



# UK Trade & Investment

UK Trade & Investment | Department for Environment, Food & Rural Affairs



**UK Food and Drink – International Action Plan**  
An Export Action Plan for the UK food and drink sector

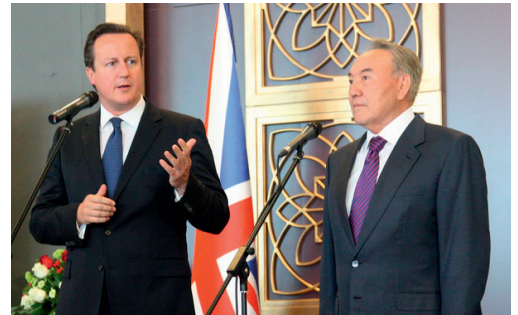
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# UK Trade & Investment Annual Report and Accounts 2013-14



# UK Trade & Investment Annual Report and Accounts 2013-14

(for the year ended 31 March 2014)

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

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

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

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This is part of a series of departmental publications which, along with the Main Estimates 2013–14 and the document Public Expenditure: Statistical Analyses 2013, present the Government's outturn and planned expenditure for 2013–14.



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Front cover: UK Trade & Investment 2013-14 in pictures

Top row left to right: UKTI and DEFRA launch the Food and Drink International Action Plan; the Sirius Programme for budding entrepreneurs is announced; the PM leads a trade mission to Kazakhstan and announces £700m of new deals.

Middle row left to right: UKTI's G8 Innovation Conference showcases the best of British; Minister for Trade and Investment, Lord Livingston takes part in the largest ever trade mission to China; DSEI, the UK's world-leading defence event, surpasses all visitor records.

Bottom row left to right: UKTI's Exporting is GREAT campaign is launched; UKTI's website makes the transition to Gov.uk; *Britain Open for Business: The next phase*, UKTI's refreshed strategy document, is published.

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# Minister's Foreword

## Lord Livingston of Parkhead

The work of UKTI is crucial to the Government's plans to double the amount of exports to £1 trillion by 2020. This is an ambitious target but represents the Government's aim to materially improve our long term export performance.

The UK is the sixth-largest exporter in the world and the second largest exporter of services. To build on this, we have invested in more support for exports to the fast growing economies of Asia and Latin America, and focused on key High Value Opportunities where Government support can help UK companies all through the supply chain to gain significant export wins.

UKTI seeks to help more businesses export more products and services to more countries. We are on track to achieve our target of assisting 40,000 businesses this financial year and companies tell us that UKTI has provided significant support for more than £20 billion of exports – a large increase on previous years.

We are proud that the UK remained the largest recipient of Foreign Direct Investment in Europe. This reflects both the attractiveness of the business environment in the UK and the support provided by UKTI to inward investment. Further measures introduced by UKTI, such as the launch of four new specialist Investment Organisations and the implementation of the Exceptional Talent visa route for digital entrepreneurs, will enhance further the UK's attractiveness for investors.

UKTI has made great progress over the last few years and that is a reflection of the hard work of its people both in the UK and in more than 100 countries around the world. My predecessor Lord Green, who finished his term as Trade and Investment Minister in December 2013, worked tirelessly to promote both the UK and its businesses. The new initiatives we have put in place will build on his excellent work and I look forward to seeing them come to fruition in the year ahead.



*Livingston of Parkhead*

**Lord Livingston of Parkhead**  
Minister for Trade & Investment

# Chief Executive's Foreword

## Dominic Jermeý CVO OBE

UK Trade and Investment has had an outstanding year supporting the UK economy. This has been achieved through a partnership between UKTI teams in the UK, at posts overseas and the many partner organisations which form an essential part of UKTI delivery.

In the twelve months to September 2013 UKTI supported more than 34,000 companies, representing over £51 billion in additional business, and putting us on track to exceed our stretching target of 40,000 companies assisted for the year to March 2014. We also saw the benefits of focusing on business wins as a core metric, seeing substantial growth above target in the value added by UKTI support. And once again, we are confident that we will exceed our target of bringing home 750 inward investment projects and securing or creating 50,000 jobs. We have also played a key role in winning a number of high-profile overseas contracts in the security and defence sector, not least AugustaWestland's £1 billion deal to supply helicopters to the Norwegian Air Force.

