



**ANNUAL REPORT
AND ACCOUNTS**
2013-2014



UK COMMISSION FOR
EMPLOYMENT AND SKILLS

ANNUAL REPORT AND ACCOUNTS 2013-2014

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Annual Report and Accounts 2013-2014

Contents

Foreword	2
Strategic Report	3
Annual Report	3
Financial Review	10
Sustainability Report	12
Directors' Report	13
Remuneration Report	16
Accounting Officer's and Chairman's Statement of Responsibilities	21
Governance Statement	22
The Certificate and Report of the Comptroller and Auditor General to the Members of UKCES	29
Financial Statements	31
Legal and Administrative Details	49
Commissioner Biographies	50

Foreword

With the economy now enjoying the strongest sustained period of growth since 2008, the sense of confidence pervading businesses in the UK seems to be well-founded. Employment is rising but productivity has a lot of ground to make up, youth unemployment remains high and the distribution of growth in the economy across the UK is uneven.

Whilst the drivers of this recovery include a strong operating environment and infrastructure, and business confidence to invest, I believe the sustained growth the UK also depends on another key driver – people with the capabilities businesses need to compete globally.

Government has a role to play in all three, but when it comes to the creation of employment opportunities and skills progression, it is business that must lead. And we cannot rely on individual companies alone; we need better coordinated, long-term employer collaboration if we are to meet the skills needs of a global economy and to achieve action of sufficient scale.

Scaling up what has been achieved so far requires more effective 'ladders of opportunity' in different sectors that enable people to get in and on in work. For the employer, this is how they develop and deploy the skills they need to compete. For the employee, it's how they achieve a fulfilling career and achieve progression in earnings. The success of our economy will depend in large part on how well we address opportunities on different parts of the ladder.

It is for this reason that our focus over the past 12 months has been to scale-up the vision we set out three years ago – greater employer ownership of skills. We have consistently focused on encouraging leadership by forward thinking employers, co-investing with them, and encouraging government to cede responsibility to them for their own sectors – something we have called employer ownership of skills. The results have been encouraging. But we must not be complacent. Skills are the heartbeat of an economy – the pulse that powers productivity across sectors and up and down supply chains, enabling businesses to succeed.

As the recovery continues, government, industry and training providers must work in partnership to ensure skills thrive on every rung of the ladder.

Over the past year, we have been the catalyst for creating these partnerships. We have continued to nurture employer ambitions, investing in their capacity to connect the most pressing of sector and business needs to the recruitment and development of people.

Our commitment to employer ownership of skills is unwavering. And employers, often in collaboration with government, trade unions and training providers, have stepped up.

The momentum is good, but more needs to be done to achieve the healthy growth that we need in our economy.



SIR CHARLIE MAYFIELD

Chairman

Strategic Report

Annual Report

Achievements in 2013-14

In 2013-14, the UK Commission for Employment and Skills (UKCES) focused on four Commissioner led outcomes:

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

Like the previous year, these outcomes set out a clear direction of travel to guide us on our longer-term journey. We delivered these outcomes through our five assets: Commissioner insights and networks; Research; Investors in People (IIP); Investment funds; and Standards and Frameworks.

The specific achievements and activities delivered by us during 2013-14, to meet our deliverables within each of the four outcomes, are as follows:

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

- Overall, our research has attracted significant attention this year, achieving good press coverage. Most prominently, our employer surveys were cited in Guardian articles as “excellent”, and our data was tweeted in response to Channel 4 FactCheck. The Employer Skills Survey generated articles or coverage in The Times, the Financial Times, the Guardian, the Daily Mail and BBC. Additionally, the ‘Future of Work’ study launched in March also received significant media coverage including in the Financial Times, the Telegraph, the Independent and BBC online.
- There have also been high profile events. The results of our flagship research survey, the UK Employer Skills Survey 2013, were published in January. A launch event was held in Westminster, with a panel chaired by Faisal Islam, the Channel 4 economics editor, and including two Commissioners. Reporting the results of over 91,000 interviews, the Employer Skills Survey is one of the world’s most comprehensive surveys of employer skills issues. A rich data source, it provides the ability to drill into Local Enterprise Partnership level labour market information. The Future of Work study also involved a significant launch event. This study which provides distinct insights into possible skills and employment challenges in the UK up to 2030 was published at a conference of over 150 attendees. As well as several Commissioners, Skills and Enterprise Minister, Matthew Hancock MP and Shadow Minister, Liam Byrne MP were among the national and international speakers who endorsed the research.
- Over the course of the year, we achieved 1,415 press and media articles, with a combined 292 million ‘Opportunities To See’. Examples of the results of our communications campaigns include: a BBC News 24 interview with Valerie Todd in response to our IIP job exodus press release; a slot on Radio 4 Woman’s Hour for Julie Kenny; a New Statesman feature by Iqbal Wahhab; and a front page exclusive in the Financial Times about one of our joint research investments with the Economic and Social Research Council, the Skills and Employment Survey.
- We have sought to work with business communities to raise the value of investing in skills and to incentivise more employers to share best practice and get the most from their people as a basis to drive performance improvements. Working with employers in our investment community, under the leadership of a Commissioner group, chaired by Jeremy Anderson, we are using our investment evaluation to capture the business benefits of the skills activities in which we are investing. We are drawing insights about what works to influence employers’ investment behaviour and foster good practice in future.

- Working through employer membership organisations, we have established the Valuing your Talent advisory group, chaired by Commissioners David Fairhurst and Sean Taggart, to reach wider employer networks. This project seeks to promote better practices through professional communities managed by the Chartered Institute of Personnel Development (CIPD), the Chartered Management Institute (CMI), the Chartered Institute of Management Accountants (CIMA) and the Royal Society for the Arts (RSA).
- Finally, we have also been working with employer networks reached by Investors in People (IIP) to help employers realise the value of their people. A number of IIP Champion events have been held across the network, plus smaller events in partnership with the British Chamber of Commerce. These have been well attended by businesses, and generated interest in IIP. Over 7,800 clients have bought IIP branded services in 2013-14 and there has been an 8% increase in IIP network revenues compared to 2011-12 when the benchmark was set. In quarter 4 IIP generated 1,841 new client leads to its delivery network, a 130% increase compared to quarter 4 in 2013. This represents a significant increase in the IIP sales pipeline.
- IIP is focused on its digital engagement strategy. A new IIP website was launched in November to better engage businesses investing in their employees. Client engagement in the website has been good, with unique visits increasing by 6.7% on the previous year (105,227 per quarter), page views increasing 22%, and average visit duration up 35% against the previous year. IIP has also achieved a Twitter follower growth of 1,455. In addition new IIP products have been launched in the year, such as the IIP Academy.

Outcome 2 – More career opportunities for young people

- By working closely with employers to secure greater employer ownership of skills, we have sought to create better employment and skills opportunities, particularly for young people. Through our youth employment work, led by Commissioners via the Commissioners insight asset, we have developed ‘what we know’ (our high quality intelligence) into ‘what we think’ (our policy insights). We have then used these to test, trial and create more opportunities for young people (through our investments) and lead a call to action amongst employers (via our communications) to draw attention to good practice and encourage wider take up.
- Launching first our Employer Investment Fund (EIF) and then our Growth and Innovation Fund (GIF), we have sought to encourage the testing and trialling of employer-led skills solutions to enhance employment opportunities and work-based learning for young people for the long-term. A third of our existing EIF/GIF projects now feature initiatives that will increase the employability of young people through apprenticeships, supporting those not in employment, education or training (NEET) into work and graduate programmes. For example: 14,400 work placement starts; 198,000 individuals have received careers advice and guidance; 229,000 non-accredited qualifications and accredited training and qualifications starts; and 26,800 apprenticeships starts, directly funded or stimulated through our investments (64% of which were by people aged 16-24).¹
- We have extended co-investment opportunities with employers to identify and tackle wider skills problems through the Employer Ownership Pilots. In the first year of Round 1 Employer Ownership projects, UKCES co-investment has led to the creation of more than 5,000 opportunities for young people. The 36 projects are projected to deliver 11,000 apprenticeships, 27,000 full-time non-apprenticeship training opportunities and 49,000 other learning and training opportunities, including work experience and work placement opportunities for young people.
- Projects for Round 2 of the Employer Ownership Pilot are expected to deliver even more opportunities for young people, including 35,000 apprenticeships for 16-18 year olds and a high number of traineeships. Nearly all Employer Ownership Pilot projects contain strands of work to support young people.

¹ EIF and GIF management data up to December 2013

- A major milestone was achieved this year, with the Autumn Statement announcing that ‘the government will put business at the centre of the apprenticeship system, by enabling employers to receive funding for the training costs of apprentices directly through an HMRC-led system and ensuring that employers contribute’. This announcement marks a major change in the funding of apprenticeships, and one that UKCES has worked hard to support. A technical consultation on the exact nature of the changes followed, and on 5 May 2014 over 30 employers and employer representatives wrote to the Telegraph supporting the principles of apprenticeship funding reform. We are continuing to work with government departments including the Department for Business, Innovation and Skills (BIS) and the Treasury to help implement these changes and secure the provision of quality apprenticeships in the future.
- We have worked jointly with the Industry and Parliament Trust to support its Youth Skills Commission, contributing to the debate around employer ownership, with a series of briefing sessions for employers and parliamentarians, at which our Commissioner Frances O’Grady spoke.
- The identification of better opportunities depends on better labour market intelligence (LMI) to inform choice. Our ‘LMI for All’ data portal seeks to enhance access to such intelligence. Since it went live in July, it has had 13,703 visitors and two organisations are using LMI for All data on their websites. A further three organisations are developing tools that will use LMI for All. We are also working with the National Careers Service to encourage wider use of the tool within their core services.
- In November we launched our ‘careerhack’ competition, to develop an application to show how LMI for All can be used. Nearly 2,000 people registered and we received more than 4,000 unique visitors to the data site. The winners were announced by Skills and Enterprise Minister, Matthew Hancock MP.
- We worked with the Department for Education on producing a ‘Making work experience work for you’ leaflet in June 2013, summarising the policy changes in this space. Led by our Commissioner, Julie Kenny, in February 2014, we published a guide called ‘Not just making tea: Reinventing work experience’. We launched the guide at a joint event with CIPD and the Education Employers Taskforce. The report received wide press coverage and twitter activity, and was featured in a Radio 4 Today interview with our Commissioner Douglas McCormick. It also received good feedback from the education sector, stakeholders, employers and government colleagues.
- Messages from our youth reports have been used extensively: notably, in the keynote speech at an Engineering Development Trust event with around 200 attendees; in our written and subsequent verbal response to a Parliamentary Inquiry into construction and youth employment; and in a Skills Commission report on ‘One System, Many Pathways.’ We produced eight case studies highlighting how young people have directly benefited from our investments, as well as a short video with young people from the Employer Ownership Pilot projects Denso, PWC and Siemens. Our monthly youth employment campaigns on Twitter have led to good engagement from businesses such as BSKyB and Manchester Airport Group.
- We held a joint event, ‘Investing in Youth Employment’, with Business in the Community (BITC) at the Skills Show in November, to showcase how UKCES investments are supporting young people. Commissioners David Fairhurst and Barbara Spicer spoke at the event.
- Fiona Kendrick, one of our Commissioners, and UKCES research were referenced in a Financial Times special report, entitled ‘Investing in Young People’. The report underlined the importance of guidance for young people to address the gap between qualifications and skills. The Nestlé UK Academy, with its plans to recruit 500 young workers each year alongside 100 work experience placements, was highlighted alongside ‘Nothing in Common’ – a joint report by UKCES and the Education Employers Taskforce.

