance Officers (IAOs) complete more in-depth training. In addition IAOs are required to report new information risks on a quarterly basis. Refresher training will continue throughout 2011-12.

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

Sustainability Case Study: Cartwright Pickard Architects

The low-carbon 'NovoHouse' in China – a lightweight steel-framed construction providing a sustainable, resource efficient solution to housing challenges

Since Cartwright Pickard was founded in 1996, it has developed an international reputation for innovative design. By aligning design concepts with a practical understanding of the building process, Cartwright Pickard directs available resources to where they really make a difference to quality, flexibility and sustainability.

In 2007 Living Steel, an organisation that promotes the sustainable and innovative use of steel in residential construction, launched an international competition for architects. The challenge was to create an environmentally efficient dwelling that would help to combat the growing global housing shortage.

Cartwright Pickard entered a new concept in housing, based on five fundamental principles: sustainability; affordability; flexibility; permanence; and ease of assembly. 18 designs were shortlisted from a total of 48 entries, and Cartwright Pickard won the competition with the design which went on to become NovoHouse.

"There are around one billion homeless people, so the task of providing decent, sustainable homes for the growing global population is one that architects must address with practical solutions," says James Pickard, Director at Cartwright Pickard.

"In our NovoHouse design, all the steel we use contains recycled content and is itself recycled. Throughout the entire design process of the NovoHouse, simplicity has been a major consideration for us," says James. "The structural elements are light, so they can be easily transported to remote areas. We hope to roll out our NovoHouse to other regions affected by natural catastrophes, in China and beyond."

UKTI support

UK Trade & Investment's Beijing team got in touch in early 2010 to see if the firm needed any help expanding its business further in China, and suggested they attend the Intelligent and Green Building Technologies and Products conference and expo (IGBC) in Beijing. This would be a good opportunity to showcase the NovoHouse and its other low-carbon work. UKTI contributed to the firm's travel and exhibiting costs, and even arranged a speaker slot.

"Attending the IGBC was a great experience for us, so much so that we have just attended the 2011 show," says James. "UKTI's support really allowed us to make the most of the opportunity.

"They introduced us to representatives of the China-Britain Business Council, who have helped us to better understand the potential scope for our business in China. Since the exhibition, we have gone on to commission Overseas Market Introductory Service (OMIS) reports from UKTI for Chongqing, Shanghai and Beijing, to identify property developers, investors or consultants that are interested in working with UK architects on sustainability projects."

10 COMPLAINTS TO THE DEPARTMENT

Dealing with complaints

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

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

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

10.3 Figures for 2010-11 are not yet available. Further information can be found in the Parliamentary Ombudsman's Annual Report 2009-2010[2].

Fig 19 – Complaints to the Parliamentary Ombudsman about UKTI

	In hand at 1 April 2009	Reported on	Reported on: fully upheld	Reported on: partly upheld	Reported on: not upheld	In hand at 1 April 2010
BIS	0	0	0%	0%	0%	0%
FCO	0	0	0%	0%	0%	0%
UKTI	0	0	0%	0%	0%	0%

1 www.ombudsman.org.uk/improving-public-service/ombudsmansprinciples/principles-of-good-administration
2 Parliamentary and Health Service Ombudsman Annual Report 2009-10 and previous reports are available from: www.ombudsman.org.uk/__data/assets/pdf_file/0015/4263/Annual-Report-2009-10-low-res-with-appendix-as-spread.pdf

11 SIGNIFICANT WORK OF SENIOR PEOPLE HELPING UKTI DELIVER FOR UK BUSINESS

11.1 HRH The Duke of York has been the UK Special Representative for International Trade and Investment since 1 October 2001. Over the last decade, The Duke has developed strong relationships with opinion formers and decision makers across many of our priority global markets. These winning relationships yield real benefits for the UK economy and The Duke's presence around the world helps to send a strong signal that Britain is engaged and open for business.

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

11.3 The Duke undertakes a wide range of activities in support of UKTI. In the year 2010-11, the overseas programme in support of UKTI included 8 overseas visits, taking in 11 markets, including Bahrain, China, Italy, Kazakhstan, Kuwait, Malaysia, Russia, Saudi Arabia, Singapore, Switzerland and Vietnam. The Duke undertook an extensive programme of calls and visits during each of his programmes overseas.

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

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

Senior Business Support

11.6 UKTI is supported by over 300 senior business people. This senior business support includes: Business Ambassadors, Catalyst members from all Sectors and the Sector Advisory Groups. Details of membership and roles for the Business Ambassadors' network and Sector Advisory Groups and Chairs are set out in Annex E and F respectively.

Business Ambassadors

11.7 The Business Ambassador Network of key business and academic leaders promotes the UK's excellence internationally while also highlighting trade and inward investment opportunities. The Network, which was expanded and re-launched in November 2010, includes a wide range of expertise and experience, along-with a new generation of entrepreneurs and business leaders. Between them, they cover many of the sectors important to the UK's Growth agenda including Advanced Engineering, Finance, Education and the Creative industries.

11.8 Business Ambassadors are not paid; they provide their time and services freely. UKTI does, however, meet business expenses. In total £35k (£29k) was paid during 2010-11 (2009-10) towards their expenses. During the year, Business Ambassadors undertook 55 (69) engagements in 26 (27) countries.

11.9 In many cases, where events are organised to coincide with a Business Ambassador's personal or business travel, there is no cost at all attached to their services. In 2010-2011, the Business Ambassadors business expertise and international experience helped to supplement the work of Government Ministers and senior officials by providing vital support to UK business interests in global markets.

Catalyst UK

11.10 Catalyst UK is a network of powerful advocates from business that have been invited to speak up for British interests around the world. Catalyst members are individuals from all sectors, British born, or with an affinity for the UK, located in the UK and overseas, who will work with UKTI, and other parts of Government, to promote positive messages about the UK as the place to grow an international business. Many of these members personify Britain's reputation for excellence and will be invited to pass knowledge and know-how to British companies taking their first steps into new markets. There are already around 100 advocates, located in the UK and overseas, with a plan to reach 500 by early 2012. The network was officially launched by Lord Green in March 2011 and has been running as a pilot for a year.

11.11 Key deliverables for the Catalyst network include:

- attracting high-value Foreign Direct Investment to the UK;
- helping UK businesses internationalise by sharing market insight and signposting/facilitating key contacts; and
- Identifying/encouraging/generating business offers which facilitate exports.

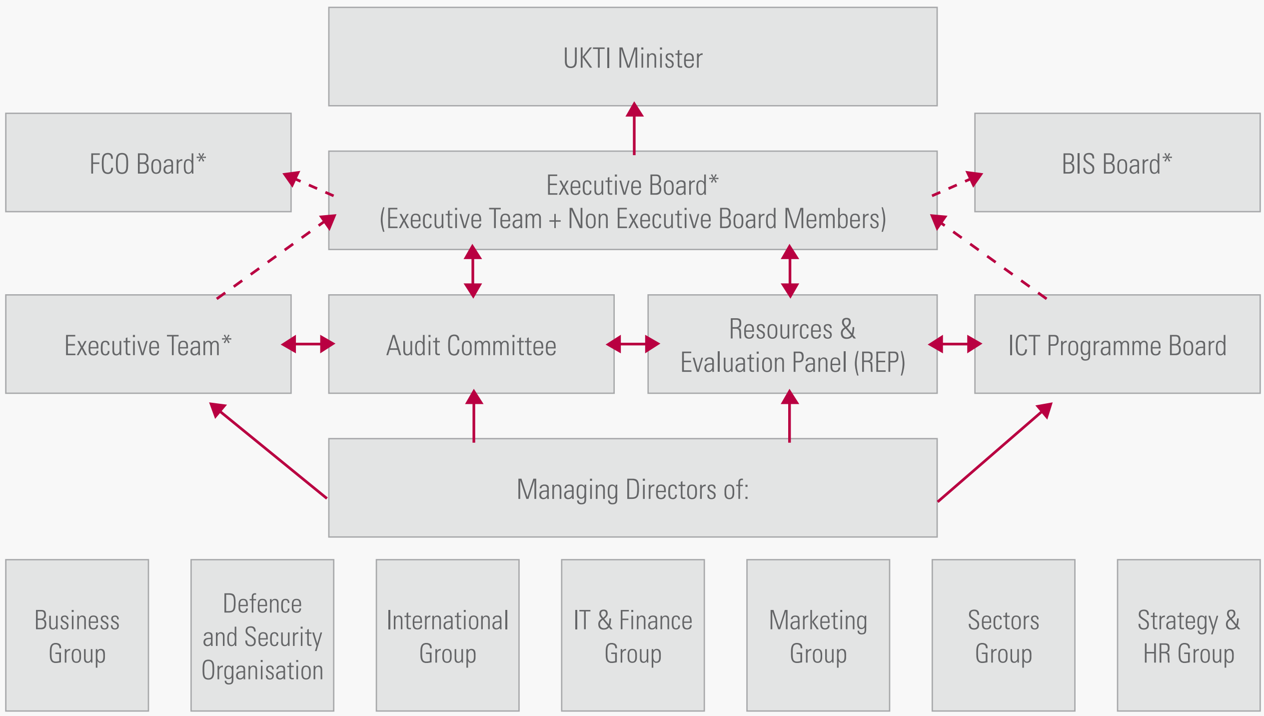
11.12 UKTI has put in place arrangements to monitor the effectiveness and outcomes of the Catalyst programme.

Sector Advisory Groups

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

12 UKTI'S CORPORATE GOVERNANCE STRUCTURE

UKTI's Corporate Governance Structure



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

Ministers

During 2010-11, joint ministerial responsibilities were as follows:

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

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

Portfolio responsibility

Minister of State for Trade & Investment
Lord Green of Hurstpierpoint
(from 7 January 2011)

Minister of State for Business and Enterprise (interim Trade and Investment Minister)
Mark Prisk
(from 14 June 2010 to 6 January 2011)

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

Accounting Officer

Sir Andrew Cahn KCMG
(to 27 March 2009 and from 11 May 2009 to 2 January 2011)

Susan Haird CB
(from 3 January 2011)

Appointment of New UKTI Chief Executive Officer

In May 2011 Nick Baird, Director-General Europe and Globalisation at the FCO was appointed as UKTI's new Chief Executive. He will take up post in September 2011 as UKTI's Accounting Officer.

UKTI Executive Board – Top (left to right) – Richard Paniguian, Edward Oakden, Curtis Juman
Bottom (left to right) – Susan Haird , Caoihme Buckley. Robin Barnett.

UKTI's Executive Board Members

This section sets out the membership, role and structure of UKTI's Board as at 31 March 2011.

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

Chairs

Sir Andrew Cahn KCMG
Chief Executive (to 2 January 2011)

Susan Haird CB
Acting Chief Executive
(from 3 January 2011)

Deputy Chair

Susan Haird CB
Deputy Chief Executive
(to 2 January 2011)

Executive Members

Caoimhe Buckley
Managing Director, Marketing Group (to 7 May 2010 and from 1 November 2010)

Rosa Wilkinson
Acting Managing Director,
Marketing Group
(from 10 May 2010 to 31 October 2010)

Brian Shaw
Managing Director, Business Group
(to 8 October 2010)

Robin Barnett
Managing Director, Business Group (from 20 September 2010). He also sits on the Board of the Export Credits Guarantee Department

Curtis Juman
Director of Finance & Information Technology

Richard Paniguian CBE
Head, UKTI Defence & Security Organisation

Michael Ward
Acting Managing Director, Sectors Group
(to 16 April 2010)

Edward Oakden
Managing Director, Sectors Group
(from 19 April 2010)

Executive Team

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

Non Executive Board Members

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

Chris Fitzpatrick
Chris is Chief Executive of Elements Of Sherwood Ltd and a Director of Renewable Energy East Midlands Ltd. He is also a member of the Yorkshire, Humberside & East Midlands Industrial Development, and Rural Community Action Nottinghamshire Boards. He is a member of the Enterprise Loan Panel for Lincolnshire.

Alan Jenkins
Alan is a Director of various companies including the Financial Ombudsman Service. He also serves on the boards of various charities and not-for-profit companies, including Lattitude Global Volunteering, Mencap Trust Company Limited; and the International Institute for Environment and Development. He is Chairman of Business Europe – India Network. He is a member of the Council of the Institute of Directors. Until May 2011 he was a Partner and until May 2010 Chairman of the Board at Eversheds LLP. He is a Fellow of the Royal Society of Arts, Manufactures and Commerce.