The UK remains the No. 1 European investment destination and we continue to develop new programmes to help us retain this position – the location of choice for leading global entrepreneurs; high value R&D and manufacturing facilities; and European HQs. Recent initiatives include the Global Entrepreneur Programme, which attracted investment from more than 60 entrepreneur-led companies and the introduction of an Exceptional Talent visa route for digital entrepreneurs. Notable investment successes included helping secure £850 million of Chinese investment into the Manchester Airport City project and Wolf Mineral's £120 million investment into what will be one of the world's largest tungsten mines.

*Britain Open for Business: The Next Phase*, published in January 2014, provides more detail on our strategic plans and priorities. We are following through on core programs such as the emphasis on High Value Opportunities and developing overseas delivery partners through the Chambers of Commerce. We have also begun an initiative to develop new exporters among the UK's 8,900 medium-sized businesses and have set up a joint Reshoring Service with the Manufacturing Advisory Service to help businesses bring work back to the UK. In addition, we are increasingly targeting those investors and investment opportunities with significant export potential. These also form part of UKTI's response to the Chancellor of the Exchequer's challenge to double UK exports to £1 trillion by 2020. In this respect, it was encouraging that exports to high growth markets such as China and Brazil were at an all-time high.



I feel proud to be joining a strong and dedicated team at UKTI as the incoming Chief Executive. I would like to thank UKTI's people in the UK and across the world, as well as our partners in Government and the private sector for their hard work and commitment at home and abroad in 2013-14. I would also like to thank our former Chief Executive, Nick Baird, who led UKTI until December 2013 and Crispin Simon, who then took over as Acting Chief Executive until June 2014. So much of the momentum we are experiencing today was developed under their leadership.

UKTI is committed to achieving the best possible results for the UK tax-payer, UK businesses and our overseas investors. We look forward to the year ahead.

A handwritten signature in black ink that reads "Dominic Jermeý". The signature is fluid and cursive, written in a professional style.

**Dominic Jermeý CVO OBE**  
UKTI Chief Executive

# Introduction

## Who We Are

UKTI is the UK's international trade and inward investment promotion organisation. In England, it uses a network of private sector international trade advisors to provide support and assistance to new and existing exporters of goods and services, while staff in over 100 markets overseas are available to support businesses locally. It also leads an inward investment network including private sector expertise to help overseas-owned firms locate and build their business in and from the UK.

UK Trade & Investment (UKTI) is a Government Department which reports to the Secretaries of State for Business, Innovation and Skills (BIS) and the Foreign & Commonwealth Office (FCO). UKTI has its own objectives and also contributes to the objectives of both BIS and the FCO.

UKTI works with the Devolved Administrations in Scotland, Northern Ireland and Wales to promote international trade and inward investment. UKTI and the Devolved Administrations consult each other regularly on policy developments and activities to avoid duplication of effort, double funding of projects and contradictory actions.

## What We Do

The UK is operating in a complex and challenging economic environment. Global trade has remained weak since the economic crisis of 2008-2009, which has affected many of the UK's traditional developed market partners. According to the IMF, the annual rate of growth of global trade volumes slowed from 6.2 per cent in 2011 to 2.8 per cent in 2012, remaining flat in 2013 at 3 per cent.

Against this challenging backdrop, the Government has set out to achieve ambitious trade targets. These include doubling the value of exports to £1 trillion, getting 100,000 more UK companies exporting by 2020 and developing an economic roadmap for 20 priority markets.

The Government's plans to double exports go hand in hand with a push to increase inward investment. This includes export-focused investment to strengthen our supply chains and support our larger companies, creating a virtuous circle in which Foreign Direct Investment (FDI) gets translated into export activity.