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

- To strengthen employer ownership of skills, UKCES is testing and trialling routes to collective action amongst employers on skills and employer-led skills solutions to offer improvements to current work-based skills delivery and to bring performance benefits. Over £85 million has been paid out to projects so far, with employers contributing £95.1 million, creating leverage of 53% per cent. Almost 80% of all skills development activity has been completed, a high proportion of which will be sustainable after funding has ceased.
- An independent 'ex-ante' evaluation study has estimated the potential returns of our Growth and Innovation Fund (GIF) and Employer Investment Fund (EIF) investments to be between £3 and £6 per £1 of public money invested over a 10 year period, if the projects we have invested in are sustained.
- Our investment portfolio, across a balanced variety of sectors, totals 124 projects with £110 million of UKCES and £103 million of employer co-investment. There is a good spread of activities encompassing a range of characteristics, scale, infrastructure, types, closeness to market and innovation.
- Round 1 Employer Ownership Pilots have begun to accelerate in terms of employer contribution and the number of people being supported. Although Round 1 is still in its relatively early stages, initial data showed that as of July 2013 there were 7,500 people starting on programmes. Over 2,000 of these starts were by people under 25, and over 1,200 were apprenticeships.
- In Round 2 of the Employer Ownership Pilot, 40 employer-led propositions were initially agreed with the Minister to continue through negotiations. The projected outcomes of what Round 2 could bring are even more ambitious than Round 1, with 30,000 potential apprenticeships alone.
- We have been successful in securing the agreement of Michael Gove MP, Minister for Education and Vince Cable MP, Secretary of State for Business, Innovation and Skills, to Commissioner recommendations to go forward to contract for up to eight industrial partnerships. This exceeds our original ambition. Sectors include energy, aerospace, automotive, IT, tunnelling, life science, nuclear and creative.
- Oversight of our work around standards and frameworks has continued through UKCES' Commissioning Board, chaired by Tony Lau-Walker, with representatives of all four nations also playing a key role steering the process. Commissioning seeks to be responsive to changes in the market place but with careful attention paid to quality and value for money. We also only invest where collaborations of employers are involved in the design and development of products. During 2013-14 we contracted for nearly 400 outputs, with a contract value of £4.6 million.

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

- Our employer ownership vision sets out the key reforms necessary to improve vocational career pathways across the UK so that they equip people with the skills to get in and on in work. The vision has been supported by wider analysis this year, including: the review of adult vocational qualifications in England; supporting the development of industrial strategies in the Department for Business, Innovation and Skills (BIS) so that skills are considered at the heart of growth; and partnership projects encouraging greater collaboration between with employers and further and higher education.
- The Vocational Qualifications Plan for England, which was released and announced in Parliament, welcomed Nigel Whitehead's Adult Vocational Qualifications Review, providing a primary mechanism to take forward the recommendations. The plan clarified our role in this

area. We are supporting BIS with the second phase of Apprenticeship Trailblazers and we are also working with partners in the Devolved Administrations as well as BIS to take forward reforms to occupational standards to ensure their rigour, recognition and quality.

- Nigel Whitehead chaired the morning of the first national Vocational Education and Training (VET) Conference at the Skills Show in November, and spoke at the Manufacturer Directors' Conference in Birmingham in December. We also jointly ran an international VET conference with the Education and Training Foundation featuring presentations by Commissioners and the Organisation for Economic Co-operation and Development (OECD).
- We have made progress on identifying good practice in engagement between employers, colleges and universities. We have worked jointly with the Gazelle and 157 Group of Colleges to explore how colleges and employers can develop long-term strategic, effective relationships. We are also working jointly with Universities UK to identify examples where universities and employers are working together effectively.
- We played a key role using our sector insights and labour market intelligence influencing the development of the 11 industrial strategies in BIS. Our evidence featured strongly in the BIS publication 'Securing jobs and a stronger economy' as part of the Industrial Strategy Conference which was launched by the Secretary of State for Business, Innovation and Skills, Vince Cable MP.
- We have developed a UK-wide 'Futures Programme' which will provide the mechanism to test and trial employer-led innovations moving forward to tackle skills challenges to growth and productivity, at the entry level to the labour market, within the workplace and at the higher level skills end. The Futures Programme formally launched in April 2014.

Future look to 2014-15 and beyond

Our vision remains clear: to create with industry the best opportunities for the talents and skills of people to drive competitiveness, enterprise and growth in a global economy. This means ensuring the existing workforce has the skills businesses need to compete and individuals need to progress, and deploying those skills in a way that drives productivity.

Over the next three years, our ambition is to empower UK industry to create 'ladders of opportunity' for everyone to get in and on in work. For this ambition to be fulfilled, there are three key areas that need to be addressed.

1. Create more opportunities for all young people to get in and on in work

Getting onto the ladder is harder than it used to be. Youth unemployment remains high and there is declining demand for entry level jobs in the UK. The employment market has become more fragmented and harder to navigate for young people. Fewer young people are combining learning and earning, just when employers are wanting young people who are work ready. We need to inspire young people about the career possibilities open to them and recreate pathways into work and progression.

2. Improve skills, productivity and progression for those in work

On the middle rungs it needs to be easier for businesses, especially smaller ones, to develop the skills of their workforce and to put these to best use. As the economy recovers, we need to support employers to reinvest in their workforce, building resilience, and to deploy skills in a way that drives value. We need to better understand what employers can do to offer quality work as part of strategies for growth and to improve the capacity for people to progress and be productive in work. This means businesses considering job design, skills investment and employee productivity alongside other competitive capabilities.

3. Build strong vocational pathways into higher level skills and jobs

At the top, there are problems with both supply and demand of higher level skills. Our evidence shows that employers are experiencing skill shortages in critical business areas and, compared to our competitor nations, we have very limited vocational training at mid to higher levels where there

will be future job growth. Yet at the same time too many employees find their skills underutilised and the growth in supply of highly qualified people far outstrips the growth in high skilled jobs. To win a 'race to the top' we need to ensure we are using the talents of all our people, and that businesses are supported to create high skilled jobs by offering high value products and services.

To realise this vision, we have set out four clear objectives for 2014-15:

Objective 1: Lead the debate with industry to drive better outcomes for skills, jobs and growth

In key policy areas of youth employment, progression in work and higher level skills, our Commissioners will promote inspiring insights from our networks and research. By producing and promoting robust business intelligence, we can help ensure that skills development supports choice, competitiveness and growth for local and industrial strategies.

Objective 2: Work with industrial partnerships and networks to push forward employer ownership of skills

We will establish and coordinate an industry-led occupational standards programme that underpins apprenticeships and vocational qualifications across the UK. We will work with industrial partnerships to galvanise action on skills, in line with national industrial strategies. In managing performance and evaluating our existing employer investment programmes, we aim to achieve the highest possible impact.

Objective 3: Test out employer-led innovation to address persistent skills challenges

Alongside industry, we will research, prototype and scale genuinely innovative solutions to tackling market and system failures through our UK Futures Programme. This will support testing and development of employer-led ideas to directly address youth employment, progression and productivity in work issues, through targeted skills challenge competitions.

Objective 4: Help businesses realise the potential of their people through Investors in People

IIP will work with 7,500 organisations (85% being small and medium-sized businesses) in 2014-15, which will deliver a 10% increase in sales to £19 million, reducing reliance on the public purse. We aim to stabilise overall stock of IIP clients by undertaking 1,200 first time assessments and achieving a customer retention rate of 72%. We will refresh and pilot the IIP Framework, including embedding the Valuing your Talent project.

We will continue to galvanise the influence and insight of our Commissioners, our research evidence and our experience of what works, testing out employer-led innovations inspired by industrial partnerships and wider employer networks to achieve the vision set out in our 2014-15 business plan.

Continuing to focus on being an efficient and effective organisation

With the pressures on public expenditure, we continue to put scrutiny on our structure and operations. Significant savings have been made in this area with a 20% reduction in average organisational costs per head (after inflation) since 2010-11, a 40% reduction in our corporate services staffing since 2010-11 as a % of the workforce to just 12% by the end of 2013-14, and a 37% reduction in our administration budget from a spend level of £9.9 million in 2010-11.

In terms of headcount we have kept our overall headcount constant compared with 2012-13 but have changed the mix, with the average number of permanent posts in the year being 77 full time equivalents, which represents a 11% reduction compared to 2012-13 and a 36% reduction compared to 2010-11, offset with an increase in the number of apprentices, graduate interns and trainees to an average of 20 full time equivalents in 2013-14 compared to 12 in 2012-13.

Looking ahead to 2014-15, we will continue to strive for further efficiencies in our cost base.

Investing in our people and practising what we preach

We are a strong advocate for providing opportunities for young people to gain employment experience. Through our 'Grow your Own' people policy, we have taken on paid graduates, interns and apprentices as well as offering student placements. Such opportunities now make up around 19% (10% in 2012-13) of our workforce as at the end of the year. We have steadily increased our numbers of apprentices, graduates and interns during the last three years and have 22 employed at the end of 2013-14 (11 in 2012-13) compared to only six in 2010-2011. As a consequence 25% (17% in 2012-13) of our workforce is aged 25 or under.