Mark Gostick
Mark is a senior commercial executive with extensive experience in the commercialisation of early stage technologies. Until April 2009, he was CEO of Liquivista, and prior to that of Kindertec Ltd. He was first employee at Cambridge Display Technology, which was ultimately NASDAQ listed. Mark has extensive experience of strategic corporate development, sales, licensing and marketing of innovative technologies, managing exits in venture backed environments and developing working relationships across a variety of cultures. Much of his work has involved developing partnerships in the Far East. He is currently working with the Camcon Federation of companies to introduce their unique actuators into a variety of industries including oil, gas and automotive. This involves working with partner companies from around the world.

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

Patrick Crawford
Chief Executive, Export Credits Guarantee Department (from 31 January 2011).

In addition UKTI and Export Credits Guarantee Department have a reciprocal arrangement and sit on one another's Boards, following the agreement to maintain closer working relations.

BIS, the FCO and Overseas Representation at UKTI Board Meetings

BIS, the FCO and Overseas are usually represented at UKTI Board meetings:

- David Hendon for BIS
- Deborah Bronnert for the FCO, and
- Sir Alan Collins, representing the UKTI overseas network.

The Executive Board

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

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

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

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

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

Sub-Committees of the Board

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

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

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

Audit Committee

12.3 The Audit Committee met four times during 2010-11. The Committee acts in an advisory capacity and brings an independent element into the consideration of audit, risk and other corporate governance matters within the organisation. Two of the four Non Executive Board Members are members of the Committee.

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

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

12.5 During 2010-11 the composition of the UKTI Audit Committee was as follows:

Alan Jenkins (Chair)
Non Executive Board Member

Tim Robinson
Non Executive Board Member

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

Sam Sharpe (from 15 February 2010 to 28 February 2011)
Independent Member and Director of Finance Department for International Development (DfID).

Nigel Addison Smith (from 1 March 2011)
Independent Member and Director of Finance for the Export Credits Guarantee Department (ECGD).

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

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

During the year the Audit Committees terms of reference was reviewed and approved by the UKTI Board. The Committee's terms of reference are available at www.ukti.gov.uk.

12.7 There where six Board meetings and 4 Audit Committee meetings held during the year. There was a 93%

attendance at Board meetings and 94% at Audit Committee meetings. The total cost of hosting these meetings, excluding Non Executive Board Members fees set was £4,262. This includes room hire, refreshments, equipment rental and travel expenses (Fig 20).

Resources and Evaluation Panel (REP)

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

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

12.9 The REP maximises the input of the Board to the evaluation of programmes and projects and strengthens the role of evaluation evidence in the policy process. Susan Haird CB, UKTI's Deputy Chief Executive, chairs the REP and is supported by the organisation's Senior Economist, Heather Booth Di Giovanni and Managing Directors. As a result of the Deputy CEO acting as CEO from 3rd January 2011 the Chair passed to Curtis Juman (Finance Director).

Financial Structure

12.10 The Chief Executive, as Accounting Officer, is responsible for all UKTI's programme expenditure, including capital items (assets) purchased out of UKTI's programme budget. The controls exercised over these resources are reported on by the Accounting Officer in the Statement on Internal Control. All expenditure items other than those purchased from UKTI's budget during 2010-11 that were funded by BIS or the FCO remain the responsibility of the Accounting Officers for those Departments. The controls BIS and the FCO exercised over these resources are reported on in the individual Statements on Internal Control in their respective accounts.

Fig 20 – Attendance at Board and Audit Committee meetings

The following were in attendance at Board and Committee meetings:

	Board	Audit Committee
Number of Meetings in year	6	4
Executives		
Sir Andrew Cahn (CEO)	4	
Susan Haird (Deputy CEO)	6	
Richard Paniguian (Defence & Security Group)	4	
Edward Oakden (Sectors Group)	4	
Brian Shaw (Business Group)	2	
Robin Barnett (Business Group	4	
Curtis Juman (Finance Director)	6	
Caoimhe Buckley (Marketing Group)	3	
Rosa Wilkinson (Marketing Group)	3	
Non Executives		
Alan Jenkins	5	4
Sir Eric Peacock	4	–
Tim Robinson	5	3
Chris Fitzpatrick	6	–
Mark Gostick	6	–
Stephen French (MOD)	–	4
Sam Sharpe (DFID – ceased Feb 2011)	–	3
Nigel Addison Smith (ECGD – commenced March 2011)	–	1
Patrick Crawford (ECGD)	2	

12.11 The Accounting Officers for BIS and the FCO have provided UKTI's Accounting Officer with details of expenditure and capital items for inclusion as Memorandum Notes in these accounts. These Memorandum Notes are not covered by the Comptroller and Auditor General's (C&AG's) audit opinion on page 64.

12.12 Other than required for the service of the specified year or retained in excess of that need, all unspent monies, including those derived from UKTI's income, are surrenderable to the Fund.

Public Interest

Going Concern

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

Payment of Suppliers

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

12.15 In accordance with Government policy, UKTI endeavours to pay all invoices within ten days. From 1 May 2010 this commitment was changed to pay all invoices within five days. The five days covers three days to process invoices, allowing a further two days for the payment to reach the supplier. In 2010-11, 92.6% of invoices were paid within five days. The proportion of trade creditors compared to amounts invoiced expressed in days is four (five days).

Transparency Reporting

12.16 In accordance with Government policy, UKTI publishes all payment transactions. This commenced with effect from 12th May 2010, the formation date of the Coalition Government.

UKTI publishes programme Expenditure on its website www.ukti.gov.uk and UKTI's Administration Expenditure on the BIS website www.bis.gov.uk/transparency.

Whistleblowing Policy

12.17 The Civil Service Code (CS) requires Departments to set out arrangements for staff to be able to highlight any concern where they believe they (or others) are being asked to do something that contravenes the CS code, or is inappropriate in some way. (http://www.civilservice.gov.uk/about/values/cscode/index.aspx)

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

Auditors

12.19 These financial statements have been audited, under the Government Resources and Accounts Act 2000, by the C&AG, who is appointed under statute and reports to Parliament. The audit opinion is on page 64. The notional cost to UKTI of the external audit of its resource account by the NAO for the C&AG was £50k (£46k), which was split between the administration costs of BIS and the FCO. See Memorandum Notes for further details.

Disclosure of Audit Information

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

Events After the Reporting Period

12.21 For events after the reporting period see note 21.

Susan Haird

Susan Haird
Accounting Officer
1 July 2011

13 DEPARTMENTAL REMUNERATION REPORT

Remuneration Policy

13.1 A Remuneration Report has been included for reasons of transparency. UKTI has no Remuneration Committee, because the remuneration of BIS and FCO staff working for UKTI is met from the administration resource controlled by these sponsoring Departments and both have remuneration committees. Staff costs are reported under Memorandum Note 3 on page 91.

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

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

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

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

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

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

Senior Official Appointments

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

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

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

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

- Sir Andrew Cahn KCMG (Chief Executive) was appointed on a four-year contract commencing 27 March 2006. His appointment was extended by a further year. He left UKTI on 2 January 2011 and was remunerated until end of February 2011.
- Brian Shaw was appointed on a four-year contract commencing 3 July 2006. His appointment was extended by a further year. He resigned and left the organisation on 8 October 2010.
- Richard Paniguian CBE was appointed on a three-year contract commencing 11 August 2008. The notice period for the employee is three months. For the employer the notice period is six months or a period, if less, equal to the unexpired part of the fixed-term contract.
- Caoimhe Buckley was appointed on a three-year contract commencing 2 December 2009. The notice period for the employee is three months. For the employer the notice period is six months or a period, if less, equal to the unexpired part of the fixed-term contract.

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

Salary and Pension Entitlements

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

Ministerial Appointments

13.6 During 2010-11, joint Ministerial responsibilities were as follows:

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

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

Portfolio Responsibility: Minister of State for Business and Enterprise (interim Trade and Investment Minister)
Mark Prisk
(from 14 June 2010 to 6 January 2011)

Portfolio of Responsibility: Minister of State for Trade and Investment
Lord Green of Hurstpierpoint
(from 7 January 2011)

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

13.7 Neither Lord Davies nor Lord Green drew a salary or pension benefits for their work as a Ministers.

13.8 Other Ministers' salary, pension and benefits are not disclosed in these accounts, and their details can be found in the respective 2010-11 resource accounts of BIS or the FCO.

Remuneration Report – Ministers

13.9 The following sections provide details of the remuneration and pension interests of the Ministers and most senior management (i.e. Board Members) of the department (Fig 21 to 24).

Salary

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

13.11 This report is based on accrued payments made by the Department and thus recorded in these accounts. In respect of Ministers in the House of Commons, departments bear only the cost of the additional Ministerial

Fig 21 – Ministers' salaries, allowances, benefits in kind in 2010-11 were as follows:

	2010-11			2009-10		
Ministers	Salary £000	Bonus Payments £000	Benefits in kind (to nearest £100)	Salary £000	Bonus Payments £000	Benefits in kind (to nearest £100)
Lord Green* of Hurstpierpoint (from 7 January 2011)	–	–	–	–	–	–
Lord Davies* of Abersoch CBE (to 11 May 2010)	–	–	–	–	–	–

This table has been subject to audit.

* Received no salary or benefits.

Fig 22 – Senior Officials salaries, allowances, benefits in kind in 2010-11 were as follows:

	2010-11			2009-10		
Officials	Salary £000	Bonus Payments £000	Benefits in kind (to nearest £100)	Salary £000	Bonus Payments £000	Benefits in kind (to nearest £100)
Sir Andrew Cahn KCMG[2,3,4] (to 02/1/11) Full year equivalent	180-185 205-210	15-20	–	205-210	40-45	–
Susan Haird CB[2,3]	115-120	5-10	–	115-120	10-15	–
Michael Ward[1,3] (to 30/04/10) Full year equivalent	5-10 65-70	–	–	25-30 65-70	5-10	–
Edward Oakden[1,3] (from 01/5/10) Full year equivalent	90-95 100-105	0-5	–	–	–	–
Robin Barnett[1,3] (from 20/9/10) Full year equivalent	45-50 90-95	–	–	–	–	–
Richard Paniguian CBE[2,3,4]	195-200	15-20	–	195-200	10-15	–
Brian Shaw[2,3,4] (to 08/10/10) Full year equivalent	65-70 125-130	10-15	–	125-130	15-20	–
Curtis Juman[2,3]	80-85	5-10	–	80-85	5-10	–
Caoimhe Buckley[2,3,4] Full year equivalent	80-85	–	–	20-25 80-85	–	–
Rosa Wilkinson[2,3] (from 06/05/10 to 31/10/10) Full year equivalent	35-40 75-80	–	–	–	–	–

This table has been subject to audit.

[1] Salary paid by the FCO.

[2] Salary paid by BIS.

[3] Under conditions of contract, no overtime is payable.

[4] Fixed term contract.

remuneration; the salary for their services as an MP (£65,738 from 1 April 2010) and various allowances to which they are entitled are borne centrally. However, the arrangement for Ministers in the House of Lords is different in that they do not receive a salary but rather an additional remuneration, which cannot be quantified separately from their Ministerial salaries. This total remuneration, as well as the allowances to which they are entitled, is paid by the Department and is therefore shown in full in the figures provided (Fig 21 and 22).

Benefits in Kind

13.12 The monetary value of benefits in kind covers any benefits provided by the Department and treated by HM Revenue and Customs as a taxable emolument. Minister 1 received living accommodation provided at public expense and chargeable to tax under s163 of the Income and Corporation Taxes Act 1988. Member 1 and Member 2 had the private use of an allocated car in the circumstances permitted by the Civil Service Management Code.

Bonus Payments

13.13 Bonuses are based on performance levels attained and are made as part of the appraisal process. Bonuses relate to the performance in the year in which they become payable to the individual. The bonuses reported in 2010-11 relate to performance in 2009-10 and the comparative bonuses reported for 2009-10 relate to the performance in 2008-09.

Ministerial Pensions

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

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

Fig 23 – Ministers' pension and benefits entitlements in 2010-11 were as follows:

Ministers	Accrued pension at pension age as at 31/3/11 and related lump sum £'000	Real increase in pension and related lump sum at pension age £'000	CETV at 31/3/11 £'000	CETV at 31/3/10 £'000	Real increase in CETV £'000	Employer contribution to partnership pension account Nearest £100
Lord Green* of Hurstpierpoint (from 7 January 2011)	–	–	–	–	–	–
Lord Davies* of Abersoch CBE (from 14 January 2009 to 11 May 2010)	–	–	–	–	–	–

This table has been subject to audit.