UKTI plays a central role in helping the Government to realise these goals. To ensure it provides the best possible outcomes for both the UK and its businesses, UKTI is organised around the following business units: Trade Group, which includes the High Value Opportunities team; Investment Group; UKTI Defence & Security Organisation (UKTI DSO); Marketing; and the Chief Operating Officer's Group (COO).

### Trade Group

Trade Group helps UK-based businesses succeed internationally. It works across Whitehall, together with strong regional and overseas networks and external partners, to provide companies with the help and support they need to enter new markets and support them once they are there. To achieve this, it has developed a comprehensive range of products and services for UK businesses.

### Investment Group

Investment Group attracts, creates and sustains a pipeline of high-quality inward investment projects in business sectors key to the UK's long

term competitiveness and helps win investment for major UK infrastructure and regeneration projects. Its aim is to ensure that the UK remains the leading FDI location in Europe and becomes the leading FDI location in Europe for high-growth markets.

### UKTI DSO

UKTI DSO works closely with the Ministry of Defence, the Home Office and other Government Departments to help UK defence and security companies succeed internationally. It provides the essential government-to-government dimension to companies in pursuit of maintaining the UK's strong position in the global defence and security export market.

### Marketing Group

Marketing Group helps UKTI to achieve its targets by focusing on priority areas to best leverage reputation, awareness and return on investment. Working with both the Trade and Investment Groups, it provides the necessary insight and expertise to inform and shape strategy.

### Chief Operating Officer's Group

COO is responsible for driving performance and plays a key leadership role in UKTI's programme of change. It provides the corporate functions of finance, IT, procurement, strategy, HR, internal communications, economics and evaluation, the Ministerial and Strategic Engagement Unit, the Innovation Hub and securing the UK's Olympic legacy.

# How We Have Performed

## Key Achievements

### Trade



**34,820**

Number of companies supported



**£51.8bn**

Total additional sales by UK businesses

[Taken from latest PIMS data: 12 months to September 2013 results for the full financial year are expected to exceed the 40,000 target]

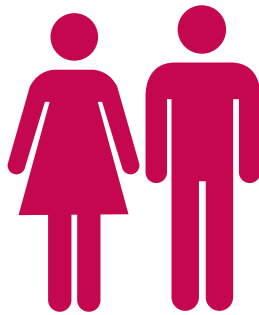
### Inward Investment

**52,476**

New jobs

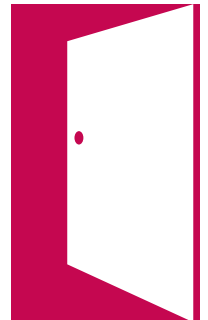
**45,091**

Safeguarded jobs



**1,322**

Inward Investment projects



[Data from 2012-13 as final 2013-14 results are not available until late summer 2014]



**£11bn**

UKTI has already reached the 2016 target of £11bn of additional economic benefit to the UK from the London 2012 Olympic Games

Further details of the UKTI performance framework and performance measures are included in Annexes A to C.



# What We Have Done

## Trade Group

Exports of goods and services to high growth markets are at an all time high. Since 2010, exports have increased by 52 per cent to China; 24 per cent to India; 39 per cent to Russia; and 37 per cent to Brazil. Over the same period, exports to established markets such as the USA and the EU have continued to increase.

UKTI's contribution has been significant and it is on track to exceed its targets. UK companies tell us that this financial year UKTI has provided significant support for more than £20 billion of exports. The most recent independently verified Performance Impact and Monitoring Survey (PIMS) data for the 12 months to September 2013 shows 34,820 businesses assisted and £51.8 billion of total additional sales by UK businesses. UKTI's customer numbers have dramatically increased in the second half of 2013-14 and the target of 40,000 business assisted will be comfortably exceeded.

## Medium-Sized Businesses

Medium-Sized Businesses (MSBs) play a vital role in the UK economy, accounting for 15% of UK private sector turnover. UKTI will now be offering every MSB tailored trade advice and an intensive programme of support to help them succeed in export markets. UKTI is making good progress towards meeting its original target of assisting 1,500 MSBs by March 2015. Between April 2013 and the end of March 2014, 570 MSBs which were new to UKTI benefitted from the Mid-Sized Business Programme.