As we look to the future we are committed to retaining and developing our staff to be the best that they can be. Whilst over half of our staff are qualified to level five or higher, we continue to invest heavily in our employees' learning and development and see this as integral to sustaining our workforce for the future. Work will continue in 2014-15, as training and development is of the utmost importance to us, especially given our remit and ambition. Alongside personal development plans for each staff member, we have implemented peer networking groups and Continuing Professional Development groups in order to share best practice and learning throughout the organisation.

Also, in terms of supporting equal opportunities for staff, over two thirds of our managers are female.

In terms of employee engagement, management engages with employees through regular staff briefings, all staff away days and an Employee Partnership Forum. The Forum is made up of union and non-union employee representatives, who meet monthly with management to discuss strategic and operational issues affecting the organisation. The partnership model reflects the approach to engaging with employees on the issues that matter to them and is used to consult with staff on policy development. Staff surveys also measure engagement and we continue to use such mechanisms to improve staff engagement and ways of working.

Financial Review

Incoming resources

UKCES is funded by Grant-in-Aid financing from BIS on behalf of all the sponsoring departments and Devolved Administrations.

At 1 April 2013 the total Grant-in-Aid resource budget allocated for the 12 month period to 31 March 2014 amounted to £66.9 million. During the year UKCES received updated Grant-in-Aid letters, with the final Grant-in-Aid resource budget being set at £63.2 million which includes non-cash costs of £0.5 million.

The Grant-in-Aid cash limit for 2013-14 was £62.7 million, of which £60.2 million was utilised in the year.

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

Because Grant-in-Aid funding is treated as financing rather than income in the Statement of Comprehensive Net Expenditure the results for the period show a loss equivalent to the expenditure to be met from Grant-in-Aid. The Grant-in-Aid financing recognised is the value of cash drawn down. The loss attributed to General Reserves therefore reflects the value of accrued expenditure at 31 March 2014.

In 2013-14 UKCES also received £0.4 million (2012-13: £0.3 million) of licence and publication income in relation to the Investors in People business.

Application of resources received

Of the total expenditure incurred in the year £62.0 million (2012-13: £62.4 million), 77% (2012-13: 79%) of total resource received was distributed to employer-led partner bodies, 12% (2012-13: 10%) was directly spent by UKCES on its 'asset' activities and 11% (2012-13: 11%) was used to fund the organisation's administration costs.

Partner programme activity

In 2013-14 UKCES continued the process of change in how it achieves its objectives through third party partner bodies. UKCES has moved from a position in previous years of mainly providing strategic core funding to licensed Sector Skills Councils to support the achievement of UKCES' aims, to a position in 2013-14 where UKCES is solely funding projects with employer-led bodies, including Sector Skills Councils, to deliver skills solutions through competitive bidding rounds. Of the £47.8 million (2012-13: £49.3 million) that was spent in the year to fund these partner bodies:

- £28.7 million (2012-13: £36 million) was provided in the year to fund 65 Employer Investment Fund (EIF) projects delivered by 18 Sector Skills Councils.
- £14.7 million (2012-13: £8.7 million) was provided in the year to fund 33 Growth and Innovation Fund (GIF) projects by 25 sector bodies including Sector Skills Councils and 13 other organisations.
- £4.4 million (2012-13: £4.4 million) was provided in the year through the Universal Services contracts to fund the delivery of updated or new National Occupational Standards (NOS) and apprenticeship frameworks by 7 sector bodies and 2 other organisations.
- £0.0 million (2012-13: £0.1 million) was provided in the year to support other sector bodies in specific programmes of work.

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

The Investment Group was responsible for oversight of the Employer Investment Fund (EIF) and Growth and Innovation Fund (GIF) budgets in 2013-14 and the Strategic Management Group was responsible for the oversight of the Universal Services contracts.

Direct programme spend activity

The budget available for UKCES programme activity was allocated to support the delivery of specific projects in line with the Business Plan priorities. The forecast spend on each project compared to budget was monitored on a regular basis by 'asset' leads and the Executive Directors and the Assistant Director with responsibility for finance and was overseen by the Strategic Management Group. The expenditure in this area of activity increased to £7.4 million for 2013-14, compared with £6.1 million for 2012-13. With the increase mainly arising due to the increased spend on the Employer Skills Survey and Working Futures survey both of which take place every 2 years.

Organisational administration activity

11% (2012-13: 11%) of the total expenditure or £6.8 million (2012-13: £6.9 million) supports the on-going administration costs of the organisation, including depreciation and other non-cash related costs. The pay costs were higher in 2012-13 as a result of a one-off £0.7 million of voluntary exit costs. This was offset by higher non-pay costs in 2013-14 as a consequence of supporting the outsourced assessment costs of the Employer Ownership Pilot bids. The organisational administration budget is controlled at a functional level by budget managers, is monitored on a regular basis by the Executive Directors and the Assistant Director with responsibility for finance and is overseen by the Strategic Management Group.

Statement of financial position

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

Outstanding trade payables at the end of 2013-14 represented the equivalent of approximately 7.2 days (2012-13: 8.4 days) of total payments made in the year.

As at 31 March 2014 UKCES is reporting negative general reserves of £7.0 million (2012-13: £5.6 million). This is because UKCES had recognised trade and other payables of £7.9 million at the end of the period (2012-13: £7.8 million), but has recognised the associated Grant-in-Aid funding for these liabilities only when it has been received. This is in line with the standard accounting treatment in respect to Grant-in-Aid financing for NDPBs.

Sustainability Report

As a Non-Departmental Public Body, UKCES is expected to report on its environmental sustainability performance. UKCES has been granted an exemption by the Cabinet Office to produce a sustainability report as the overall environmental impact of UKCES is low given it has a floorspace totalling under 1000m² and on average 105 staff in the year.



M Davis
Chief Executive
23 June 2014



Sir C Mayfield
Chairman
23 June 2014

Directors' Report

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

Principal activity and business review

The principal activity and the business review is set out on pages 3 to 9 of this Annual Report and the financial review is set out on pages 10 to 11.

Incorporation

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

Governance and decision making

The Commissioners are directors of the company and are responsible for the management of UKCES. At 31 March 2014 there were 29 directors, compared with 28 directors at 31 March 2013. The Commission delegated its organisational oversight role to the Strategic Management Group of UKCES.

The membership of the board and other legal and administration details are set out on page 49.

UKCES has a conflict of interest policy and its Register of Members' Interests is regularly updated. The full register can found on the UKCES website:

<http://www.gov.uk/ukces>

Further details of the organisation's governance groups and decision making are contained in the Governance Statement on pages 22 to 28.

Going concern assessment

In the light of the confirmation of a Grant-in-Aid resource budget allocation of £39.5 million provided by government in the Grant-in-Aid letter for 2014-15, the directors have reviewed the financial position as at 31 March 2014 and are comfortable that UKCES remains a going concern and that it will have sufficient cash to pay its liabilities as they fall due.

Whereas the operating costs in the Net Expenditure Account are recognised on an accruals basis, NDPBs can only recognise the actual amount of cash received during the period in respect of Grant-in-Aid financing. NDPBs are required by BIS to limit the amount of cash held to 2% of the Grant-in-Aid budget and UKCES had £7.9 million of accrued costs and trade payables as at 31 March 2014. This has resulted in the Statement of Financial Position showing net liabilities of £7.0 million at the end of the year.

Payments to suppliers

UKCES endeavours to pay suppliers as soon as possible once an invoice or claim is received and delivery is confirmed, and within the guidelines required of government bodies. Over the course of the year UKCES has paid suppliers within seven days of receipt of invoice on average over the year, compared with an average of eight days in the previous year. On average 5% of payments made were over 30 days from receipt of invoice compared with 5% in 2012-13.

Auditors

Under the Government Resources and Accounts Act 2000 (Audit of non-profit-making Companies) Order 2009, which came into force on 4 March 2009, the Comptroller and Auditor General is required to audit UKCES' accounts for the year ended 31 March 2014. An amount of £36,000 (2012-2013 £37,000) has been provided for audit fees. The National Audit Office (NAO) has not carried out any other paid work for UKCES in 2013-14.

Disclosure of relevant audit information

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

Sickness absence data

During the year UKCES had 232 days (2012-13: 346 days) of absence from work due to sickness. Of this, 40 days relate to 1 staff on long-term sick leave during the period (2012-13: 152 days related to 3 staff on long-term sick leave during the period). The number of days off for the remaining staff, excluding agency staff and staff on long-term sick, equates to an average of 1.7 days (2012-13: 1.9 days) sick leave per staff member. Inclusive of staff on long-term-sick, this equates to an average of 2.1 days (2012-13: 3.3 days) sick leave per staff member.

Reporting of personal data related incidents

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

Table 1: Summary of protected personal data-related incidents formally reported to the lead sponsor department in 2013-14

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

Further information on information risk

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

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

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

Category	Nature of incident	Total
I	Loss of inadequately protected electronic equipment, devices or paper documents from secured government premises.	Nil
II	Loss of inadequately protected electronic equipment, devices or paper documents from outside secured government premises.	Nil
III	Insecure disposal of inadequately protected electronic equipment, devices or paper documents.	Nil
IV	Unauthorised disclosure	Nil
V	Other	Nil

Disabled employees

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

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

Diversity and equality policy statement

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

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

Provision of information and consultation with employees

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

Corporate social responsibility

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

This is achieved in accordance with our shared behaviours: belief in better, taking responsibility together, being brave and Commissioner led.



M Davis
Chief Executive
23 June 2014



Sir C Mayfield
Chairman
23 June 2014

Remuneration Report

Strategic management group

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

Julie Kenny CBE DL (Chairman)

Dave Prentis

Dr Deirdre Hughes OBE

Grahame Smith

Lucy Adams

Tony Lau-Walker CBE

In addition Sir Charlie Mayfield can attend this group in his ex-officio capacity as Chair.

Executive director remuneration policy

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

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

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

The following information is subject to audit.