* Received no pension benefits.

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

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

The Cash Equivalent Transfer Value (CETV)

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

The Real Increase in the Value of the CETV

13.19 This is the element of the increase in accrued pension funded by the Exchequer. It excludes increases due to inflation and contributions paid by the Minister. It is worked out using common market valuation factors for the start and end of the period. (Fig 23)

Civil Service Pensions

13.20 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).

13.21 Employee contributions are set at the rate of 1.5% of pensionable earnings for classic and 3.5% for premium, classic plus and nuvos. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years, initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. Classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos a member builds up a pension based on 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.

13.22 The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of three providers. The employee does not have to contribute, but where they do make contributions, the employer will match

Fig 24 – Senior officials pension and benefits entitlements in 2010-11 were as follows:

Officials	Accrued pension at pension age as at 31/3/11 and related lump sum £000	Real increase in pension and related lump sum at pension age £000	CETV at 31/3/11 £000	CETV at 31/3/10[6] £000	Real increase in CETV £000	Employer contribution to partnership pension account[3] Nearest £100
Sir Andrew Cahn KCMG[2,4] (from 01/04/10 to 02/1/11)	65-70 No lump sum	2.5-5.0 No lump sum	1,263	1,121	52	0
Susan Haird CB[2]	50–55 Plus 150-155 lump sum	0–2.5 Plus 2.5-5.0 lump sum	1,119	1,076	28	0
Edward Oakden[1] (from 01/5/10 to 31/3/11)	35–40 Plus 110-115 lump sum	0–2.5 Plus 0-2.5 lump sum	646	606	1	0
Michael Ward[1,5] (from 01/04/10 to 30/04/10)	20–25 Plus 65-70 lump sum	0–2.5 Plus 0-2.5 lump sum	379	373	0	0
Robin Barnett[1] (from 20/09/10)	35–40 Plus 75-80 lump sum	0–2.5 Plus (0)-(2.5) lump sum	682	649	0	0
Brian Shaw[2] (to 08/10/10)	5-10 No lump sum	0–2.5 No lump sum	130	110	11	0
Richard Paniguian[2] CBE	10-15 No lump sum	2.5-5.0 No lump sum	192	115	65	0
Curtis Juman[2]	15–20 Plus 55-60 lump sum	0–2.5 Plus 0-2.5 lump sum	241	216	5	0
Caoimhe Buckley[2] (from 01/01/10)	2.5–5.0 No lump sum	0–2.5 No lump sum	22	11	8	0
Rosa Wilkinson[2] (from 06/05/10 to 01/11/10)	0-2.5 Plus n/a lump sum	0–2.5 Plus n/a lump sum	28	14	11	0

This table has been subject to audit.

[1] Salary paid by the FCO.
[2] Salary paid by BIS.
[3] There were no employer contributions to partnership pension account.
[4] Has a supplementary pension agreed by the Cabinet Office from 1 July 2007, with a double accrual rate. Aggregated service prior to this date is at a single rate.
[5] Appointed acting Director 19 December 2009 to 30 April 2010
[6] The actuarial factors used to calculate CETVs were changed in 2010-11. The CETVs at 31/3/10 and 31/3/11 have both been calculated using the new factors, for consistency. The CETV at 31/3/10 therefore differs from the corresponding figure in the 2009-10 report.

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).

13.23 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/my-civil-service/pensions/index.aspx

Cash Equivalent Transfer Values

13.24 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 within the guidelines and framework prescribed by the Institute and Faculty of Actuaries and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real Increase in CETV

13.25 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.

Compensation for Loss of Office

13.26 No compensation for loss of office was paid to any senior manager. (Fig 24)

Fees Paid by UKTI to Non Executive Board Members

13.27 Below are the annual fees plus expenses paid to the Non Executive Board Members of UKTI. The total payments for the year to each person were in the following ranges: (Fig 25)

Fig 25

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

This table has been subject to audit.

Susan Haird

Susan Haird CB
Accounting Officer 1 July 2011

14 STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES

14.1 Under the Government Resources and Accounts Act 2000, HM Treasury has directed UK Trade & Investment (UKTI) to prepare, for each financial year, resource accounts, detailing the resources acquired, held or disposed of during the year and the use of resources by the Department during the year. The Accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of UKTI as at 31 March 2011 and of its net resource outturn, the application of resources, changes in taxpayers' equity and cash flows for the financial year.

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

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

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

15 STATEMENT ON INTERNAL CONTROL

Introduction

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

15.2 UKTI is not an employer in its own right but draws on staff from its two parent Departments: the Department for Business, Innovation & Skills (BIS) and the Foreign and Commonwealth Office (FCO). UKTI also draws on staff seconded from the Ministry of Defence. For a complete view of the internal control environment in which UKTI operates, this Statement on Internal Control should also be read in conjunction with those for BIS and the FCO. These can be found in their respective published 2010-11 Annual Report and Accounts.

Scope of Responsibility

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

15.4 I became Acting Chief Executive and Accounting Officer in January 2011. I have been advised by the Chairman of the Audit Committee and Head of Internal Audit about the control environment operating in UKTI prior to my appointment, and I have worked in UKTI in a senior position since 2004.

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

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

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

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

The Purpose of the System of Internal Control

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

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

15.9 The system of internal control has been in place in UKTI for the year ended 31 March 2011 and up to the date of approval of the Annual Report and Accounts, and accords with Treasury guidance.

Capacity to Handle Risk

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

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

15.12 As well as processes and systems, effective internal control is strongly linked to organisational culture. Risk management is already incorporated into business plans at all levels; project plans; business programmes and the procurement process. Risk management is referenced in induction and procurement training courses and staff are encouraged to take an active part in informing and updating operational-level risk registers. Guidance for all staff is made available on the organisation's intranet and there is also the material made available by our parent Departments. UKTI's vision is that, through a virtuous circle of reflection and continual improvement, all of our people will be mindful of their responsibilities for internal controls all of the time, as they strive to achieve their objectives.

The Risk and Control Framework

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

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

15.15 UKTI's main strategic risks during the year were as follows:

- UKTI fails to respond effectively to the continued fall-out from the global economic downturn.
- UKTI fails to make the efficiency and productivity gains that were factored into its Spending Review settlement.
- UKTI fails to deliver an effective service to support delivery of Foreign Direct Investment outcomes following the abolition of the Regional Development Agencies.
- UKTI fails to respond adequately to disruption in key overseas markets/ regions, whether as a result of natural disasters or political upheaval.
- UKTI fails in its statutory obligations regarding data security.

Looking forward, UKTI considers that the increased income targets for the next four years, needed to fund activity, are tight but achievable.

15.16 Details of the risks and the mitigating actions are contained in the table on page 35. UKTI considers that risks are being satisfactorily managed. The overall rating for each risk after mitigating actions are considered to be at a satisfactory level.

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

15.18 The internal auditors report regularly on risk management processes to ensure that UKTI keeps abreast of current developments in the field of corporate governance. Internal auditors have carried out a programme of work which helps provide assurance that control processes are working effectively within UKTI. Internal Audit's Annual Report stated that, in their opinion, "the system of internal control that operated within UKTI during the financial year 2010-11 was satisfactory".

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

Review of Effectiveness

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

15.21 The system of internal control in UKTI comprises of a framework of financial regulations, administrative procedures (including segregation of duties), regular management information and a system of delegation and accountability. This is kept under constant review and when specific weaknesses are identified an action plan is drawn up to address them. Immediate action is taken where the risks are considered to be unacceptable. Action plans are in place to address all the weaknesses identified during the accounting period, and up to the date of the signing of the 2010-11 Annual Report and Accounts. During the accounting period, risk management was supported by the following processes:

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

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

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

Data Handling

15.23 Following the Cabinet Office's review of data handling and security, UKTI has made good progress in implementing the requirements now expected of it. All the key actions have now been implemented. UKTI assesses data handling risks on a quarterly basis. During 2010-11, UKTI had no reportable data losses.

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

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

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

- Installed desktop encryption across BIS's IT systems.

In addition, UKTI has taken the following specific actions:

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

15.26 During 2009-10, UKTI, through BIS and the FCO, introduced Cabinet Office-sponsored e-learning training for all data users and key stakeholders. Mandatory refresher data training was provided and undertaken by staff during 2010-11 to instil the principle that everyone has a responsibility to ensure data is safeguarded where necessary and treated only for the purposes it was intended. In January 2011 senior management reminded all staff of their duty to protect data, as described in the Civil Service Code following the unauthorised release of data, as well as, live the values that underpin their actions as described in the Civil Service Code.

15.27 There were no significant internal control issues during the course of 2010-11. Where weaknesses in the control environment were identified, action to strengthen control has taken place or is planned.

Susan Haird

Susan Haird
Accounting Officer
1 July 2011

16 THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSE OF COMMONS

I certify that I have audited the financial statements of UK Trade & Investment for the year ended 31 March 2011 under the Government Resources and Accounts Act 2000. These comprise the Statement of Parliamentary Supply, the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cashflows, the Statement of Changes in Taxpayers' Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective Responsibilities of the Accounting Officer and Auditor

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

Scope of the Audit of the Financial Statements

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

In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate. In addition, I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Opinion on Regularity

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

Opinion on Financial Statements

In my opinion:

- the financial statements give a true and fair view of the state of the Department's affairs as at 31 March 2011 and of its net cash requirement, net resource outturn and net operating cost, for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

Opinion on Other Matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000 and
- the information given in the sections entitled Management Commentary, Financial Review, The UKTI Organisation - Its People and Business Partners and UKTI's Corporate Governance Structure for the financial year, for which the financial statements are prepared, is consistent with the financial statements.

Matters on Which I report by Exception

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

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

Report

I have no observations to make on these financial statements.

Amyas C E Morse
Comptroller and Auditor General

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

8 July 2011

ACCOUNTS 2010–11
PRIMARY STATEMENTS

Image by Pete Gardner / Photographers Choice RF / Getty Images

17 STATEMENT OF PARLIAMENTARY SUPPLY

Summary of Resource Outturn 2010-11

		Estimate			Outturn			2010-11 £000 Net Total Outturn compared with Estimate: saving/(excess)	2009-10 £000 Outturn
Request for Resources	Note	Gross Expen-diture	A-in-A	Net Total	Gross Expen-diture	A-in-A	Net Total		Net Total
RfR 1 Trade development and promotion and inward investment	3	99,199	(6,289)	92,910	92,020	(6,289)	85,731	7,179	94,384
Total Resources		**99,199**	**(6,289)**	**92,910**	**92,020**	**(6,289)**	**85,731**	**7,179**	**94,384**

Explanations of variances between Outturn against Estimate are given on page 28.

Net Cash Requirement 2010-11

				2010-11 £000	2009-10 £000
	Note	Estimate	Outturn	Net total outturn compared with Estimate: saving/(excess)	Outturn
Net Cash Requirement	5.1	**95,307**	**87,558**	**7,749**	**95,705**

The saving can be further analysed as £1,314k cash at bank and £6,435k undrawn supply. The "saving" largely relates to a forecast underspend in resource of £7.2m due to restrictions on spending such as Marketing and Advertising and the introduction of new spending controls in the early part of the financial year.

Summary of Income Payable to the Consolidated Fund 2010-11

		Forecast 2010-11 £000		Outturn 2010-11 £000	
	Note	Income	*Receipts*	Income	*Receipts*
Total income payable to the Consolidated Fund	8.2	–	–	**625**	**105**

In addition to appropriations-in-aid, the following income relates to the department and is payable to the Consolidated Fund (cash receipts being shown in italics): UKTI earned £6,914k (£6,005k). This was £625k (£105k) more than the Parliamentary Estimate of £6,289k (£5,900k) and was 9.5% (1.8%) above Estimate.

The notes on pages 71 to 89 form part of these accounts.

18 STATEMENT OF COMPREHENSIVE NET EXPENDITURE

For the year ended 31 March 2011

Programme Costs: Request for Resources	Note	2010-11 £000	2009-10 £000 (restated)
Staff costs	6	832	686
Expenditure	7	91,188	99,802
Income	8	(6,914)	(6,005)
Net Operating Cost		85,106	94,483
Net gain/(loss) on Revaluation		–	–
Total Comprehensive Expenditure		85,106	94,483

All income and expenditure are derived from continuing operations.