On 8 April 2014, the Chancellor of the Exchequer announced an additional £4 million a year for an enhanced UKTI MSB programme. This was followed up by a letter from the Minister for Trade and Investment, Lord Livingston, to all 8,900 MSBs to inform them of the enhanced package of support. The package includes dedicated account management and support from experienced UKTI International Trade Advisors, including guidance on routes to market, participation in MSB trade missions, access to UKTI's global network and trade finance advice from UK Export Finance.

## Passport to Export and Gateway to Global Growth

The Passport to Export Service provides new and inexperienced exporters with the training, planning and support they need to succeed in overseas markets. Gateway to Global Growth offers a strategic review and further support to more experienced exporters. By the end of March 2014 UKTI had engaged with 2,698 companies through its Passport to Export programme exceeding its target of supporting 2,525 companies. During the same period, 1,749 companies had been engaged through the Gateway to Global Growth scheme, far outstripping its target of 1,423. Eighty six per cent of companies using the Passport to Export programme and 81 per cent of those using Gateway to Global Growth reported significant business benefits as a result.

### High Value Opportunities

The High Value Opportunities (HVO) programme provides intensive support for those larger companies seeking to win overseas contracts worth £250 million upwards, while also identifying major supply chain projects which provide opportunities for small companies across a wide range of sectors. The HVO programme has been expanded from 50 to 100 projects giving UKTI a much broader base of markets and sectors. A Private Sector Supervisory Board, chaired by Sir Michael Bear was introduced to help manage the increased activity, together with additional industry specialists and private sector project managers. Business wins for 2013-14 were worth £5.9 billion. Thirty-two markets have recorded HVO business wins.

The markets recording the highest value of wins were Saudi Arabia, Brazil and Kazakhstan, while the sectors recording the highest value of wins were oil & gas, chemicals and infrastructure.

UKTI Education was formally launched in July 2013 as part of the International Education Strategy. It supports companies and organisations in the UK education and training sector to win business overseas, particularly in relation to HVOs. To date, it has helped the UK education and training sector win £433 million of new business overseas and aims to help secure £1 billion by 2015, with a longer-term goal of £3 billion by 2020.

Launched in January 2013, Healthcare UK is jointly funded by UKTI, the Department of Health and NHS England.

In its first full year of operation it has helped UK companies and healthcare organisations from both the public and private sectors win £306 million of business and developed a register of qualified leads and opportunities with a combined potential value of £7.6 billion.

### Overseas Business Network Initiative

The Overseas Business Network initiative (OBNI) is creating a global network of business-led partner organisations. This will enable UKTI teams based overseas to focus on areas where government can add most value, such as government-to-government influencing, High Value Opportunities, Industrial Strategy sectors and contract management.

## Case Study

### Angloco exports up to 75% of production

Yorkshire-based Angloco has been designing and building firefighting and rescue vehicles for 40 years. Today, between 50 and 75 per cent of their production is exported, largely in the Middle East, Africa, Far East and the Caribbean.

UKTI has supported Angloco's business in the Caribbean since 2000. "The UKTI teams and High Commissions in the Caribbean islands have always been very supportive of us," says Chairman and Managing Director Bill Brown. "Our sales and service teams visit the island countries regularly, but it is very beneficial to be updated by UKTI through the Overseas Market Introduction Service (OMIS) about developments in each market. When a

tender is issued and we submit a proposal, it helps to be associated with the local UKTI team who are able to represent our interests with the local decision makers."

UKTI is also actively supporting Angloco in other markets. An OMIS carried out in 2011 for Oman helped the company to identify a suitable distributor. The local UKTI team continues to advocate for the company with potential clients, and there are currently five tender bids live and awaiting a decision.

OBNi agreements have been put in place in 30 markets and studies undertaken in a further five. Through the British Chamber of Commerce, nine regional coordinators have been appointed to work alongside the UK Chambers and connect the overseas networks with their UK counterparts. British Business Centres have opened in India, China, Poland, Turkey, Thailand, Slovakia, Hungary and Mexico. The British Business Centres provide launch pad and business support services to UK companies, acting as a home base for those considering entry to new markets.