Single total figure of remuneration

	Salary (£000)		Bonus Payments ¹ (£000)		Pension Benefit (£000)		Total (£000)	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Company Directors ²								
Sir Charlie Mayfield ³	30-35	30-35					30-35	30-35
Michael Davis	125-130	125-130		0-5	50-55	45-50	175-180	180-185
Executive Directors								
Kay Dickinson ⁴	10-15	85-90		0-5		10-15	10-15	95-100
Ian Kinder	85-90	85-90	5-10	0-5	0-5	40-45	95-100	125-130
Simon Perryman	85-90	85-90	5-10	5-10	5-10	50-55	100-105	145-150
Non Executive Directors								
Dr Deirdre Hughes OBE ⁵	0-5	5-10					0-5	5-10
Scott Johnson	0-5	0-5					0-5	0-5
Seyi Obakin ⁶	0-5	0-5					0-5	0-5
Liz Sayce OBE ⁷	5-10	5-10					5-10	5-10
Band of highest paid director	125-130	130-135						
Median of total remuneration	34.4	36.4						
Ratio	3.7	3.6						

Reporting bodies are required to disclose the relationship between the salary of the most highly-paid individual in their organisation and the median earnings of the organisation's workforce. The salary of the most-highly paid individual in UKCES in the financial year 2013-14 was Michael Davis with a salary (including London weighting) of £128.5k. The lowest paid salary was £8.5k. The salary of the most-highly paid individual in UKCES in the financial year 2013-14 was £128.5k. The total remuneration was 3.7 times the median salary of the workforce, which was £34.4k.

During 2012-13 and 2013-14 there were no benefits in kind received for any directors.

¹ The performance pay for 2013-14 relates to performance in respect of 2012-13. Similarly the 2012-13 figure relates to the 2011-12 performance year. Only the amounts reported under the Performance Pay column are based on employee performance, all other amounts are fixed salaries per individual contracts.

² Michael Davis was the only Statutory Company Director of the organisation to receive any pension entitlement.

³ The figure represents the amount paid to the John Lewis Partnership for making available his services as Chair of UKCES. The annual fee is £28k plus VAT.

⁴ Kay Dickinson left under standard voluntary exit scheme terms on 17 May 2013. She was accepted under the scheme in 2012-13 but left in 2013-14. The costs were accrued in 2012-13 but were paid in 2013-14. Kay received a compensation payment of £20k-£25k in 2013-14 including compensation in lieu of notice. In addition the cost to the organisation of buying out the actuarial reduction on her pension was £145k-£150k. Kay did not receive any additional compensation for loss of office.

⁵ There was an overpayment of £2k in 2012-13 which was recovered in 2013-14.

⁶ An amount of £4k was accrued in relation to Seyi Obakin's services as director for the year-ended 31 March 2013. The actual payment of £4k was made in April 2013.

⁷ Represents the amount paid to Disability Rights UK for making available her services as a Non-Executive Director to UKCES in 2012-13 and 2013-14.

Pension entitlements for the year ended 31 March 2014

Name	Accrued pension at pension age as at 31/03/14 and related lump sum	Real increase in period of pension and related lump sum at pension age	CETV as at 31/03/14 ²	CETV as at 31/03/13	Real increase in CETV	Employer contribution to Partnership Pension account
	£000's	£000's	£000's	£000's	£000's	Nearest £100
Company Directors ¹						
Sir Charlie Mayfield						
Michael Davis	10-15	2.5-5	127	95	17	
Executive Directors						
Simon Perryman	50-55	0-2.5	1,035	966	7	
Ian Kinder	50-55	0-2.5	894	836	4	
Kay Dickinson	25-30 Plus lump sum of 80-85	0-2.5 Plus lump sum of 0-2.5	530	527		

Civil service pensions

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

Employee contributions are salary-related and range between 1.5% and 6.25% of pensionable earnings for classic and 3.5% and 8.25% for premium, classic plus and nuvos. Increases to employee contributions will apply from 1 April 2014. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. Classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

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

¹ Statutory Directors. Michael Davis was the only Statutory Company Director to receive any pension entitlement.

² The actuarial factors used to calculate CETVs were changed in 2012-13. The CETVs at 31 March 2013 and 31 March 2014 have both been calculated using the new factors, for consistency. The CETV at 31 March 2013 therefore differs from the corresponding figure in last year's report which was calculated using the previous factors.

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 <http://www.civilservice.gov.uk/pensions>

Cash Equivalent Transfer Values (CETV)

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

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

Real increase in CETV

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

Unaudited information

Performance pay awards

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

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

- Outstanding
- Superior
- Successful
- Needs improvement
- Needs significant improvement
- New in post

The performance levels awarded normally determine the level of pay increase and/or bonus. However as a public body, the organisation has been restricted to a 1% pay award for staff. An end of year bonus was paid in 2013-14 in relation to 2012-13 performance year. This was paid to 31% of staff in respect of 2012-13 performance year and will be paid to no more than 25% of staff in respect of 2013-14 performance year. The Executive Director pay awards are agreed by the Strategic Management Group, subject to recommendations from the Chief Executive. The Chief Executive's pay award is agreed by BIS on the recommendation of the Strategic Management Group and the Chairman. If the performance level is assessed as Needs Improvement or below then no bonus or pay increase is awarded.

Senior staff employment policy

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

Senior staff service contracts

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

¹ Contract was transferred from SSDA under a COSOP arrangement from SSDA on 1 April 2008.

On behalf of the Board



M Davis
Chief Executive



Sir C Mayfield
Chairman

23 June 2014
Date

Accounting Officer's and Chairman's Statement of Responsibilities

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

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

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

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

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

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

On behalf of the Board



M Davis

Chief Executive



Sir C Mayfield

Chairman

23 June 2014

Date

Governance Statement

1. Scope of responsibility

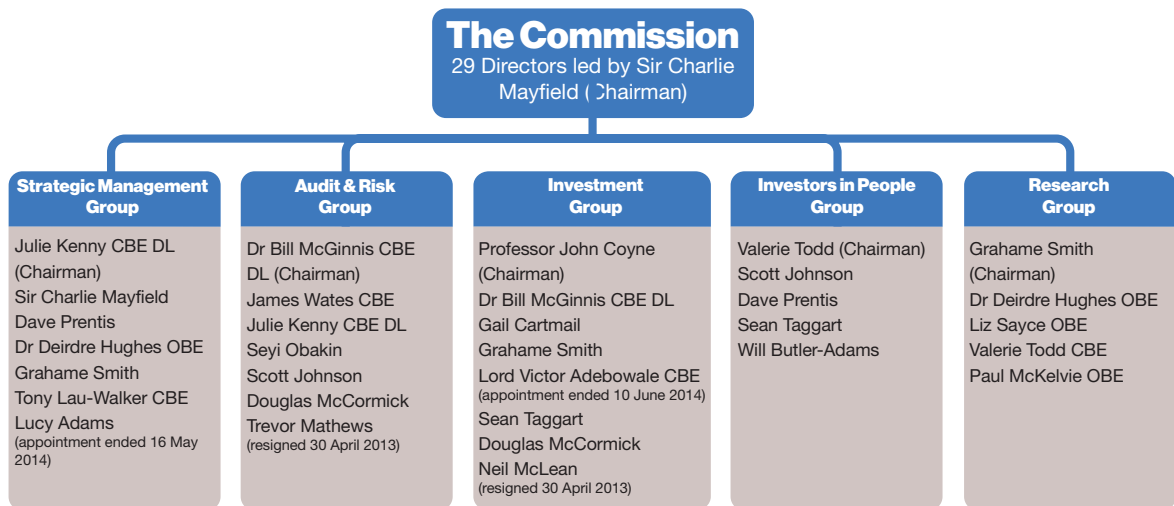
It is recognised that it is the responsibility of the Chief Executive Officer (CEO), as Accounting Officer, to ensure that there is a sound system of governance and internal control; and that the business of UKCES is conducted in accordance with *Managing Public Money* to ensure public money is safeguarded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

2. The purpose of the Governance Statement

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

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

3. The Organisation's Governance Structure



3.1 The Commissioners are directors of the company and are responsible for the management of UKCES. At 31 March 2014 there were 29 directors, compared with 28 directors at 31 March 2013. UKCES has delegated its organisational oversight role to the Strategic Management Group of the Commission.

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

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

3.4 The Commissioner leadership model means that Commissioners are outward facing and 'hands

on'. They are focused on outcomes and impact. Through their existing positions they bring independence and credibility and access to a range of important networks. Commissioners:

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

3.5 Decision making by Commissioners takes place at full meetings of the Commission and through a series of Commissioner Groups that have been formally established as sub-committees of the Commission to carry out specific roles. The formal governance groups are as follows:

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

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

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

3.9 **The Investors in People Group** consists of not less than three Commissioners, who are also directors. The Chief Executive, members of the Executive Leadership Team or other staff attend or provide information as directed. The quorum for meetings is three Commissioners. The Chairman of the Commission may attend meetings in an ex-officio capacity. The group meets

as appropriate to support the cycle of business but at least once a year. This new group was set up in 2012. Its purpose is to agree UKCES Investors in People strategy and continue to ensure that it supports the wider goals and objectives of UKCES.

- 3.10 **The Research Group**, a new group formed in October 2013, consists of not less than five Commissioners, who are also directors. The group meets as appropriate to support the cycle of business but at least once a year. The Chairman of the Commission may attend meetings in an ex-officio capacity. This group was set up to agree UKCES' research strategy to best support wider goals and objectives.
- 3.11 The Commission has adopted a complementary Scheme of Delegation to provide these groups with appropriate decision making powers. The Scheme of Delegation also sets out those powers that have been delegated to the Chief Executive and Executive Directors.
- 3.12 Individual Commissioners were appointed to take the lead on each one of the four UKCES outcomes. These lead Commissioners are supported by a team of Commissioners who contribute towards the development and delivery of that outcome.
- 3.13 Decision making in the outcomes is carried out in accordance with powers that have already been delegated to the Executive or by reference to the appropriate formal decision making groups.

4 Board performance and effectiveness

- 4.1 During 2013-14:
- The Commission met four times and achieved 78% group attendance.
 - The Strategic Management Group met five times and achieved 70% group attendance.
 - The Audit and Risk Group met four times and achieved 75% group attendance.
 - The Investment Group met four times and achieved 69% group attendance.
 - The Investors in People Group met five times and achieved 77% attendance.
 - The Research Group met once and achieved 60% attendance.
- 4.2 During the year the Audit and Risk Group looked at a review of the Commission's assurance framework; fraud and error management; governance and the preparation for the Triennial Review; staffing resourcing processes and data; the strategic overview of investment projects and efficiency and effectiveness of investment project management; the BIS Review of Employer Ownership Pilot governance, procurements and payments and the Group's effectiveness. The group also provided an annual Audit and Risk Group report on their work undertaken during the year, as well as providing assurance to the Strategic Management Group in relation to the Annual Report and Accounts.
- 4.3 The Strategic Management Group looked at the quarterly performance management reports; governance processes including preparation for the Triennial Review and board effectiveness; Commissioner recruitment and re-appointments, procurement approvals; pay and bonus; resourcing and risk mitigation, as well as approving the Annual Report and Accounts on behalf of the Commission.
- 4.4 The Investment Group mainly focused their meetings on the Employer Investment Fund (EIF) and the Growth and Innovation Fund (GIF) investment performance, investment contract management and approval; evaluation of the EIF and GIF funds; and oversight of Commission involvement in the Employer Ownership Pilots including stimulating the market for this fund, project management, assessment of bids and face-to-face panel meetings with industrial partnership Chairs ahead of the Investment Board.