The notes on pages 71 to 89 form part of these accounts.

19 STATEMENT OF FINANCIAL POSITION

As at 31 March 2011

	Note		2011 £000		2010 £000 (restated)		2009 £000 (restated)
Non-current Assets							
Property, plant and equipment	9	152		266		244	
Intangible assets	10	3,731		3,651		914	
Total non-current assets			3,883		3,917		1,158
Current Assets							
Trade and other receivables	11	2,304		3,005		4,299	
Cash and cash equivalents	12	1,314		3,472		1,349	
Total current assets			3,618		6,477		5,648
Total assets			7,501		10,394		6,806
Current Liabilities							
Trade and other payables	13	(14,982)		(19,702)		(17,231)	
Total current liabilities			(14,982)		(19,702)		(17,231)
Total Assets less net current liabilities			(7,481)		(9,308)		(10,425)
Non-current Liabilities							
Trade and other payables	13	–		–		–	
Total non-current liabilities			–		–		–
Assets less Liabilities			(7,481)		(9,308)		(10,425)
Taxpayers' Equity							
General fund			(7,481)		(9,308)		(10,425)
Total Taxpayers' Equity			(7,481)		(9,308)		(10,425)

Susan Haird

Susan Haird
Accounting Office

1 July 2011

The notes on pages 71 to 89 form part of these accounts.

20 STATEMENT OF CASH FLOWS

For the year ended 31 March 2011

	Note	2010-11 £000	2009-10 £000 (Restated)
Cash flows from operating activities			
Net operating cost		(85,106)	(94,483)
Adjustments for non-cash transactions	7	1,009	1,114
Decrease in trade and other receivables	11	701	1,294
(Decrease)/Increase in trade payables	13	(4,720)	2,471
Less movements in payables relating to items not passing through the Statement of Net Comprehensive Expenditure	13	1,729	(2,207)
Net cash outflows from operating activities		(86,387)	(91,811)
Cash flows from investing activities			
Purchases of property, plant and equipment	9	–	(171)
Purchases of intangible assets	10	(1,066)	(3,611)
Net cash outflows from investing activities		(1,066)	(3,782)
Cash flows from financing activities			
From the Consolidated Fund (Supply) – Current year		85,400	97,828
Advances from the Contingencies Fund		–	–
Repayments to the Contingencies Fund		–	–
Net financing		85,400	97,828
Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund			
Receipts due to the Consolidated Fund which are outside the scope of the department's activities	8.2	–	–
Payments of amounts due to the Consolidated Fund	2	(105)	(112)
Net (decrease)/increase in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund		(2,158)	2,123
Cash and cash equivalents at the beginning of the period	12	3,472	1,349
Cash and cash equivalents at the end of the period	12	1,314	3,472

The notes on pages 71 to 89 form part of these accounts.

21 STATEMENT OF CHANGES IN TAXPAYERS' EQUITY

For the year ended 31 March 2011

	Note	General Fund £000
Balance at 31 March 2009		**(10,425)**
Changes in accounting policy		–
Balance at 1 April 2009		**(10,425)**
Net Parliamentary Funding – drawn down		97,828
Net Parliamentary Funding – deemed	12	1,349
Supply payable/(receivable) adjustment	12	(3,472)
CFERs payable to the Consolidated Fund	8.2, 13	(105)
Comprehensive Expenditure for Year		(94,483)
Balance at 31 March 2010		**(9,308)**
Net Parliamentary Funding – drawn down		85,400
Net Parliamentary Funding – deemed	12	3,472
Supply payable/(receivable) adjustment	12	(1,314)
CFERs payable to the Consolidated Fund	8.2, 13	(625)
Comprehensive Expenditure for Year		(85,106)
Balance at 31 March 2011		**(7,481)**

The notes on pages 71 to 89 form part of these accounts.

22 NOTES TO THE 2010-11 ACCOUNTS

1.1 Statement of Accounting Policies

These financial statements have been prepared in accordance with the 2010-11 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public-sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of UKTI for the purpose of giving a true and fair view has been selected. The particular policies adopted by UKTI are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

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

1.2 Estimates and Judgements

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

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

1.3 Accounting Convention

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

1.4 Basis of Accounting

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

Because AO responsibility for the cost of administering UKTI's programmes remains with one or other of its two parent Departments, these accounts report only on the programme activities and resources of UKTI in the primary statements and related notes. Indicative administration expenditure and the cost of the associated assets used are included by way of memoranda notes to the accounts (see pages 90 to 93).

1.5 Changes to IFRS and the FReM

1.5.1 Changes to IFRS

The following standards have been adopted in the current period:

- IFRS 8: Operating Segments.

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

- IFRS 9 and IAS 32 & 39 relating to Financial Instruments,
- IFRS 2 Group Cash-settled Share-based Payment Transactions,
- IFRS 7 Financial Instruments, disclosure (as part of improvements to IFRSs in 2010),
- IFRS 3 Business Combinations, and
- IAS 27 Consolidated and Separate Financial Statements.

1.5.2 Changes to FReM

From 2010-11, the Financial Reporting Expenditure Manual (FReM) no longer permits the inclusion of notional cost of capital charges when calculating the Department's expenditure. In accordance with Treasury guidance, a prior period adjustment (PPA) has been made, and comparative amounts have been restated. In line with Treasury advice, the PPA arising from the removal of the cost of credit was not included in the Spring Supplementary Estimates for 2010-11, other than as a note, on the basis that the PPA numbers could have been misleading.

1.6 Restatement of Prior Year's Accounts as a result of Changes to the FReM

Previous year's outturn figures have been restated. For 2009-10 (2008-09) Net Resource Outturn and Operating Costs was increased by £204k (£159k). There has been no other restatement besides the elimination of £7.4m cost of capital charge from the 2009-10 Memorandum Notes, which relates to costs attributed to UKTI by the FCO. UKTI restated its programme figures for consistency. As a result of this change, three years Statements of Financial Position have been provided. There is no impact on Taxpayers' Equity, as an equal and opposite entry was recoded in the General Fund.

In line with HM Treasury advice, Prior Period Adjustment (PPAs) arising from the removal of the cost of capital charge was not included in Spring Supplementary Estimates for 2010-11, other than as a note, on the basis that the PPA numbers could have been misleading. The impact of these accounting policy changes on Supply outturn in respect of 2009-10 are shown in the table below.

The removal of the cost of capital charge has the following effect on Resource outturn in 2009-10. The Statement of Parliamentary Supply and related notes have not been restated for this effect.

	2009-10 £000
Net Resource Outturn (Statement of Parliamentary Supply)	94,384
Removal of the cost of capital charge	204
Adjusted Net Resource Outturn	94,588

1.7 Operating Income

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

1.8 Administration and Programme Expenditure

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

1.9 Grants Payable

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

1.10 Research and Development

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

1.11 Pensions

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

1.12 Value Added Tax

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

1.13 Property, Plant and Equipment

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

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

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

With effect from 1 April 2008, UKTI ceased to use indices to restate property, plant and equipment to current cost.

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

1.14 Depreciation

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

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

1.15 Intangible Assets

The minimum level of capitalisation of an intangible asset is £1,000. Intangible assets are reviewed annually for impairment and are stated at the amortised historic cost as a proxy for fair value. This method of valuation has been chosen because the assets have no value in use. Software licences are amortised on a straight-line basis over the shorter of the term of the licence and the useful economic life (three to five years). Intangible assets are normally depreciated over the following periods:

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

1.16 Impairments

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

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

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

1.17 Trade and Other Receivables

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

1.18 Trade and Other Payables

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

1.19 Cash and Cash Equivalents

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

1.20 Liquidity and Currency Risks

UKTI has no borrowings and relies primarily on voted funds from Parliament for its cash requirements. It is therefore not exposed to liquidity risk. It has no material deposits and all material assets and liabilities are denominated in sterling, so it is not exposed to interest-rate risk or to material currency risk. Further disclosures are provided in notes 16 and 18 to the accounts.

1.21 Foreign Exchange

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

1.22 Private Finance Initiative (PFI) Transactions

PFI transactions that meet the definition of a Service Concession Arrangement are accounted for in accordance with the FReM, which interprets IFRIC 12, Service Concession Arrangements for the public-sector. As a result of applying this guidance, UKTI has recognised the ELGAR PFI contract as being on the Statement of Financial Position for the first time. This arrangement contractually obliges the private-sector operator to provide the services related to the infrastructure to the public on behalf of UKTI. More details on the effect on the financial statements can be seen in note 14.

2. Analysis of Income Payable to the Consolidated Fund

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

	Forecast 2010–11 £000		Outturn 2010–11 £000	
	Income	Receipts	Income	Receipts
Operating income and receipts – excess A-in-A	–	–	625	105
	–	–	625	105

3. Analysis of Net Resource Outturn by Section

	Outturn					2010-11 £000	Estimate	2009-10 £000
	Other current	Grants	Gross resource expend-iture	A-in-A	Net total	Net total	Net total outturn compared with Estimate	Prior year outturn
Objective: To enhance the competitiveness of companies in the UK through overseas trade and investments and attract a continuing high level of quality foreign direct investment								
Spending in Departmental Limits (DEL)								
Central Government spending								
A Trade development and promotion and inward investment								
	78,018	14,002	92,020	(6,289)	85,731	92,889	7,158	94,384
Spending in Annually Managed Expenditure (AME)								
Central Government spending								
B Trade development and promotion and inward Investment								
	–	–	–	–	–	21	21	–
Resource outturn	78,018	14,002	92,020	(6,289)	85,731	92,910	7,179	94,384

Explanations of variances between Outturn against Estimate are given on page 28.

4. Segmental Analysis of Total Comprehensive Expenditure by Management Objective

	2010-11 £000			2009-10 £000 (restated)		
	Gross	Income	Net	Gross	Income	Net
Sub-objective 1: To enhance the competitiveness of companies in the UK through overseas trade and investments	65,842	(6,914)	58,928	68,146	(6,005)	62,141
Sub-objective 2: To attract a continuing high level of quality foreign direct investment	26,178	–	26,178	32,342	–	32,342
Total Comprehensive Expenditure	**92,020**	**(6,914)**	**85,106**	**100,488**	**(6,005)**	**94,483**

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

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

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

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

A segmental analysis of Total Resources Deployed by Sub-Objective can be found in the Memorandum Notes.

5.1. Reconciliation of Net Resource Outturn to Net Cash Requirement

				2010-11 £000
	Note	Estimate	Outturn	Net total Outturn compared with Estimate: saving/(excess)
Net resource outturn		**92,910**	**85,731**	**7,179**
Capital				
Acquisition of non-current assets	9 & 10	2,098	1,066	1,032
Accruals adjustments				
Non-cash items	7	(1,111)	(1,009)	(102)
Changes in working capital other than cash		1,410	1,770	(360)
Net cash requirement		**95,307**	**87,558**	**7,749**

An explanation for the 'saving' of £7.7m on the net cash requirement can be found on page 28.

5.2. Reconciliation of Net Resource Outturn to Net Operating Cost

	Note	2010-11 £000 Estimate	2010-11 £000 Outturn	2010-11 £000 Outturn compared with Estimate: saving/(excess)	2009-10 £000 Outturn
Net Resource Outturn		92,910	85,731	7,179	94,384
Non-supply income (CFER)		–	(625)	625	(105)
Removal of cost of capital		–	–	–	204
Net operating cost		92,910	85,106	7,804	94,483

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

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

	2010-11	2009-10
Average full-time equivalent number of international business specialists	19	15

	2010-11 £000	2009-10 £000
Staff costs	832	686

7. Non-Staff Programme Costs

			2010-11 £000			2009-10 £000 (restated)
Current grants			14,002			16,401
External services*		33,589			32,499	
Events		16,242			16,228	
Customer grants		12,421			12,659	
Promotions and publications		5,669			11,258	
Travel and subsistence		2,653			2,927	
Market research and evaluation		1,631			1,041	
IT PFI service charges		718			1,273	
IT Service charges		629			1,352	
IT Finance charge		11			77	
Consultancy		250			244	
Other costs		2,364			2,729	
Non-cash items						
Depreciation	114			148		
Amortisation	895			965		
Loss on disposal of fixed assets	–			1		
		1,009			1,114	
			77,186			83,401
Non-staff programme expenditure			**91,188**			**99,802**

* External services consist mainly of costs for regional trade support services £18.3m, private-sector front line delivery specialists £12.3m, the export market research scheme £1.3m and other outsourced services.