### Events and Missions

In August 2013 UKTI began working with one major events partner rather than the more than 300 suppliers it had previously used. GTi – a consortium of Grant Thornton and events agency, Innovision – will be responsible for providing the majority of HQ-led events and missions. The Events & Missions programme was further enhanced by the introduction of the Events Alliance (EA), a new partnership between UKTI and world-leading exhibition organisers. Designed to strengthen UKTI's presence at key events and increase the number of companies it deals with, EA was piloted in September 2013 and went on to provide services to 18,500 UK small and mid-sized businesses in 2013-14.

### Tradeshaw Access Programme

The Tradeshaw Access Programme (TAP) provides grant support for eligible small and medium-sized businesses to attend overseas exhibitions. It continued to perform strongly in 2013-14, supporting 9,400 businesses compared with 6,000 in the previous year. This year it supported UK business groups at around 407 overseas exhibitions.

## Case Study

### Mid-sized business Really Useful Boxes exports half of all output

**Founded in 1999, Yorkshire-based Really Useful Boxes produces the world's largest range of transparent stacking storage boxes. International sales represent half of the company's total business, with half of that again in America alone.**

**Exporting is fundamental to the company's business plans explained owner Mike Pickles: "When you break it down there is very little difference in sending products from Wakefield to Manchester than there is sending products from Wakefield to Massachusetts other than obvious additional costs. The model is exactly the same, and you can use shipping companies and the like to take away the hassle."**

**The company has attended a number of exhibitions and events in tandem with UKTI, and is also using the Overseas Market Introduction Service (OMIS) to forge deeper US links. "I have been hugely impressed with the support UKTI has provided. I have a fantastic relationship with our dedicated International Trade Advisor, and I look forward to seeing what the future holds as we continue to work together," added Pickles.**

# Key Trade Group Successes

## Trade

**34,820**

Number of companies supported



## Total additional sales by UK businesses

**£51.8bn**



[Taken from latest PIMS data: 12 months to September 2013]

## High Value Opportunities Programme 2013/14



**£5.9bn**  
HVO wins

**32** Markets with HVO business wins



**179** HVO contracts won

**2.9k** UK organisations engaged by HVO teams

## Passport to Export



**2,698**  
companies benefitted

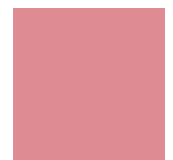


**2,525**  
target

## Gateway to Global Growth



**1,749**  
companies benefitted



**1,423**  
target

## Events Alliance

An HQ-led initiative designed to strengthen UKTI's presence at key events

**351,222**

UK small and mid-sized businesses targeted in pilot programme



Services provided to UK small and mid-size businesses

## Tradeshaw Access Programme 2013/14



**407** Overseas exhibitions



**9,400** Businesses supported

Further details of the UKTI performance framework and performance measures are included in Annexes A to C.

## UKTI Defence & Security Organisation

In 2013-14, UKTI DSO continued to help UK defence and security companies achieve success internationally. Highlights included AgustaWestland's £1 billion contract to supply 16 search and rescue helicopters to the Royal Norwegian Air Force; Ultra Electronic's £50 million contract to upgrade Indonesia's Fatahillah Class frigates; Digital Barriers' £1 million contract for the sale of next generation surveillance technology to the Republic of Korea; Cobham Technology's £1 million contract to equip Brazilian state police helicopters with high-definition video surveillance downlinks; and Thales's £100 million contract to supply its ForceSHIELD Integrated Air Defence System and Starstreak Missiles to the Indonesian Ministry of Defence.

UKTI DSO worked with the Home Office and other Government departments to publish two strategies to increase UK security exports. 'Increasing our

Security Exports' sets out the scale and importance of the global security market, detailing the UK's strengths together with the market drivers and challenges. It focuses on seven key capability areas, coupled with an understanding of what makes the UK unique and how the UK security offer can be best promoted in current priority markets.