- 4.5 The Investors in People Group discussed the following over the year: a performance based IIP relicensing strategy; the IIP marketing strategy; foundations pilot; IIP IT investment plans; governance arrangements; IIP delivery partner licensing review; review of the performance of the IIP Commissioner Group; and the IIP future strategy.
- 4.6 The Research Group set the research strategy for the organisation and discussed the research asset strategy, Commissioner activity and the emerging work programme for 2014/15.
- 4.7 Last year, in accordance with good practice, Commissioners met for their annual session without the Executive to consider the effectiveness of the Commission. The Chairman fed back to the Chief Executive on the outcome of these discussions. In accordance with good practice the Commission carries out an independent Board Effectiveness Review every three years to establish whether Commissioners are engaged, informed and supported. As the last review took place in 2010 a further review has been carried out in 2013. All Commissioners were surveyed and although the findings were very positive, a report making some recommendations for improvement was considered and agreed by the January 2014 Commission meeting. Each governance group also looks at its own effectiveness on an annual basis.
- 4.8 Over the year UKCES has continued to develop and enhance its information and performance reporting to meet the needs of the governance groups both in terms of timeliness, data quality and presentation. The recent Board effectiveness survey asked whether meeting agendas and reports properly supported Commissioners in their role as decision-makers. 95% of Commissioners agreed. It was confirmed that meeting agendas are well structured and that papers are considered to be clear, concise and comprehensive, which helps preparation for meetings and supports effective decision-making. The paperwork makes most things understandable very quickly e.g. it's clear what's required from Commissioners. Overall it was felt that the balance of information reported is right.
- 4.9 The corporate governance of the organisation was carried out in compliance with the Corporate Governance Code. Compliance with the Code of Corporate Governance is one of the tests that will be applied as part of the Commission's Triennial Review. In preparation, an internal audit was undertaken to test this against an initial analysis. In the key areas we were found to be compliant but as a result of the internal audit some further strengthening work is taking place.
- 4.10 In March 2014 the Commission's Strategic Management Group agreed new governance arrangements, to operate from 1 April 2014, that will ensure delivery of the 2014-15 Business Plan.

5. How the organisation manages and assesses its risks

- 5.1 The Commission, with the support of the Strategic Management Group, leads effective risk management by agreeing the organisation's direction, focus and risk appetite. This is designed to encourage appropriate, well-managed risk taking to maximise the effectiveness and impact of UKCES and make the most of opportunities to deliver greater benefits.
- 5.2 The risk management approach is defined and embedded via a formal Risk Management Policy and Process Guide which defines the Commission's risk appetite and how the risks are assessed in terms of impact and likelihood. The appetite is designed to identify and prioritise the risks to the achievement of its objectives and is determined according to the categorisation of risk impact. It details the risk appetite for that category and gives guidance on the highest level of risk acceptable for that category of impact.
- 5.3 The risk management process supports an overall Strategic Risk Register, along with Operational Risk Registers.
- 5.4 The Commission has delegated the oversight of the organisation's risks to:

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

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

6 UKCES' most significant risks in 2013-14 and mitigating actions

6.1 UKCES' most significant risks in the year were in the following areas:

- UKCES has been closely involved with the development of the £340m Employer Ownership Pilot fund and was involved in managing the assessment process of the second round of the fund. Through 2013-14 there was a risk of failing to contract and deliver the Employer Ownership Pilots to the expected time and outcomes and demonstrate UKCES' added value to the Pilots. This risk reflects the fact that UKCES has a reputational interest in ensuring that the pilot bids are assessed, contracted and managed in an efficient and effective manner but is not in full control of the decision making and contracting which rests with a partnership arrangement established with BIS (the fund holder) and the Skills Funding Agency (SFA). UKCES tried to mitigate this risk by working on developing an effective partnership working arrangement with BIS and SFA, ensuring that we clearly demonstrated how Commissioners add value to the process, as well as working closely with BIS officials and Ministers to ensure any Commissioner concerns were addressed.
- Following the publication of the Adult Vocational Qualification Review and recognising that skills policy is devolved to the four nations, there is a risk that there may be a significant divergence of policy in relation to new occupational standards and apprenticeship frameworks across the UK governments which could lead to employers becoming confused and disengaged from developing effective standards and frameworks that meet the needs of UK employers. UKCES has tried to mitigate this risk by developing a UK-wide implementation proposal on occupational standards and liaising with each government in the UK.
- Given that UKCES is a UK-wide body with multiple government sponsors including the Devolved Administrations, and that the policy in relation to skills is devolved, there is significant potential for conflicting or divergent policy interests across the UK governments relating to UKCES. This could result in the loss of momentum on UKCES vision of greater employer ownership of skills and a loss of opportunity for UKCES to add value in each of the four home nations. Whilst this is not a risk UKCES can fully control we have attempted to mitigate this by maintaining dialogue with the relevant government departments and the Devolved Administrations to try and ensure that the divergence is minimised.
- While UKCES has been successful in agreeing with BIS and HM Treasury to take forward the policy of employer-routed funding of apprenticeships in England and BIS has accepted the recommendations of the Adult Vocational Qualification Review, there is a risk that UKCES fails to agree a practical implementation approach that Commissioners support for delivering greater employer ownership and so the vision for greater employer ownership of skills fails to take off. UKCES has tried to mitigate this by regular and open dialogue with government officials in BIS and an increased focus on implementation planning.
- UKCES has invested £110m of funds alongside equal levels of employer contributions in the Employer Investment Fund and the Growth and Innovation Fund. There is a risk in such innovation and piloting funds, which have a reasonably high appetite for risk, that they fail to achieve significant impact or that the impact cannot be demonstrated. If it materialises then the consequence is that government could reduce its appetite for greater

employer ownership of skills. UKCES has attempted to mitigate this risk through a robust, Commissioner-led assessment and decision making process, strong contract monitoring arrangements, and early robust evaluation studies of potential impact. As a result this potential risk reduced in the latter half of the year as UKCES received more assurance that the projects would deliver significant impact and a strong return on investment but UKCES will continue to closely monitor this risk.

7 **Data security**

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

8 **Transparency**

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

9 **Tax compliance**

In 2012-13 HM Treasury initiated a policy to ensure all off-payroll appointees are compliant in relation to the payment of tax. In 2013-14 UKCES has continued to identify and monitor individuals who we have assessed as falling under the definition off-payroll appointee and sought and received appropriate assurance from the companies they work for, or from their accountants where relevant, to confirm their taxable status in relation to the payment of UK tax. These arrangements for identifying such individuals have also been reviewed by Internal Audit during the year and no issues were identified.

10 **Review of effectiveness**

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

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

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

- 10.3 The Commission obtained assurance from the Audit and Risk Group, in its Annual Report, that suitable controls are in place through assurance provided to the Audit and Risk Group from a number of sources including:
- the outcome of a programme of 13 internal audit reviews undertaken in the year;
 - annual external audit feedback;
 - the Security Risk Management Overview Annual Report;
 - an assurance matrix showing what assurance, including the outcome of investment audit reports and internal audit reports, has been shared with which Commissioner Groups and when; and
 - relevant feedback from the Executive team particularly in relation to stakeholder and sponsor feedback on UKCES.
- 10.4 The internal audit opinion was that sufficient internal audit work has been undertaken to allow them to draw a reasonable conclusion as to the adequacy and effectiveness of UKCES risk management, governance and control processes.
- 10.5 The Governance Statement represents the end product of the review of the effectiveness of the governance framework, risk management and internal control. The Audit and Risk Group provides an annual report to the Commission on internal controls, governance, and risk management approach and assurances.
- 10.6 There have been no significant governance or internal control issues raised during the financial year, nor has there been any material financial loss reported. Further assurance on internal control was obtained in a report undertaken by Deloitte on behalf of BIS in 2012-13. An internal audit review on managing the risk of financial loss was also undertaken in 2012. No significant gaps in our controls were identified.
- 10.7 I have been advised on the implications of the result of the review of the effectiveness of the system of governance including internal control and risk management by the Commissioner's Audit and Risk Group through its annual report.
- 10.8 I have considered the evidence provided with regard to the production of the Annual Governance Statement. The conclusion of the review is that there is a sound system of governance and internal control; and that UKCES' business has been conducted in accordance with *Managing Public Money*.



Michael Davis
Chief Executive

23 June 2014
Date

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

Registered Company number 6425800

I certify that I have audited the financial statements of UKCES for the year ended 31 March 2014 under the Government Resources and Accounts Act 2000. The financial statements comprise the Statement of Comprehensive Net Expenditure, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as adopted by the European Union. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the directors and the auditor

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

Scope of the audit of the financial statements

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

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

Opinion on regularity

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

Opinion on financial statements

In my opinion:

- The financial statements give a true and fair view of the state of the company's affairs as at 31 March 2014 and of its net expenditure for the year then ended;
- The financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by European Union; and
- The financial statements have been prepared in accordance with the Companies Act 2006.

Opinion on other matters

In my opinion:

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

Matters on which I report by exception

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

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

Report

I have no observations to make on these financial statements.

Amyas C E Morse
Comptroller and Auditor General

24 June 2014
Date

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

Financial Statements

Registered Company Number 6425800

Statement of Comprehensive Net Expenditure

	Note	2013-14 £000s	£000s	2012-13 £000s	£000s
Expenditure					
Partner Programme funding	4	47,795		49,343	
Direct Programme spend	5	7,402		6,117	
Admin pay costs	6	3,609		4,399	
Non-pay admin costs	7	2,904		2,293	
Depreciation and amortisation	8	316		207	
			(62,026)		(62,359)
Income					
Other grants and income	2		422		255
Net expenditure			(61,604)		(62,104)
Net expenditure after interest and taxation			(61,604)		(62,104)

There were no recognised gains or losses other than the net expenditure for the year.

All operations were continuing.