** Consultancy has been restated in accordance with Cabinet Office guidelines. Previously reported figures included the costs of some private-sectors front line delivery specialists. These are now included under ‘external services’.

8. Income

8.1. Operating Income

	2010-11 £000	2009-10 £000
Fees and charges to external customers for market information reports	5,738	4,712
Other charges	1.176	1,293
	6,914	6,005

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

			2010-11 £000			2009-10 £000
Service	Income	Full cost	Deficit	Income	Full cost	Deficit
Provision of Overseas Market Information to UK Exporters	(5,738)	8,753	3,015	(4,712)	7,226	2,514

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

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

	Note	2010-11 £000	2009-10 £000
Operating income	8.1	6,914	6,005
Less income authorised to be appropriated-in-aid		(6,289)	(5,900)
Operating income payable to the Consolidated Fund		625	105

9. Property, Plant and Equipment

2010-11

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

2009-10

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

10. Intangible Assets

2010-11

	Development costs £000	Software licences £000	Website £000	Information technology £000	Total £000
Cost or valuation (restated)					
At 1 April 2010	2,994	2,424	2,147	2,753	10,318
Additions	916	49	–	10	975
Disposals	–	–	(2,147)	–	(2,147)
Transfers	(3,627)	(47)	3,627	47	0
At 31 March 2011	**283**	**2,426**	**3,627**	**2,810**	**9,146**
Amortisation (restated)					
At 1 April 2010	–	(2,402)	(2,147)	(2,118)	(6,667)
Charge in year	–	(17)	(698)	(180)	(895)
Disposals	–	–	2,147	–	2,147
Transfers	–	8	–	(8)	–
At 31 March 2011	**–**	**(2,411)**	**(698)**	**(2,306)**	**(5,415)**
Net book value at 31 March 2011	**283**	**15**	**2,929**	**504**	**3,731**
Asset financing					
Owned	283	15	2,929	504	3,731
PFI	–	–	–	–	–
Net book value at 31 March 2011	**283**	**15**	**2,929**	**504**	**3,731**

2009-10

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

11. Trade Receivables and Other Current Assets

Analysis by type

	31 March 2011 £000	31 March 2010 £000	1 April 2009 £000
Amounts falling due within one year			
Trade receivables	999	1,773	1,638
Trade receivables (CFER)	257	105	112
VAT	848	831	799
Other receivables	–	–	1
Current part of PFI prepayment	–	–	1,532
Prepayments and accrued income	200	296	217
	2,304	3,005	4,299

	31 March 2011 £000	31 March 2010 £000	1 April 2009 £000
Amounts falling due after more than one year			
PFI prepayments	–	–	–
	–	–	–

Intra-government balances

	Amounts falling due within one year £000			Amounts falling due after more than one year £000		
	31 March 2011	31 March 2010	1 April 2009	31 March 2011	31 March 2010	1 April 2009
Balances with other central government bodies	1,302	2,430	2,187	–	–	–
Balances with other local authorities	450	201	250	–	–	–
Intra-government balances	1,752	2,631	2,437	–	–	–
Balances with bodies external to government	552	374	1,862	–	–	–
	2,304	3,005	4,299	–	–	–

12. Cash and Cash Equivalents

	31 March 2011 £000	31 March 2010 £000
Balance at 1 April	3,472	1,349
Net change in cash and cash equivalents	(2,158)	2,123
Balance at 31 March	1,314	3,472
The following balances at 31 March were held at:		
Government Banking Service	527	2,876
Commercial banks	787	596
Balance at 31 March	1,314	3,472

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

	31 March 2011 £000	31 March 2010 £000
Net cash requirement	(87,558)	(95,705)
From the Consolidated Fund (Supply) – Current Year	85,400	97,828
Decrease/Increase in Cash	(2,158)	2,123

13. Trade Payables and Other Current Liabilities

Analysis by type

	31 March 2011 £000	31 March 2010 £000	1 April 2009 £000
Amounts falling due within one year			
Trade payables	1,790	1,203	1,627
Capital payables	–	91	–
PFI liability	222	1,210	965
Accruals and deferred income	11,031	13,621	13,178
Amounts issued from the Consolidated Fund for Supply but not spent at year end	1,314	3,472	1,349
Consolidated Fund Extra Receipts due to be paid to the Consolidated Fund:			
Received	368	–	–
Receivable	257	105	112
	14,982	19,702	17,231

Included within trade payables is £Nil (£91k 2010 & £Nil 2009) for capital transactions.

	31 March 2011 £000	31 March 2010 £000	1 April 2009 £000
Amounts falling due after more than one year			
PFI liability	–	–	–
	–	–	–

Intra-government balances

	Amounts falling due within one year £000			Amounts falling due after more than one year £000		
	31 March 2011	31 March 2010	1 April 2009	31 March 2011	31 March 2010	1 April 2009
Balances with other central government bodies	5,478	6,463	3,084	–	–	–
Balances with local authorities	2	51	3	–	–	–
Balances with public corporations and trading funds	54	26	124	–	–	–
Intra-government balances	5,534	6,540	3,211	–	–	–
Balances with bodies external to government	9,448	13,162	14,020	–	–	–
	14,982	**19,702**	**17,231**	**–**	**–**	**–**

14. Commitments under PFI Contracts

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

ELGAR

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

The public-facing elements of UKTI's portal and customer relationship management (CRM) system went live on a pilot basis during 2004-05. Managed service charges in respect of these services became payable from October 2004. The service charges for the portal (provision of system, hosting, development and support) and CRM (provision of system, hosting and support) were paid annually in advance. Payments for the initial development of the CRM application were made monthly in arrears. No charges were incurred during 2010-11 under the original agreements for these services.

The current estimated total capital value for the original public web-based products still in use is £4.85m (2009-10 £6.99m). This is now fully depreciated. During 2010-11 the contract was extended for hosting and support of the CRM application, through to July 2012.

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

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

The total amount charged in respect of the managed service element of PFI transactions was £718k (2009-10 £1,273k); and the charges to which UKTI is committed during 2011-12 and future years is as follows:

	2011-12 £000	2010-11 £000
Expiry within 1 year	739	666
Expiry within 2 to 5 years	268	–
	1,007	**666**

15. Losses and Special Payments

During 2010-11, UKTI made no special payments and had no reportable losses.

16. Financial Instruments

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

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

17. Embedded Derivatives

UKTI does not have any contracts with embedded derivatives that need to be accounted for separately in accordance with IAS 39 requirements.

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

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

18. Liquidity, Interest-Rate and Foreign Currency Risk

Resources voted annually by Parliament finance UKTI's net resource and capital requirements. Therefore, UKTI is not exposed to significant liquidity risks. It does not access funds from commercial sources and so is not exposed to interest-rate risk. UKTI's exposure to foreign-currency risk is not significant. Foreign-currency income is negligible and foreign-currency expenditure accounts for less than 1% of total expenditure. There is no material difference between the fair values and book values of UKTI's financial instruments.

19. Related Party Transactions

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

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

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

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

20. Contingent Liabilities Disclosed

On the 31 March 2011 UKTI signed a contract with PA Consulting Services Limited following the placement of a contract notice in the Official Journal of the European Union. This sought expressions of interest from potential providers for the provision of Foreign Direct Investment Support to UKTI.

Under the contract, certain former staff of the RDAs and their contractors were entitled to transfer to work at PA Consulting Services Ltd. As at 31 March 2011 the contract represented an obligation for UKTI to cover the potential pension shortfall for these transferring staff. The contract allowed staff who have transferred, and therefore become early leavers of a public sector pension scheme, to maintain a 'broadly comparable' private sector scheme for their future service. Also, if they wish, to maintain a link between their future earnings growth and their past service pensions benefit. 28 members of RDA staff transferring to PA Consulting Services are members of a Pension Scheme and have the right to switch their accrued pension liabilities to the new service provider. UKTI has an obligation to meet the shortfall in their accrued pension liability if they take up this option.

If all 28 staff took up the option, UKTI's maximum exposure as informed by the Government Actuary's Department (GAD) would be £1.15m. It is not possible however, to reliably estimate which staff will do so. To date no staff have exercised the pension transfer option.

21. Events After the Reporting Period

Contract for the Delivery of Inward Investment Services

On the 31st March 2011 UKTI signed a 3 year contract for the delivery inward investment services, superseding work previously undertaken by the Regional Development Agencies. Through a competitive tender, PA Consulting was appointed as our new private-sector delivery partner outside of London. The approximate value of the contact is £41.7m.

Date of Authorisation for Issue of the Annual Report and Accounts

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

MEMORANDUM NOTES ON TOTAL RESOURCES USED TO DELIVER UKTI'S SERVICES

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

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

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

1. Statement of Comprehensive Net Expenditure

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

		UKTI Programme		BIS Administration		FCO Administration and Programme		Total	
	Note	2010-11 £000	2009-10 £000*	2010-11 £000	2009-10 £000	2010-11 £000	2009-10 £000*	2010-11 £000	2009-10 £000*
Staff cost	3	832	686	29,999	30,317	52,952	50,467	83,783	81,470
Expenditure	4	91,188	99,802	19,269	21,927	144,781	145,945	255,238	267,674
Income	5	(6,914)	(6,005)	–	–	–	–	(6,914)	(6,005)
Net Comprehensive Expenditure		85,106	94,483	49,268	52,244	197,733	196,412	332,107	343,139

2. Segmental Analysis of Total Resources Deployed by Sub-Objective

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

	UKTI Programme		BIS Administration		FCO Admin and Programme		Total	
	2010-11 £000	2009-10 £000*	2010-11 £000	2009-10 £000	2010-11 £000	2009-10 £000*	2010-11 £000	2009-10 £000*
Sub-objective 1: To enhance the competitiveness of companies in the UK through overseas trade and investments	58,928	62,141	38,954	42,296	158,441	159,870	256,323	264,307
Sub-objective 2: To attract a continuing high level of quality foreign direct investment	26,178	32,342	10,314	9,948	39,292	36,542	75,784	78,832
Net Comprehensive Expenditure	85,106	94,483	49,268	52,244	197,733	196,412	332,107	343,139

* From 2010-11, the Financial Reporting Expenditure Manual (FReM) no longer permits the inclusion of notional cost of capital charges when calculating the Department's expenditure. As a result the 2009-10 expenditure figures have been restated for consistency.

3. Staff Numbers and Related Costs

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

Staff costs consisted of:

	UKTI Programme				BIS Administration				FCO Admin and Programme				Total	
			2010-11 £000	2009-10 £000			2010-11 £000	2009-10 £000			2010-11 £000	2009-10 £000	2010-11 £000	2009-10 £000
	Perm staff	Other	Total	Total	Perm staff	Other	Total	Total	Perm staff	Other	Total	Total	Total	Total
Wages and salaries	–	832	832	686	22,387	1,208	23,595	24,064	10,496	–	10,496	13,753	34,923	38,503
Social security costs	–	–	–	–	1,864	–	1,864	1,869	315	–	315	403	2,179	2,272
Other pension costs	–	–	–	–	4,701	–	4,701	4,633	1,762	–	1,762	1,905	6,463	6,538
Locally employed staff costs	–	–	–	–	–	–	–	–	40,379	–	40,379	34,406	40,379	34,406
	–	832	832	686	28,952	1,208	30,160	30,566	52,952	–	52,952	50,467	83,944	81,719
Less recoveries for outward secondments	–	–	–	–	(161)	–	(161)	(249)	–	–	–	–	(161)	(249)
Total net costs	–	832	832	686	28,791	1,208	29,999	30,317	52,952	–	52,952	50467	83,783	81,470

Staff numbers consisted of:

	UKTI				BIS				FCO				Total	
			2010-11 FTE	2009-10 FTE			2010-11 FTE	2009-10 FTE			2010-11 FTE	2009-10 FTE	2010-11 FTE	2009-10 FTE
	Perm staff	Other	Total	Total	Perm staff	Other	Total	Total	Perm staff	Other	Total	Total	Total	Total
Sub-objective 1: To enhance the competitiveness of companies in the UK through overseas trade and investment	–	11	11	10	358	39	397	418	1,014	–	1,014	1,038	1,422	1,466
Sub-objective 2: To attract a continuing high level of quality foreign direct investment	–	8	8	5	169	17	186	195	246	–	246	241	440	441
	–	19	19	15	527	56	583	613	1,260	–	1,260	1,279	1,862	1,907