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

Registered Company Number 6425800

Statement of Financial Position

	Note	As at 31 March 2014 £000s	£000s	As at 31 March 2013 £000s	£000s
Non-current assets					
Property, plant and equipment	8	239		387	
Intangible assets	8	186		227	
Total non-current assets			425	614	
Current assets					
Trade and other receivables	9	142		483	
Cash and cash equivalents		256		1,090	
Total current assets			398	1,573	
Total assets			823	2,187	
Current liabilities					
Trade and other payables	10	(7,866)		(7,825)	
Total current liabilities			(7,866)	(7,825)	
Assets less liabilities			(7,043)	(5,638)	
General reserves			(7,043)	(5,638)	

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

The financial statements were approved by the Board of Directors on 20 June 2014.



M Davis
Chief Executive



Sir C Mayfield
Chair

Registered Company Number 6425800

Statement of Cash Flows

	Note	For the year ended 31 March 2014 £000s	For the year ended 31 March 2013 £000s
Net cash outflow from operating activities			
Cashflows from operating activities			
Net expenditure		(61,604)	(62,104)
Adjustment for non-cash transactions		417	290
Decrease / (Increase) in trade and other receivables		341	(126)
Increase / (Decrease) in trade and other payables		40	1,065
		798	1,229
Cash generated from operations		(60,806)	(60,875)
Cashflows from investing activities			
Purchase of tangible fixed assets		(93)	(189)
Purchase of intangible assets		(134)	(62)
Net cash outflow from capital expenditure		(227)	(251)
Cashflows from financing activities			
Receipt of Grant-in-Aid funding	3	60,199	60,829
Increase/(decrease) in cash and cash equivalents		(834)	(297)
Cash and cash equivalents at the beginning of the period		1,090	1,387
Cash and cash equivalents at the end of the period		256	1,090

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

Registered Company Number 6425800

Statement of Changes in Taxpayers' Equity

	Notes	For the year ended 31 March 2014		For the year ended 31 March 2013	
		£000s	£000s	£000s	£000s
At start of period			(5,638)		(4,363)
Changes in reserves in the period					
Net expenditure after interest and taxation		(61,604)		(62,104)	
Total recognised income and expense in the period			(61,604)		(62,104)
Grant-in-Aid-Funding	3		60,199		60,829
At end of period			(7,043)		(5,638)

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

Notes to the Accounts

1. Accounting policies

Basis of preparation

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

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

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

The accounting policies contained in the FReM apply 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 UKCES for the purpose of giving a true and fair view has been selected. The particular accounting policies adopted are described below. They have been consistently applied in dealing with items considered material in relation to the accounts.

Accounting convention

These accounts have been prepared under the historical cost convention.

Going concern

The accounts have been prepared on the going concern basis, which assumes that UKCES activities will continue in operational existence for the foreseeable future. The validity of this assumption is dependent upon the continuation of support from UKCES' funder and in response to the progress made by UKCES in obtaining future funding confirmation. In the light of the Grant-in-Aid resource budget allocation provided by government in the Grant-in-Aid letter for 2014-15, the directors are comfortable that it will have sufficient cash to pay its liabilities as they fall due.

Segmental reporting

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

Grant-in-Aid and income

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

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

The main source of income is generated from the Investors in People delivery partners and royalty fees for Investors in People publications. UKCES has a licence from government to use the Investors in People Standard to operate a business for which it charges licence fees to delivery partners.

1. Accounting policies (continued)

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

Charging policy

UKCES is the guardian and champion of the Investors in People brand and range of products and services. It implements the Investors in People framework in the United Kingdom through a network of licensed Investors in People delivery partners for which the delivery partners are charged a fee in return for the right to use of the Investors in People intellectual property.

Foreign currency translation

(a) Functional and presentation currency

The financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which UKCES operates.

(b) Transactions and balances

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

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

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

Value Added Tax

UKCES became registered for VAT in April 2010 as a direct consequence of the transfer of the Investors in People business into UKCES. UKCES recovers VAT on its business activities but not on its non-business activities.

Leases

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

The total payments made under operating leases are charged to the Statement of Comprehensive Net Expenditure on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

Where property, plant and equipment have been financed by lease agreements under which substantially all the risks and rewards of ownership are transferred to UKCES, they are treated as if they have been purchased outright and classified as finance leases. Finance leases are capitalised at the commencement of the lease at the lower of the present value of the minimum lease payments or the fair value of the leased asset. Finance charges payable are recognised over the period of the lease based on the interest rate implicit in the lease to give a consistent periodic rate of return.

1. Accounting policies (continued)

Intangible assets

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

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

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

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

Property, plant and equipment

In accordance with the FReM, UKCES 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 UKCES has a large number of relatively small-value items, with short useful lives.

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

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

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

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

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

Impairment of non-current assets

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

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

1. Accounting policies (continued)

Contributions to pension fund

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

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

Financial instruments

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

Financial assets

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

Loans and receivables

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

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

UKCES loans and receivables comprise 'other receivables' and 'cash and cash equivalents' in the Statement of Financial Position.

Prepayments and other receivables held by UKCES as at 31 March 2014 are stated at cost less allowances made for doubtful receivables, where applicable, which approximates fair value given the short dated nature of these assets.

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

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand.

The cash balances are all held in Government Banking Service accounts.

1. Accounting policies (continued)

Impairment of financial assets

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

Financial liabilities

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

All financial liabilities held by UKCES as at 31 March 2014 are short-term in nature and are held at cost. The directors consider the carrying value of these financial liabilities to be a reasonable approximation of their fair value.

Derecognition of financial liabilities

UKCES derecognises financial liabilities when, and only when, UKCES' obligations are discharged, cancelled or they expire.

Period covered by financial statements

This set of accounts covers the twelve months period to 31 March 2014.

Key accounting estimates and judgements

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

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

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

1. Accounting policies (continued)

New standards, amendments and interpretations not yet effective

The following standard was in issue but not yet effective and has not been adopted in these financial statements:

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

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

General reserves

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

Liabilities of members

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

2. Other grants and income

	For the year ended 31 March 2014 £000s	For the year ended 31 March 2013
IIP licence income	322	245
Other income	100	10
	422	255

3. Grant-in-Aid

	For the year ended 31 March 2014 £000s	For the year ended 31 March 2013 £000s
Grant-in-Aid received:		
From BIS on behalf of government co-sponsors	60,199	60,829
Transfer to general reserves	60,199	60,829

4. Partner programme funding

	For the year ended 31 March 2014 £000s	For the year ended 31 March 2013 £000s
Investment funding:		
- Employer Investment Fund	28,721	36,075
- Growth and Innovation Fund	14,735	8,727
Standards and Frameworks delivery funding	4,339	4,413
Other grant funding	-	128
Total	47,795	49,343

5. Direct programme spend

	For the year ended 31 March 2014 £000s	For the year ended 31 March 2013 £000s
Direct spend by Business Plan Asset/Outcome:		
- Research	3,928	2,726
- Investment	249	139
- Investors in People	1,082	813
- Standards and Frameworks	69	125
- Commissioner insights	406	131
- Business plan outcomes direct spend	-	350
Frontline delivery staff costs and overheads (Research staff and core IIP staff)	1,668	1,833
Total	7,402	6,117

6. Admin pay costs

	For the year ended 31 March 2014 £000s	For the year ended 31 March 2013 £000s
Salaries ¹	3,883	4,804
Social security costs	325	425
Other pension costs	700	774
Inward secondees and temporary staff	191	72
Less frontline delivery staff costs allocated to programme	(1,490)	(1,676)
Total	3,609	4,399

¹ Included in the 2012-13 salaries figure is the £696k cost of the Voluntary Exits that were agreed at the end of 2012-13. There were no such costs in 2013-14.

Average number of employees during the year were as follows:

	For the year ended 31 March 2014 FTEs	For the year ended 31 March 2013 FTEs
Company directors (Chief Executive)	1.0	1.0
Permanent staff ¹	77.0	86.5
Fixed term staff with terms of less than 2 years ²	5.4	4.2
Apprentices, graduate interns and trainees ³	20.3	11.8
Agency staff	1.9	0.4
Staff seconded out	(0.2)	-
Inward seconded staff	0.0	0.5
Total	105.4	104.1

¹ Excludes apprentices.

² Excludes graduates.

³ Apprentices are employed on permanent contracts, whilst graduate interns are employed on 9 month terms, and graduate trainees are employed on fixed terms of between 1 and 2 years.

6. Admin pay costs (continued)

Pension contributions

Principal Civil Service Pension Scheme (PCSPS)

Staff are registered under the Principal Civil Service Pension Scheme (PCSPS).

The PCSPS is an unfunded multi-employer defined benefit scheme. Contributions on a “pay as you go” basis are credited to the exchequer under arrangements governed by the Superannuation Act 1972. The company is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the company has accounted for its contributions as if it were a defined contribution scheme. The pensions cost is assessed every four years in accordance with the advice of the Government actuary. For 2013-14 employers contributions of £691k were payable to the PCSPS (2012-13: £773k) at one of four rates in the range of 16.7% to 24.3% (2012-13: 16.7% to 24.3%) of pensionable pay, based on salary bands.

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

Partnership Pension Account

Employees can opt to open a partnership account, a stakeholder pension with an employer contribution. The employer contributions are age related and range from 3% to 12.5% (2012-13: 3% to 12.5%) of pensionable pay. In addition the employer matches any employee contributions up to 3% of pensionable pay.

Total contributions to the scheme in the year were £9k (2012-13: £1k).

Civil Service and Other Compensation Schemes

Exit package cost £000's	Number of staff for the year ended 31 March 2014	Number of staff for the year ended 31 March 2013
0-10	-	-
10-25	-	5
25-50	-	3
50-100	-	3
100-150	-	1
150-200	-	1
Total	-	13

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for at the point when the exit has been agreed by both UKCES and the member of staff. As at 31 March 2013, there were 2 staff exits agreed and exited in 2012-13 and 11 exits agreed but with exit dates in 2013-14. There were no exit package costs agreed in 2013-14 (2012-13: £696k).

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

7. Non-pay admin costs

	For the year ended 31 March 2014 £000s	For the year ended 31 March 2013 £000s
Staff development and other staff costs	186	348
Travel and subsistence	626	677
Meetings, conferences and events	117	67
Printing, stationery and advertising	49	30
Equipment and systems	249	242
Communication charges	144	111
Professional and recruitment fees ¹	1,121	302
Accommodation and facilities	485	597
Fixed assets written off	102	83
Financing, bank charges and other ²	2	(7)
Less frontline delivery staff overheads charged to programme	(177)	(157)
Total	2,904	2,293
Of which the following items are included:		
Auditors remuneration – external audit	36	37
Operating lease rentals – buildings	292	214
Operating lease rentals – other	9	7
Total	337	258

¹ The 2013-14 charge is higher than 2012-13 as a result of costs of outsourced grant assessment activity incurred by UKCES in supporting the Employer Ownership Pilots bid assessments.