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

4. Non-Staff Costs

	UKTI Programme		BIS Administration		FCO Admin and Programme		Total	
	2010-11 £000	2009-10 £000	2010-11 £000	2009-10 £000	2010-11 £000	2009-10 £000*	2010-11 £000	2009-10 £000*
Expenditure								
Current grants	14,002	16,401	–	–	–	–	14,002	16,401
PFI service charges	718	1,273	1,850	1,693	–	–	2,568	2,966
Finance charge	11	77	–	–	–		11	77
Consultancy	250	244	44	20	250	945	544	1,209
External services	33,589	33,876	–	–	3,310	3,418	36,899	37,294
Customer grants	12,421	11,282	–	–	–	–	12.421	11,282
Promotions and publications	5,669	11,258	320	815	–	–	5,989	12,073
IT service charge	629	1,352	169	624	328	478	1,126	2,454
Market research & evaluation	1,631	1,041	–	–			1,631	1,041
Events	16,242	16,228	178	325	–	–	16,420	16,553
Travel and Subsistence	2,653	2,927	2,026	3,418	4,219	3,852	8,898	10,197
Rentals under operating leases	–	–	19	24	–	–	19	24
Accommodation	–	–	3,643	3,808	21,993	20,958	25,636	24,766
Other costs	2,364	2,729	2,924	3,010	9,327	6,569	14,615	12,308
Non-Cash items								
Depreciation	114	148	–	1	5,754	5,153	5,868	5,302
Amortisation	895	965	–	–	–	–	895	965
Loss on disposal of assets	–	1	–	–	–	–	–	1
Apportionment of central overheads attributable to UKTI activities	–	–	8,071	8,166	99,575	104,549	107,646	112,715
Auditor's remuneration	–	–	25	23	25	23	50	46
Non-staff expenditure	91,188	99,802	19,269	21,927	144,781	145,945	255,238	267,674

5. Income

The amounts included in the FCO's financial statements which underpin the figures shown in these Memorandum Notes include apportioned income that is not directly attributable to UKTI's activities. FCO income is therefore not identified separately, but is included as part of the net figures disclosed. UKTI's income is disclosed in note 8 to the Accounts.

6. Capital Employed

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

	UKTI £000	BIS £000	FCO £000	Total £000
Net book value at 31 March 2011	3,883	–	–	3,883
Net book value at 31 March 2010	3,917	–	–	3,917

BIS and the FCO have no purchased property, plant and equipment or intangible assets for the sole purpose of delivering UKTI's objectives.

23 ANNEX A – TECHNICAL NOTE ON MEASUREMENT OF FINANCIAL BENEFITS GENERATED BY UKTI TRADE SERVICES

Introduction

23.1 An estimate of total financial benefits generated by UKTI trade services is published annually in reports by OMB Research on results from the Performance and Impact Monitoring Survey. Results published at the end of March 2010, based on data derived from surveys carried out during the financial year 2010-11, reported estimated total benefits of £6,178m. This translates into a benefit-cost ratio for UKTI trade services for the period of some £22: £1. For briefing purposes, UKTI has reported this figure rounded down to £6bn.

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

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

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

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

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

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

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

Scope of Benefits Measured

23.7 The £22: £1 benefit-cost ratio counts only the additional profits attributable to UKTI trade services, net of the above adjustments. It does not include any allowance for wider economic benefits which are likely to occur through the following:

- Effects on jobs: During 2010-2011 out trade clients reported some 126,500 jobs created or safeguarded as a direct result of UKTI help. Additional earnings are also likely to accrue to staff in the supported firms. These benefits are likely to be significant, as academic research shows that exporters have higher productivity and stronger financial performance than non-exporters, and pay higher average wages. Exporting firms are also some 11.4% more likely to survive. Accordingly jobs in exporting firms are also likely to be more secure. Effects of knowledge transfer to other UK firms: Benefits are likely to occur through knowledge transfer from supported firms to other UK firms, either through business networks or through movement of staff, or both. Recent surveys of users and non-users of UKTI trade services show that nearly half report that they have taken on members of staff who had brought with them expertise in doing business overseas, or specific overseas contacts, or both, which had been acquired while employed by another firm.
- Effects on UK reputation in overseas markets: Promotional activity, which showcases UK capability and promotes the reputation of the UK business in overseas markets, is likely to benefit other UK firms, as well as those that take part directly in the promotional events. Although difficult to measure, these wider benefits are expected to be substantial.

Other Possible Measures of Benefit

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

- Additional exports: This measure was commonly used in evaluations of trade services carried out in the UK prior to 2002 and featured in the Public Service Agreement Targets for British Trade International for the period 1999-2002[3]. For the Spending Review period 2002-04 it was replaced by a measure of improved business performance of users of the trade services, where performance was defined in terms of improved productivity and profitability over the medium term[4]. This change reflects the fact that export activity is not an end in itself, but benefits businesses and the UK economy through enabling businesses to improve their performance and achieve stronger growth than would otherwise be possible. Focus on additional exports can potentially be misaligned with the business development needs of a company, whereas focus on a business performance improvement target ensures clear alignment with these needs.
- Gross value added (GVA): This measure is often used in the context of evaluating other forms of publicly funded business support. However, as the measure includes wages, there is a need to take into account the likelihood that staff in the supported business might be able to earn similar wages in another company or sector, possibly in another UK region. The measure should therefore be reported net of displaced alternative wage earnings, either at regional or national level, as appropriate in context. If this displacement is not taken into account, estimates of GVA will substantially over state the impact of business support. However, displacement is very difficult to measure.

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

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

4 The target was to "Deliver a measurable improvement in the business performance of UKTI customers". The measure was developed by academics at the University of Reading. 'Medium term' is defined as 5 years.

around 12% turnover on average, additional profit of £6bn would represent approximately £42bn additional turnover. Since GVA is expected to average around 30% turnover, an estimate of benefit based on GVA would be around 2.5 times the value of additional profit, or £15bn instead of £6bn (without adjustment for displacement).

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

Calculation of Total Benefit

23.11 The method of calculation of the £6.178bn estimated total benefit generated by UKTI trade services is summarised below, in three parts:

- Estimation of mean benefit per business supported: For this period, the mean was £264k across all trade services, excluding website users.
- De-duplication to count the number of businesses that received support during the year: De-duplication is necessary because some businesses will have used more than one service in the course of a year. For purposes of measuring performance against UKTI's CSR07 target, this figure is shown excluding web site users, and was 23,400. An alternative, 25,300, which includes website users, is also published in the PIMS results.
- Grossing up from the mean: The total de-duplicated number of businesses is multiplied by the mean. For all trade services excluding website users, this is £264k x 23,400 = £6178m.

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

- Stage 1 – Firms asked to estimate the expected benefit in terms of bottom-line profit £ (E9) – £451,000.
- Stage 2 – Estimates converted to profit for those indicating figure given is in terms of turnover (E10/E4) – £239,000.
- Stage 3 – Future expectations allowed for (using annual discounting rate of 8%); number of years in the future is normally capped at five years, for example when the respondent says the revenues will continue "indefinitely". Exceptionally up to ten years are counted, where the respondent is specific about the number of years (E11-13) – £909,000.
- Stage 4 – Allowance made for actions not taken as a result of support (E15-18) – £907,000.
- Stage 5 – Adjustment for non-additionality: Total profit is weighted by proportion "would have realised anyway"
- (E14) – £279,000.
- Stage 6 – Consistency check and further additionality check: Adjusted to zero if no impact has been recorded against at least one of two qualitative impact measures, namely: "change in behaviour (A83)" or "barriers to market access overcome" (A92) – £264,000. Impact is not counted in these qualitative measures if the firm has said it would have achieved similar results in any case.

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

- £6bn (profit reported) divided by £263m (gross costs) = £22 to £1

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

23.15 While around 70% of businesses surveyed reported a qualitative benefit, the benefits figure above represents the average/mean forecast financial benefit. The underlying survey data shows that 41% of those responding to the survey forecast no financial benefit, a further 21% are not able to quantify expected financial benefit, and 35% forecast some quantified financial benefit. Around a third of those reporting quantified financial benefit (13% of all respondents) reported financial benefit of above £100k.

Distribution of Business Benefits from UKTI Trade Services

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

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

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

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

- Qualitative measures show that business benefits are broadly distributed across UKTI clients, with around 67% reporting very significant business benefit on one or more measures[5], and just over 50% reporting improved medium-term business performance in terms of productivity and profitability as a result of using the services.

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

- Quantified benefit, in terms of additional profit attributed to the service, by contrast, shows a highly skewed distribution. Just over a fifth (21%) of UKTI clients find it too difficult to estimate quantified benefit, and choose to skip these survey questions. A further 35% report some positive financial benefit, with the top 4% of UKTI clients accounting for most of the total financial benefit reported.

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

- The level of quantified financial benefit by client profile shows no consistent pattern by firm size. Multivariate analysis by academics at LSE and the University of Essex found that innovative firms, those expecting substantial growth, and those who had been exporting for not more than 10 years were likely to report higher mean financial benefits[6]. Table 1 shows the incidence of clients reporting exceptionally high financial benefit over the past four years, by size, export experience, and innovation. Analysis of financial benefit by type of overseas market also shows no consistent pattern.
- Analysis of qualitative measures by client profile, by contrast, does shows consistent patterns by firm size. Firms with fewer than 250 employees, are more likely to report benefit on most qualitative measures, as are innovative firms, those with a written business plan, and those expecting substantial growth. For example, only 35% of large firms report improved business performance, as compared with 53 % of clients with 10-99 employees, and 51% across all UKTI trade clients[7].
- The magnitude of differences in impact across client groups varies considerably across qualitative measures (Table 2). The difference is greatest with respect to impact on R&D, with the proportion of large firms reporting increased R&D (6%) just under half that of firms with 10-99 employees (13%). By contrast, there is little difference by size or by other client profile characteristic in terms of the proportion reporting very significant benefit from overcoming barriers to accessing new markets, for example through gaining access to contacts or information not otherwise accessible. This is consistent with evidence on the incidence of barriers to exporting, which shows that larger firms are just as likely to face this type of barrier as smaller firms.

23.20 Analysis of financial benefits over time indicates that individual firms are unlikely to report exceptionally high benefit in successive years. Probing into the circumstances in which firms have reported large financial benefits shows that most of these firms are expecting substantial business growth. A report on qualitative research[8] which followed the progress of some of these firms in further depth is available at:
http://www.ukti.gov.uk/uktihome/aboutukti/ourperformance/performanceimpactandmonitoringsurvey/qualitativesurveys.html

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

23.22 This high degree of skewness in financial benefit reported by UKTI clients is consistent with findings of research into patterns of business growth more generally. Recent research for NESTA found that a small minority of UK firms – some 6% – accounted for over half the employment growth in the economy over the periods studied[9]. Research also shows that international business often plays a critical role in enabling high-growth companies to achieve their potential[10].

6 The full report is available at: http://www.ukti.gov.uk/uktihome/aboutukti/ourperformance/evaluation/comparativeandcrosscuttingevaluations.html

7 Figures refer to PIMS 19-22, interviews carried out during financial year 2010-11. The pattern is consistent with previous PIMS waves.

8 OMB Research (2010) An Investigation of Firms Reporting High Levels of Financial Growth as a Result of UKTI Support

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

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

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

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

		'Large Financial Benefit' (£3m+)			
		PIMS 4-7	PIMS 8-11	PIMS 12-15	PIMS 15-18
Base		**12**	**26**	**33**	**31**
Size (Number of Employees)	0-9	4	9	7	9
	10-99	8	7	16	10
	100-249	–	4	3	4
	250+	–	6	7	8
Innovative	Yes	12	23	29	29
	No	-	3	4	4
When Started Exporting	Not currently exporting	1	1	7	4
	Within last 2 years	5	5	10	5
	2-10 years ago	3	8	7	11
	Over 10 years ago	2	12	9	13

Table 2: Quality Measures – by Profile

	Business Size (employees)				Innovative		Growth	
PIMS 19-22 (April 2010 – March 2011)	0-9	10-99	100-249	250+	Yes	No	Expect Substantial growth	Expect no growth
Improved Business Performance (medium term profit and productivity)	55%	53%	52%	35%	53%	41%	55%	40%
A83 – Changed Behaviour	61%	57%	49%	37%	56%	49%	58%	48%
Increased R&D	18%	13%	6%	6%	15%	6%	17%	4%
A92 – Barriers Overcome	67%	62%	58%	48%	62%	57%	63%	56%
A06 – Improved Productivity & Competitiveness (significant qualitative business benefit)	73%	70%	63%	57%	70%	64%	71%	64%

24 ANNEX B – PERFORMANCE FRAMEWORK AND RESOURCES

24.1 There was an existing agreed basis in the periods 2008-09 to end 2010-11 for measuring UKTI performance. This set five measures covering trade support, inward investment and operational performance.

The requirements were for UKTI to prioritise and deliver outcomes of our high-level while at the same time delivering real efficiency savings of 2.6%. UKTI's Strategic Objective was:

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

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

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

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

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

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

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

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

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

Measure 5: Improve UKTI's operational performance.

Increase professionalism.

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

Increase charging.

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

25 ANNEX C – KEY SOURCES OF UKTI DATA

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

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

PIMS – our key performance measurement tool. It is an independent survey of our performance carried out on our behalf by a leading market research organisation, OMB.[11]

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

Customer Relationship Management (CRM)

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

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

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

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

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

UKTI ICT Programme Board

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

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

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

The Performance and Impact Monitoring Survey (PIMS)

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

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

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

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

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

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

Issues covered by the survey questions include:

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

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

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

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

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

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

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

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

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

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

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

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

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

- more likely to be innovative, and to undertake R&D,
- more growth-oriented, with over 80% expecting to grow, and 38% expecting to grow substantially, as compared with 70% and 18% respectively for non-users;
- more likely to report substantial business benefits from exporting, especially in terms of benefits from exposure to new ideas, cited by 51% of UKTI users as a substantial benefit, but by only 15% of non-users.[12]

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

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

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

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

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

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

12 PIMS Non-User Survey Report 2009

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

Causal links between exporting and productivity, at firm level and at aggregate economy level (Harris and Li 2007[13]). This study found that on average firms gained 34% productivity up-lift – taking account of selection effects – as a result of beginning to export. The study also found that some 60% of UK productivity growth was attributable to exporters, with non-exporters mainly contributing to aggregate productivity growth through net exit.

The respective contributions of exporters and inward investors to business R&D in the UK. The study found that the contribution of exporters to business R&D was nearly twice the level of their share in total turnover.[14]

The effects on the UK economy of international mergers and acquisitions15. The study looked at effects on employment, profitability, and the probability of plant closure, as well as at effects on labour productivity and total factor productivity.

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

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

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

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

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

26 ANNEX D – PRIVATE-SECTOR SPONSORSHIP

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

26.2 During 2010-11 UKTI received the following private-sector sponsorship (only sponsorship exceeding £5,000 for a single event is shown here).

Sponsorship table of amounts received during 2010-11

Sponsor	Amount (£'s)/ Sterling Equivalent	Event/Note
CBI	£5,500	UKTI Leadership conference, evening reception.
RBS Group	£65,750	Asia Task Force's 'Doing Business in Asia: Meet the Experts 2010-11' events.
Ellis Goodman Foundation	£24,000	US Marketing Scholarship Programme.
Barclays Bank	£5,000	Inward Investment Business Summit July 2010.
PricewaterhouseCoopers	£25,000	Sponsorship of the Going Global event in Shanghai.
Deloitte	£5,000	Sponsorship of the Spring Reception in Hong Kong.
HSBC	£5,000	Sponsorship for 'Mexico Matters' events in London – July 2010.
Lloyds of London	£5,000	
HSBC	£7,000	Sponsorship for the India marketing strategy scholarship programme event – March 2011.
One North East	£10,000	Annual Exporter's dinner at North East region.
Regional Language Network	£5,000	
HSBC	£6,000	
Institute of Directors	£10,000	ExploreExport 2010, held in South West region.
Enterprise Europe Network	£10,000	
BAE Systems	£8,000	Sponsorship of the Symposium.
Cobham	£5,000	
EADS	£5,000	
Finmeccanica UK	£8,000	
General Dynamics	£5,000	
MBDA	£5,000	
Northrop Grumman	£5,000	
Raytheon	£5,000	
Rolls Royce	£5,000	
Smiths Detection	£5,000	
Thales	£5,000	

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

27 ANNEX E – THE BUSINESS AMBASSADORS NETWORK

27.1 In 2010-11 the Business Ambassadors expertise and international experience helped to supplement the work of Government Ministers and senior officials by providing vital support to UK business interests in global markets.

27.2 Business Ambassadors represent a unique and valuable resource, reinforcing the important role that top business and academic leaders can play in promoting the UK's strengths. They complement the work of the Minister for Trade and Investment and the Duke of York and have provided tremendous impetus to the UK's trade and investment activities.

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

The Business Ambassadors are:

Name	Position
Marcus Agius	Chairman, Barclays
Sir Anthony Bamford	Chairman and MD, JCB Group (New)
Sir Victor Blank	Former Chairman, Lloyds Banking Group
Sir Roger Bone	President, Boeing UK
Sir David Brewer	Former Lord Mayor of London/Chairman China-Britain Business Council
Samir Brikho	Chief Executive, AMEC
Malcolm Brinded	Executive Director, Royal Dutch Shell (New)
Lord John Browne of Madingley	President, Royal Academy of Engineering and Managing Director of Riverstone Holdings
Lord Ara Darzi	Professor Imperial College, London and former Health Minister
Nick Fry	Chief Executive Officer, Mercedes GP Petronas (New)
Professor Malcolm Grant, CBE	Provost and President, University College London
Hermann Hauser	Co-Founder, Amadeus Capital Partners (New)
Anya Hindmarch, MBE	Designer (New)
Larry Hirst, CBE	Non-executive Director ARM Holdings Plc and MITIE Group plc
Brent Hoberman,	Executive Chairman and Founder, Mydeco.com (New)
Baroness Sarah Hogg	Chairman, Financial Reporting Council (New)
Digby, Lord Jones of Birmingham	Chairman, HSBC International Business Advisory Board and Chairman of Triumph Motorcycles
Lady Barbara Thomas Judge	Pension Protection Fund
Professor Julia King	Vice-Chancellor, Aston University
Sir Richard Lambert	Director General, CBI (New)
Tamara Mellon, OBE	Founder and Chief Creative Officer, Jimmy Choo (New)
Dick Olver	Chairman, BAE Systems

Name	Position
Alan Parker	Chairman, Brunswick Group LLP (New)
Lord Chris Patten	Chancellor, University of Oxford (New)
Caroline Plumb	CEO, FreshMinds Group (New)
Lord Charles Powell	Chairman, IAB Rolls Royce plc (New)
David Reid	Chairman, Tesco (New)
Paul Skinner	Chairman, Infrastructure UK
Sir Kevin Smith	CBE, Chief Executive, GKN
Sir John Sorrell	Chairman, London Design Festival; co-chair, Sorrell Foundation
Bob Wigley	Chairman, Yell Group plc (New)

28 ANNEX F – SECTOR ADVISORY GROUPS AND CHAIRS

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

The Groups and their Chairs are:

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

29 ANNEX G – UKTI'S GLOBAL REACH

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

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

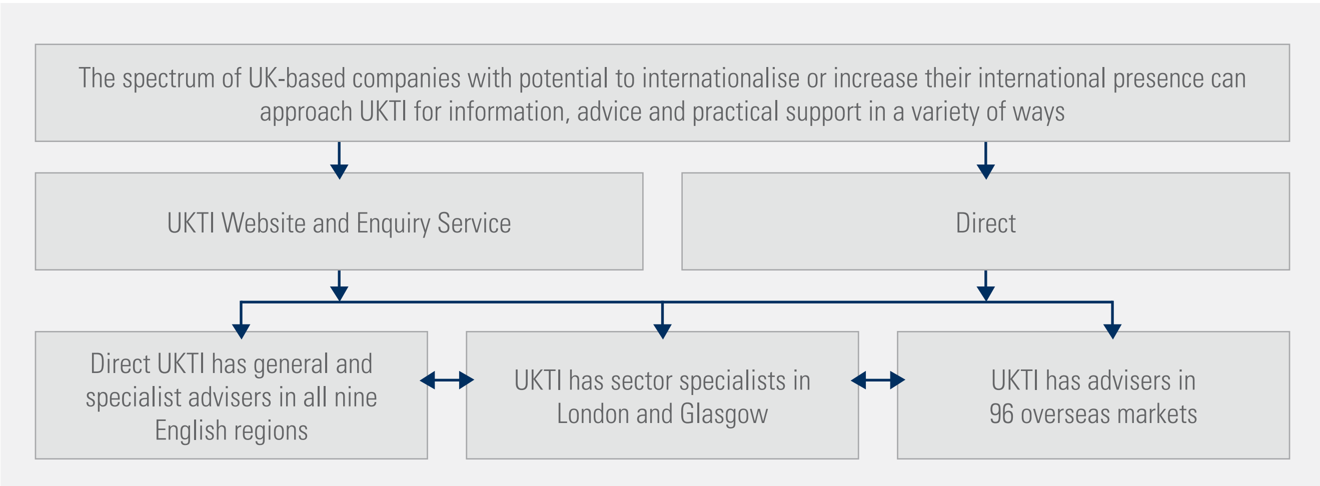
Our global network consists of 1,227 staff, of whom: 195 are UK diplomats and 1,032 are locally engaged, the majority with private-sector experience.


UK
Fast track to the world

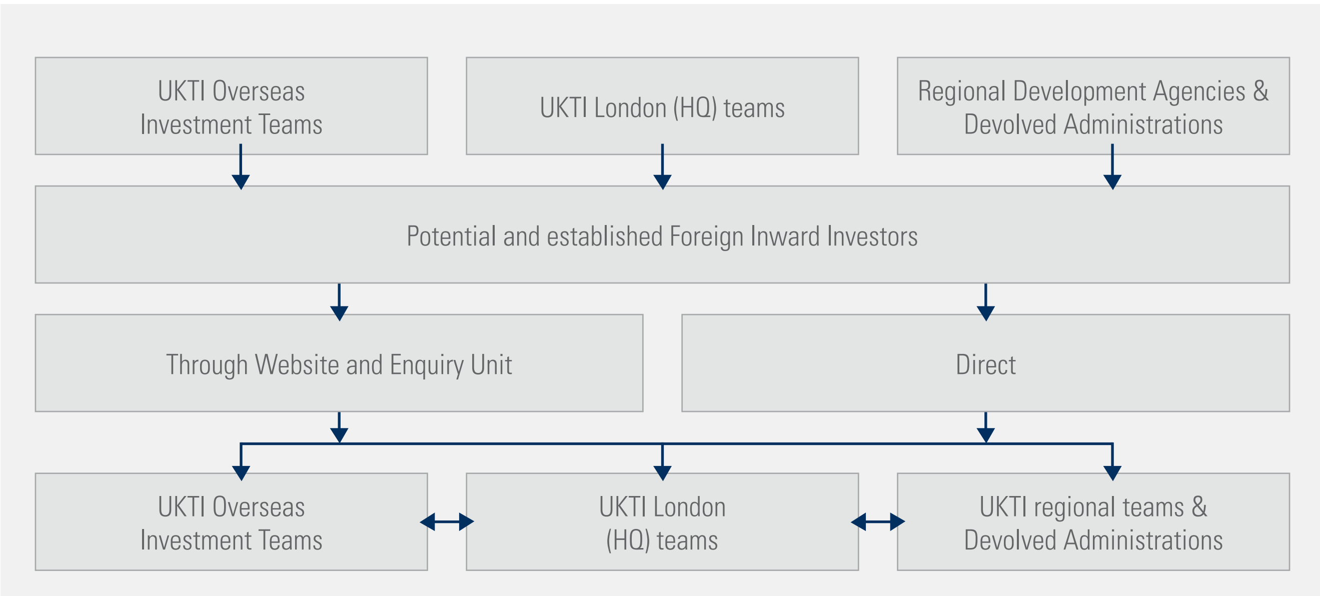
30 ANNEX H – CONTACTING UKTI AND THE SERVICES DELIVERED

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

30.1 Businesses are attracted to UKTI through a variety of channels such as events, direct communications, social media etc and through direct contact from UKTI.