² Financing, bank charges and other: The other element for 2012-13 relates to a refund from HMRC in relation to the prior year.

8. Non-current assets

Property, plant and equipment

For the year ended 31 March 2014

	Equipment £000s	Information Technology £000s	Furniture and Fittings £000s	Leasehold Improvements £000s	Total £000s
Cost					
At 1 April 2013	-	1,071	12	23	1,106
Additions	-	93	-	-	93
Assets written off	-	(134)	(9)	-	(143)
At 31 March 2014	-	1,030	3	23	1,056
Depreciation					
At 1 April 2013	-	708	11	-	719
Charge for the year	-	154	-	5	159
Eliminated on assets written off	-	(51)	(10)	-	(61)
At 31 March 2014	-	811	1	5	817
Net book amount					
At 31 March 2014	-	219	2	18	239

For the year ended 31 March 2013

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

8. Non-current assets (continued)

Intangible Assets at 31 March 2014

	Software under development £000s	Software £000s	Total £000s
Cost			
At 1 April 2013	20	486	506
Additions	53	81	134
Assets written off	(20)	(30)	(50)
At 31 March 2014	53	537	590
Amortisation			
At 1 April 2013	-	279	279
Provided in the year	-	157	157
Eliminated on assets written off	-	(32)	(32)
At 31 March 2014		404	404
Closing net book amount at 31 March 2014	53	133	186

Intangible assets at 31 March 2013

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

9. Trade and other receivables

	At 31 March 2014 £000s	At 31 March 2013 £000s
Prepayments	86	429
Trade receivables	23	3
VAT	33	51
Total	142	483
Of which:		
Balances with central government	33	51
Balances with other government bodies	11	295
Balances with bodies external to government	98	137
Total	142	483

10. Trade and other payables

Amounts falling within one year:

	At 31 March 2014	At 31 March 2013
	£000s	£000s
Trade payables	198	1,217
Accruals – Sector Skills Councils & other sector bodies ¹	6,329	4,625
Staff Related Accruals – Untaken leave	71	95
– Bonus accrual	55	190
– Voluntary exit cost accrual	-	669
Accruals – Other	1,213	1,029
Total	7,866	7,825
Of which:		
Owing to central government	-	-
Owing to other government bodies	243	29
Owing to bodies external to government	7623	7,796
Total	7,866	7,825

¹ Accruals in relation to Sector Skills Councils and other funded bodies are for contracted milestones with a delivery date on or before 31 March 2014.

Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade payables is 7.2 days (2012-13: 8.4). UKCES has financial risk management policies in place to ensure that all payables are paid within the internal credit timeframe.

Accruals for untaken leave are calculated based on employee leave days outstanding as at 31 March 2014.

11. Contingent liabilities disclosed under IAS 37

The company had no contingent liabilities at 31 March 2014 or 31 March 2013.

12. Financial instruments

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

13. Capital commitments

There has been £65k of capital expenditure which has been committed and contracted as at 31 March 2014 (31 March 2013: nil).

14. Insurance

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

15. Commitments under leases

Operating lease payments amounting to £292k (2012-13: £221k) were recognised as an expense during the year. Total future minimum lease payments under operating leases are given in the table below for each of the following periods.

	Buildings¹ 2014 £000s	Other 2014 £000s	Buildings¹ 2013 £000s	Other 2013 £000s
In one year or less	292	9	292	27
Between two and five years	363	1	388	2
Greater than five years	-	-	-	-
Total	655	10	680	29

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

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

The MOTO for Renaissance House runs up to 16 December 2017. The MOTO for Sanctuary Buildings runs up to 27 September 2017 with both parties having the option to terminate the agreement on 1 October 2015 upon serving 12 months notice.

16. Losses and special payments

	For the 12 months to 31 March 2014 £000s	For the 12 months to 31 March 2013 £000s
Losses and special payments total value	-	-
Transactions included in the figure above exceeding £1,000	-	-

17. Transactions with related parties

UKCES is an NDPB funded by BIS and is regarded as a related party. Funding for the current year comprised Grant-in-Aid (£60,199k).

In addition the Wath Office located at Renaissance House is rented by way of separate Memorandum of Terms of Occupation (MOTO) agreements with BIS. During the year UKCES made total rental payments for the year including rates and service charges which amounted to £179k. Details of this rental arrangement is on Note 15 Commitments under leases.

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

17. Transactions with related parties (continued)

For the year ended 31 March 2014

Director	UKCES Role/ Relationship	Related Organisation Role/ Relationship	Related Organisation	Transaction	Value included in accounts £000s	Amount yet to be paid at 31 March 2014 £000s
David Fairhurst ¹	Director	Non Exec Chairman	People 1st	Employer Investment Fund funding and Growth and Innovation Fund funding	3,716	406
Gail Cartmail ¹	Director	Council member				
Barbara Spicer ¹	Director	Interim Chief Executive	Skills Funding Agency ²	Apprenticeship Awards and Skills Show Sponsorship	130	90
James Wates CBE ¹	Director	Chairman	CITB -Construction Skills ²	Employer Investment Fund funding	553	139
				Universal Services Fund	597	14
Nigel Whitehead	Director	Trustee	Whitehall & Industry Group	Annual Membership 13-14	5	-
Dr Deirdre Hughes OBE	Director	Associate Fellow	Institute of Employment Research, University of Warwick	LMI for All support and other research activity	502	117
John Cridland CBE	Director	Director	Business in The Community (BITC)	Growth and Innovation Fund	1,025	219

¹ These directors are excluded from any Commission decisions affecting individual EIF or GIF investment funding decisions.

² There is a related party relationship as a government body as well as in relation to having common directorship.

18. Events after the reporting period

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

Legal and Administrative Details

Company registration number:	06425800
Registered office:	Renaissance House, Adwick Park Wath-upon-Deerne, South Yorkshire S63 5NB
Company Secretary:	Lesley Giles
Bankers:	HM Paymaster General
Auditors:	Comptroller and Auditor General National Audit Office 157-197 Buckingham Palace Road Victoria, London, SW1W 9SP

Register of directors' interests

The register of directors' interests are available at the company's registered office.

Directors

The directors in office during the year are listed below:

Name	Date of appointment	Actual resignation date
Executive Directors		
Michael Davis	03/01/11	
Sir Charlie Mayfield	16/11/10	
Non Executive Directors		
David Prentis	01/04/08	
Dr Bill McGinnis CBE, DL	01/10/08	
Grahame Smith	01/04/08	
Jeremy Anderson CBE	01/04/08	
James Wates CBE	01/04/09	
Julie Kenny CBE, DL	01/04/08	
Liz Sayce OBE	01/04/08	
Lord Victor Adebawale CBE	01/04/08	10/06/14
Valerie Todd CBE	01/04/08	
Nigel Whitehead FREng	01/04/09	
Lucy Adams	17/05/11	16/05/14
Professor John Coyne	17/05/11	
John Cridland CBE	17/05/11	
Sean Taggart	17/05/11	
David Fairhurst	21/07/11	
Dr Deirdre Hughes OBE	21/07/11	
Tony Lau-Walker CBE	21/07/11	
Trevor Matthews	21/07/11	30/04/13
Seyi Obakin	21/07/11	
Paul McKelvie OBE	01/04/12	
Scott Waddington	01/04/12	
Neil McLean	01/05/12	30/04/13
Gail Cartmail	01/05/12	
Toby Peyton-Jones	01/05/12	
Scott Johnson	01/05/12	
Frances O'Grady	22/01/13	
Barbara Spicer	02/09/13	
Douglas McCormick	02/09/13	
Fiona Kendrick	02/09/13	
Iqbal Wahhab OBE	02/09/13	
Will Butler-Adams	02/09/13	

Commissioner Biographies



Sir Charlie Mayfield

Chairman

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

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



Michael Davis

Chief Executive

Michael Davis is the Chief Executive of UKCES. He previously held the position of Director of Strategy and Performance.

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

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

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



Dr Deirdre Hughes OBE

Chair of the National Careers Council

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

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



Jeremy Anderson CBE

Chairman, Global Financial Services KPMG LLP

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

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

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

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

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



Will Butler-Adams

Managing Director, Brompton Bicycle Ltd

Will joined Brompton in 2002, became a director in 2006 and took over as the MD in 2008. Over that period the company has grown from a £2 million turnover with 27 staff to one of over £25 million turnover with 200+ staff.

Will has previously worked for Nissan, ICI and DuPont; involved in product development, R&D, project management and manufacturing excellence. He studied Mechanical Engineering at Newcastle University and is a Chartered Mechanical Engineer.



Gail Cartmail

Assistant General Secretary (AGS), Unite the Union

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

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



Professor John Coyne

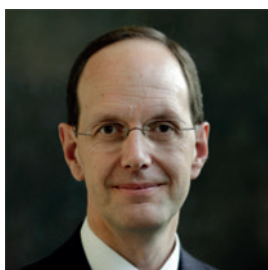
Vice Chancellor, University of Derby

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

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

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

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



John Cridland CBE

Director-General, CBI

As Director-General of the CBI, John Cridland is the key spokesman for the business community in the media, on public platforms and with the government. He leads the CBI – the voice of business - in the UK and represents it internationally. John was educated at Boston Grammar School and has an MA in History from Christ's College Cambridge. He joined the CBI as a policy adviser in 1982 and has been Director of Environmental Affairs and of Human Resources Policy. John was Deputy Director-General from 2000 to 2010. John is a Board member of Business in the Community and a member of the Council of Cranfield University. He was Vice Chair of the National Learning and Skills Council between 2007-2010. He spent 10 years on the Low Pay Commission and the ACAS Council, and was also a member of the Commission on Environmental Markets and Economic Performance.

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



David Fairhurst

Chief People Officer, McDonald's Europe

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

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

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



Scott Johnson

Chief Executive, Chas Smith Group Ltd

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

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

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



Fiona Kendrick

Chairman & Chief Executive, Nestlé UK & Ireland

Fiona Kendrick has been Chairman and Chief Executive Officer of Nestlé UK and Ireland since 1 October 2012. She is the first woman to head up the UK and Ireland business which has a turnover of £2.7 billion and employs 8,000 people across 23 sites in the UK and Ireland. She joined Nestlé UK in 1980 as a commercial graduate in the Frozen Food Division.

Fiona worked in a number of management roles before becoming Managing Director of the UK Beverage Division in 2001. In 2008, Fiona joined Nestlé S.A. in Switzerland in a global role managing the strategy for Nestlé Beverage brands including NESCAFÉ, Milo and Nesquik.



Julie A Kenny CBE, DL

Chairman and Chief Executive, Pyronix Limited

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

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

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

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



Tony Lau-Walker CBE

Chief Executive Officer, Eastleigh College

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



Douglas McCormick

Group Managing Director, UK rail business, Atkins

Douglas joined Atkins in 2002. He has a background in quantity surveying and project management and has worked in many of the construction industry sectors, as well as more recent experience in the rail industry, over the past 30 years.

He is currently Group Managing Director for Atkins' rail business in the UK. Douglas also chairs Atkins' Global Rail Forum, co-ordinating the development of their rail business around the world.

Douglas sits on the Board of the Institute for Collaborative Working, the Board of the National Skills Academy for Railway Engineering and the Rail Sector Advisory Group.

He holds a Bachelors degree in Quantity Surveying, a Masters degree in Construction Management and is a Fellow of the Royal Institution of Chartered Surveyors.



Dr Bill McGinnis CBE, DL

Northern Ireland Adviser on Employment and Skills

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

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

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



Paul McKelvie OBE

Consultant

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

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

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

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



Seyi Obakin

Chief Executive, Centrepoint

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

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



Frances O'Grady

General Secretary of the TUC

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

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



Toby Peyton-Jones

HR Director, Siemens in the UK and north west Europe

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

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

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



Dave Prentis

General Secretary, UNISON

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

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

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



Liz Sayce OBE

Chief Executive, Disability Rights UK

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

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

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



Grahame Smith

General Secretary of the Scottish Trades Union Congress

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

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



Iqbal Wahhab OBE

Founder, Roast Restaurant

After working as a journalist in the national press for three years, in 1991 Iqbal set up his own PR firm which specialised in food, drink and restaurants and then in 1994 he launched Tandoori Magazine. He sold out of the magazine to launch the multi award winning Cinnamon Club in 2001 – a restaurant and bar aimed to change the way we view Indian dining. In 2003 he co-authored *The Cinnamon Club Cookbook* and in 2005 opened the highly successful Roast, a British restaurant and bar in Borough Market.

Iqbal received an OBE in the 2010 New Years Honours list for public service and services to the hospitality industry and chairs the Asian Restaurants Skills Board.



Barbara Spicer

Interim Chief Executive, Skills Funding Agency

Barbara Spicer took up her position as interim Chief Executive of the Skills Funding Agency in November 2013.

Barbara previously worked as the Chief Executive of Salford City Council for over seven years, overseeing key improvements to the city, which included leading the bid to relocate the BBC's headquarters to Salford Quays at MediaCity UK, creating a development of international significance. As Chief Executive of Salford City Council Barbara had responsibility for a budget in excess of £700m and a workforce of around 10,000.

She was also Lead Chief Executive for Greater Manchester's Employment & Skills Partnership and has worked for many years with Government and its agencies to find the best ways to help individuals make the most of regeneration opportunities through skills and employment initiatives.

Barbara's career has spanned a range of public service organisations with a strong focus on regeneration and policy development.

Barbara has a genuine belief that collaboration with the private sector and with local and central government colleagues is the way to achieve the best outcomes. Her passion for public services is focused on ensuring that local people connect with the major opportunities provided by the regeneration agenda.



Sean Taggart

Owner and Chief Executive, Albatross Group

Sean is co-owner and Chief Executive of The Albatross Group of Companies, a collection of 6 multi-award winning group tourism businesses with a combined turnover of just under £30 million. Established in 1985, the Group employs just over 100 people and is headquartered in Kent, with offices in central London, Wiltshire, Hemel Hempstead and Brisbane. He chairs the Coach Tourism Council in the UK and is treasurer of the European Tour Operators Association whilst also chairing Crossroads Care West Kent, a regional charity supporting over 800 children and adults that care for sick or disabled family members at home.

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



Valerie Todd CBE

Director of Talent & Resources, Crossrail Ltd

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

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

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

Scott Waddington

Chief Executive, SA Brain and Co Ltd



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

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

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

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



James Wates CBE

Chairman, Wates Group Limited

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

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

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



Nigel Whitehead FEng

Group Managing Director Programmes & Support, BAE Systems plc

Nigel was appointed Group Managing Director of Programmes and Support, one of three Global Operating Groups in BAE Systems, in 2008. In this role he has responsibility for UK Businesses including Maritime, Military Air & Information, Combat Vehicles (UK), UK Munitions and the Group's Shared Services operations. These businesses deliver over £6 billion turnover predominantly in UK defence but also in international markets.

Nigel undertakes a number of additional roles:

- Council Member, Royal Academy of Engineering
- Chairman, WIG (Whitehall and Industry Group)
- Chairman, UK Council for Electronic Business
- Member, Apprentice Ambassador Network
- Council Member, A|D|S (Aerospace, Defence, Security)

Nigel is a Chartered Engineer, a Fellow of the Royal Aeronautical Society and a Fellow of the Royal Academy of Engineering.

Nigel's previous role was Group Managing Director of the Military Air Solutions (MAS) business of BAE Systems, during which he was also a Supervisory Board Member of Eurofighter GmbH. Nigel has been active in defence programmes including design, development, production and support for 30 years, working in the UK, Sweden and Australia.

Prior to joining British Aerospace as an aerodynamicist, Nigel worked for Rolls-Royce for four years as a production engineering apprentice and graduated in mechanical engineering.



Lord Victor Adebowale CBE

Chief Executive, Turning Point

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

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

Victor's appointment as a Commissioner ended on 10 June 2014.



Lucy Adams

Director of Business Operations, BBC

Lucy joined the BBC as Director, BBC People in 2009 and left in April 2014. She was responsible for the full range of HR functions including training and development, resourcing, employee relations, reward, organisation design and change management. Her role expanded to Director, Business Operations to include BBC Workplace.

Lucy's appointment as a Commissioner ended on 16 May 2014.



Trevor Matthews

Executive Director and Chairman Developed Markets, Aviva

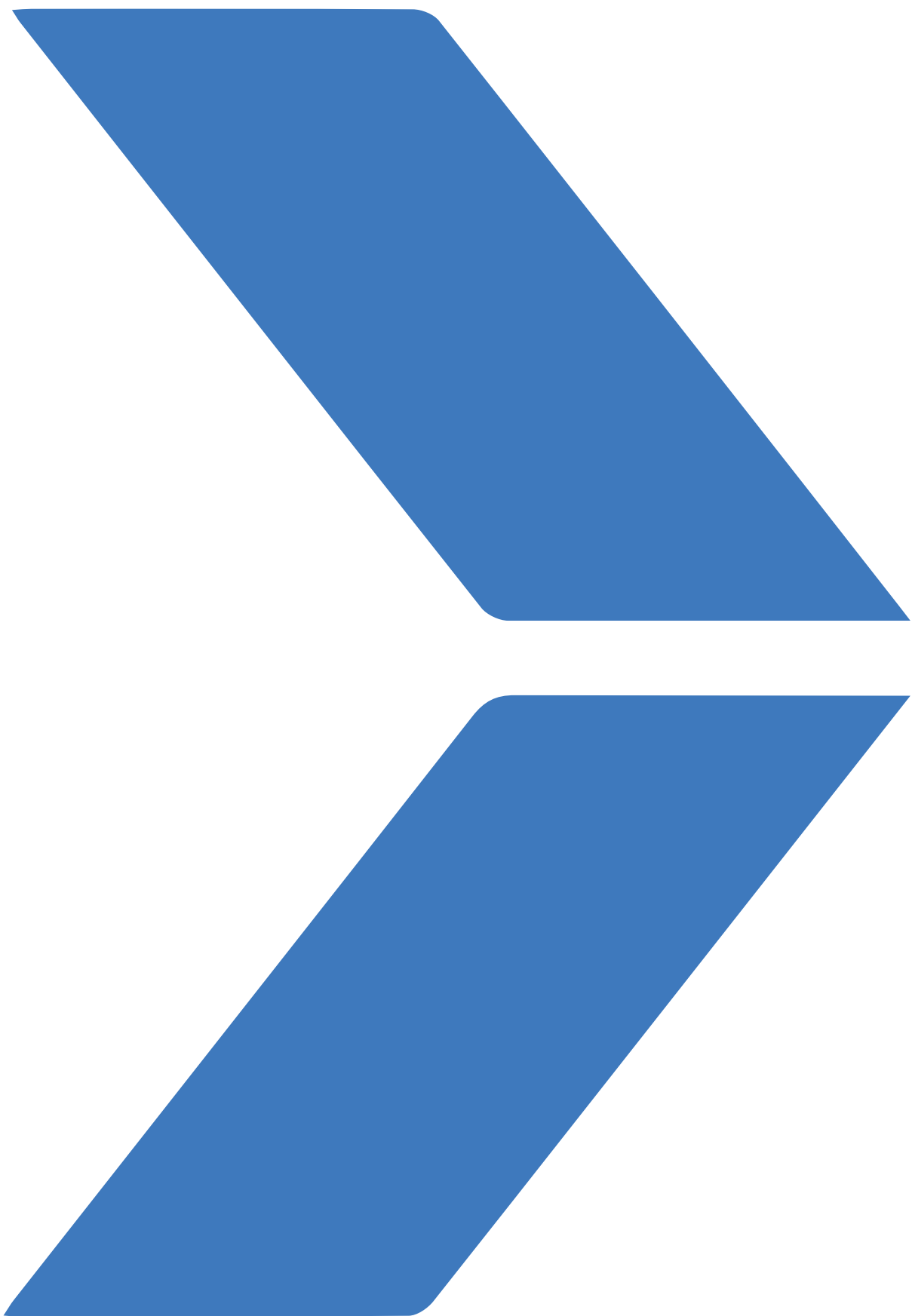
Trevor resigned on 30 April 2013.



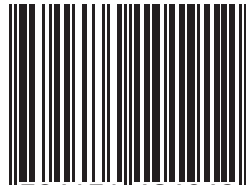
Neil McLean

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

Neil resigned on 30 April 2013.



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