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



UKTI Online

30.2 UKTI online is a key communications channel and access point for UKTI audiences. In 2010-11 it has gone from strength to strength, both on the website and social media channels.

Website

30.3 The UKTI corporate website was re-launched in June 2010, pulling together the previously separate trade, investment, defence and security, and newsroom sites into one access point. The website is an important means of interacting with and serving our global audience. The new website has had over 4 million page views and 771,000 unique visitors since its inception. It has 70,000 registered users and over 17,000 users are signed up for regular alerts. More than 6,000 expressions of interest were made in business opportunities published via the website.

UKTI website: www.ukti.gov.uk

Social Media

30.4 We have made excellent use of social media channels to extend UKTI's reach to engage with our audiences around the world. Our Twitter feed, LinkedIn group, blog, YouTube and Flickr channels have all led to referrals to the website and take-up of our activities, from promoting events to generating leads. As at March 2011, UKTI had 9,216 Twitter followers, 6,754 LinkedIn members and our You Tube site had received over 350,000 views with the most popular, Shanghai Expo, receiving over 70,000 views. UKTI main social media channels are:

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

The UKTI Enquiry Service

30.5 The enquiry service is the main point of contact for customers. The team handles trade and investment enquiries via:

Telephone	+44 (0) 7215 8000
Internet	www.ukti.gov.uk
Email	enquiries@ukti.gov.uk
Fax and Mail	0141 228 3660

The team handles enquiries directly where possible or refers to the relevant specialist – for example international trade adviser, country/sector specialist or external organisations such as the Chambers of Commerce. The enquiry service is based in Glasgow. The team received over 24,000 trade and investment related enquiries in 2010-11.

UKTI Services

30.6 UKTI helps UK businesses develop their international trade potential and overcome barriers to trade. UKTI also assists foreign owned companies to invest in the UK

UKTI's services are designed to achieve three things:

- to help companies develop their international potential;
- to enable companies access to international markets;
- to maximise Foreign Direct Investment (FDI).

Developing International Trade Potential

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

- access to an International Trade Advisor to help develop a plan of action;
- ongoing support to help businesses continue to develop their export potential and enter new and more sophisticated markets;
- advice on how to go about market research;
- help with tackling cultural and language issues;
- information on Aid-Funded Business;
- access to Partnerships & Networking opportunities.

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

Developing Access to International Markets

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

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

Maximising Foreign Direct Investment (FDI)

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

UKTI continues to drive forward the delivery of high value inward investment into the UK. As England's network of Regional Development Agencies winds down, UKTI recently launched a successor FDI network under a single contract for England (minus London) to ensure seamless delivery for FDI support to business. In co-operation with key partners, i.e. the three Devolved Administrations in Scotland, Wales and Northern Ireland, together with London's new business support organisation body 'London & Partners', UKTI will continue to facilitate best practice and co-operation across the UK FDI network.

As the UK returned to growth last year, the changes in the global economy presented new challenges in attracting inward investment. UKTI has been reshaping itself to ensure that it provides the most effective interface with business as it continues to provide a free, bespoke and confidential service to potential inward investors on a range of issues including:

- focus on key high-value investors, including Research & Development (R&D) to facilitate their continued growth/retention in the UK, providing specific information on key commercial considerations;
- providing specific information on key commercial considerations e.g. on company taxation, immigration, financial incentives, highly skilled labour, property, transport, utilities and regulatory issues;
- comprehensive regional and local analysis, in order to help overseas companies choose the best location for them to establish their business;
- introductions to sector networks, such as industry leaders, chambers of commerce, universities and other centres of R&D excellence;
- introduction to a range of experienced business intermediaries and consultants with shared values to those of UKTI;
- providing continued investor "aftercare" support through UKTI's Investor Development network, which offers practical advice and assistance to companies once they have established a presence in the UK to encourage their successful development and expansion;
- Pressing forward the Prime Minister's 'Tech City' initiative, announced in November 2010, UKTI is developing a focal point for driving new investment and growth Into the Tech City area of East London;
- UKTI is working closely with Infrastructure UK to highlight to overseas institutional investors' potential high value investment opportunities in major UK infrastructure projects.

31 ANNEX I – CHRONOLOGICAL TIMETABLE OF UKTI KEY ACTIVITIES

Key UKTI Events

Month	Date	Key visits, events, and other activities
May 2010	10th	International Fire and Security Exhibition and Conference (IFSEC) at NEC: meet the buyer event funded and organised by UKTI team. 86 buyers involved and 24 Commercial Officers. 60 UK companies have 635 meetings.
June 2010	16-20th	Paris: UKTI DSO attends Eurosatory 2010, the largest international security and Air Defence Exhibition in the world. UKTI and 70 UK companies host some 15 overseas delegations.
	30th	UKTI South West organise ExploreExport 2010 in Bristol - an International Trade Show attracting 400+ visitors to meet with trade officers from over 60 countries. Of the companies who attend ExploreExport 2010, 93% felt it is good VfM.
July 2010	14th	Business Summit for Inward Investors opened by the PM, and hosted by the Business Secretary Vince Cable.100 CEOs of strategically important investors in the UK meet 14 Ministers from the UK Government.
	19-25th	Farnborough International Airshow: UKTI support this key event: 46 overseas buyers hold 800 meetings with 159 suppliers over two days. 341 UK companies, 120,000 trade visitors and 59 overseas delegations to Farnborough. £31bn of business. Defence Secretary Dr Liam Fox's speech emphasises defence exports, worth £7bn in 2009.
	28-29th	PM visit to India with the Business Secretary, the Chancellor and the Foreign Secretary. Agreement on £700M sale of second batch of Hawk Advanced Jet Trainers. Business Secretary announces £34 million contract to sell hovercraft to the Indian coastguard.
	31st	Business Secretary's visit to Brazil leading high-powered business delegation. Inaugurates CEO Forum. Progresses defence sales.
September 2010	15-16th	'Economist' Emerging Markets Summit: keynote speech delivered by Business Secretary; Main plenary session on 'Who's climbing the economic ladder?'
	14-16th	Brazil: senior representatives from major UK defence companies accompany Gerald Howarth, Minister International Security Strategy MOD, and Richard Paniguian of UKTI, for the signing of a bilateral Defence Co-operation Treaty, a defence seminar, and a DSO Export Support Team industry event.
	17-22nd	London Fashion Week: UKTI assists international buyers and press programme of 300 accredited buyers and 400 accredited press visitors.
	13th	Institute of Directors (IoD) International Trade Forum: Minister Mark Prisk delivers the keynote speech.
	15th	Trade Promotion Organisation (TPO) Network Award: UKTI wins the award for Best TPO from a Developed Country.
	18th	UKTI Spending Review 2010 budgets finalised for 2011-12 to 2014-15.
	25th	PM announces that Siemens, GE and Gamesa have outlined proposals to open manufacturing plants at coastal locations in the UK. UKTI supports discussions.
	31st	The Shanghai Expo, which closed on 31 October, generates 120 potential new investment projects, which UKTI is pursuing.

Month	Date	Key visits, events, and other activities
November 2010	3rd	DSO Symposium in London: 320 senior decision makers from the defence and security industry and Whitehall hear an address from the Business Secretary and other guest speakers.
	4th	East End Technology Hub: PM announces UKTI to establish a 'Global Task Force for New Technology' aimed at attracting technology investment into the UK, with a particular focus on East London.
	9-10th	PM leads trade delegation to China: Business Secretary and other Ministers with 50 British business and education leaders as part of a drive to increase trade between the two countries.
	9th	PM announces a new and expanded network of 32 Business Ambassadors.
	17-20th	Medica 2010, Dusseldorf: UKTI provides marketing, media handling and high level support to the UK delegation of almost 300 companies.
	20-24th	Soccerex Global Convention in Brazil, the pre-eminent international football business conference/exhibition: UKTI brings a business delegation of 23 UK companies. UKTI support includes a briefing session with a leading UK company already active in the market and the World Cup 2014 architecture consultants.
	24-26th	Business Secretary's trade visit to Russia: comprising 37 businesses representing many sectors.
December 2010	7-8th	Technology World: 600 companies attend this event, including more than 300 delegates from 46 countries, plus four of the world's top 10 universities - UCL, Cambridge, Oxford and Imperial College London.
January 2011	2nd	Sir Andrew Cahn retires, UKTI's Chief Executive Officer for the last 3½ years; Susan Haird becomes Acting Chief Executive.
	7th	Lord Stephen Green of Hurstpierpoint succeeds Mark Prisk as Minister of State for Trade and Investment.
	11th	PM hosts morning roundtable discussions on trade and investment, Business Ambassadors attend, and Business Secretary, Foreign Secretary and Lord Green.
	13th	International Competitiveness: UKTI facilitates meeting at which Lord Brittan meets a number of major foreign-owned companies, including: GE, IBM, Exxon, Sony, UPS, Motorola, Nestle, AIG, Ensco.
	17-19th	Business Secretary's trade mission to India, with 50 British companies. He meets businesses and Indian Government officials and co-chairs the Joint Economic Trade Committee, plus talks with Indian Commerce Minister Anand Sharma.
	19-20th	UK/Nordic/Baltic trade and investment conference: UKTI delivers this trade and investment summit which attracts more than two hundred businesses, half each from the Nordics and Baltics, and the UK. Lord Green the keynote speaker. Swedish power utility, Vattenfall, and Danish wind turbine manufacturer, Vestas, both confirm further expansions in the UK.
February 2011	9th	'Trade and Investment for Growth' White Paper published.
	14-17th	Mobile World Congress' (Barcelona): Lord Green meets inward investment clients to discuss inward investment and the UK business environment, and UKTI provided support.
	20-24th	IDEX and NAVDEX 2011 (Abu Dhabi): Gerald Howarth MP, UK Minister for International Security Strategy, leads a high level team from the Ministry of Defence, UKTI, Royal Navy and British Army to highlight the important strategic, defence and trade relationship between the UK and United Arab Emirates.

Month	Date	Key visits, events, and other activities
	21st	UKTI establishes the 'Tech City' Investment Organisation (TCIO) to bring together the creativity and energy of Shoreditch and the Olympic Park to help make East London one of the world's great technology centres. TCIO consists of 5 experienced entrepreneurs, 5 technology specialists and 4 officials. Focus on larger, established companies as well as supporting early stage technology businesses.
March 2011	7th	Lord Green launches 'Catalyst UK' in London, a network of powerful advocates from business that speak up for British interests around the world.
	8th	200 UK SME delegates representing more than 160 companies attend the UKTI DSO Small Business Symposium in London feedback from the delegates overwhelmingly positive. Lord Green delivers the Keynote Address.
	9-10th	IBIZ 2011, ExCeL London: IBIZ 2011 is UKTI's flagship life science sector event and an international showcase for innovative UK companies. 98 buyers and partners from 71 companies in 25 markets meet and do business with 477 UK visitors and 18 UK exhibitors. An estimated £4 million of business is generated as a result.
	1-17th	Sustainable World 2011 brings together UKTI's infrastructure teams under a single, shared activity by acting as a spearhead programme to promote the UK's sustainable infrastructure offering to global markets.
	11-20th	South by South West (SXSW), USA: the world's largest film, interactive and music film event. UKTI assists over 100 UK Digital businesses. Forty leading digital mission companies a core group, with software, film, gaming, mobile and social media / digital agencies represented.
	14-24th	Lord Green India and China ministerial visits: a two week India-China programme focussing principally on support for SMEs. UKTI team support the visit. In China, he champions the network at a meeting of potential inward investors at the Ambassador's Residence in Beijing and in Hong Kong.
	22-24th	HOSDB exhibition Farnborough: UKTI, Home Office Scientific Development Branch, and trade body A|D|S promote the UK security sector to an international audience. 2000 visitors, including 247 delegates from 54 countries, attend. 400 UK security companies and an aviation security technology demonstrator showcase.
	23rd	UKTI East region organise an Export Europe event held in Newmarket and attended by 200 delegates from 130 regional companies exploring opportunities in 23 European countries.
	31st	UKTI sign three year contract with PA Consulting to deliver Inward Investment, superseding work previously undertaken by Regional Development Agencies.
After the end of the financial year		
May 2011	12th	Launch of UKTI's new five-year Strategy 'Britain Open for Business'.
	17th	Nick Baird appointed as UKTI's new Chief Executive (currently Director General, Europe and Globalisation, at the Foreign Office), to take up post September 2011.

ACRONYMS

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