UKTI DSO's strategy to increase UK cyber security exports aims to position the UK as the partner of choice for those seeking cyber security solutions. It sets out the UK's strengths and capabilities and describes how the Government will provide immediate and practical support to UK exporters and to overseas customers.

UKTI DSO's 2013-14 activity also included 30 defence and security events in 18 countries. Highlights were a symposium in London in May 2013 which attracted

almost 200 small and medium-sized businesses, over 50 per cent of which were new to UKTI DSO. UKTI DSO also supported the Defence and Security Equipment International (DSEI) event in London, which attracted over 30,000 delegates and for which UKTI DSO arranged bespoke visit programmes for a record breaking 96 official delegations from 56 countries. In March 2014, in partnership with the Home Office, UKTI DSO invited and hosted 270 delegates from 62 countries at the Security and Policing exhibition in Farnborough.

## Case Study

### UK wins £1 billion AgustaWestland helicopter deal

UKTI DSO and the British Embassy in Oslo played an instrumental role in AgustaWestland signing a £1 billion contract to supply 16 helicopters, plus support and training, to the Norwegian government.

The contract for the All Weather Search and Rescue (SAR) helicopters was signed at the end of a meticulous selection process. Aircraft deliveries to the Royal Norwegian Air Force, which will fly and operate the helicopters, will start in 2017 and continue to 2020.

The helicopters will be assembled at AgustaWestland's Yeovil facility in the UK, with the involvement of many of the company's other plants. The contract will help safeguard over 3,000 jobs at AgustaWestland and in the supply chain, which includes many small and mid-sized businesses in the South West and throughout the UK.

Prime Minister David Cameron said: "This £1 billion deal between AgustaWestland and the Norwegian Government is testament to the first class engineering skills we have right across the UK, while highlighting that this Government's long-term economic plan is working."

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## Investment Group

Final results for 2013-14 are not available until July 2014. However initial results show an improved performance from 2012-13 and so UKTI is confident that it will exceed the targets of attracting 750 inward investment projects into the UK in 2013-14, and creating or safeguarding 50,000 jobs. Investment Group continues to innovate, introducing new initiatives and services to make the UK an attractive business environment for foreign investors and enabling higher value investments.

### High Growth Markets

UKTI has developed and rolled out four private sector-led, vertically-integrated inward investment delivery models in the key high growth markets of Russia, the Gulf, Central & Eastern Europe and Latin America. These fully funded pilots will explore the effectiveness of various delivery options in markets that have the potential to be a major source of FDI into the UK. The initiative goes directly to UKTI's target of becoming the location of choice for investments from high growth markets.

### Investment Organisations

UKTI has created five new Investment Organisations – Automotive, Regeneration, Financial Services, Offshore Wind and Agri-tech – to sit alongside the existing Life Sciences Organisation. These will provide a platform for Government to enhance the way it supports inward investment in a focused, targeted way, translating opportunities identified in the Industrial and Sector Strategies into projects landed for the UK.

### Global Accounts

Reinforcing the capability to manage global accounts that enable high value investment to the UK has been one of Investment Group's main objectives and achievements in 2013-14. One hundred and fifty global accounts are now being actively managed by the Global Account Teams, providing real benefits to both the client and the economy. There have been a number of notable successes this year, including Wolf Minerals, which launched its investment in one of the largest tungsten mines in the world. This will create over 200 jobs and amount to £120 million of investment in the UK.

### Exceptional Talent

In support of efforts to position the UK as the location of choice for European HQs, elite global entrepreneurs and exceptional talent, UKTI worked closely with the Home Office and Tech City to open up the Exceptional Talent visa route to world-leading individuals in the digital technology sector. Opened in April 2014, it will provide an immigration route for individuals with a proven track record in developing successful businesses or creating new innovations in the technology sector.

## Supporting Entrepreneurs

The Global Entrepreneur Programme (GEP), an FDI vehicle to attract the world's best founder entrepreneur-led, early stage technology companies to the UK has produced over 65 FDI successes in 2013-14, exceeding its annual target. Twenty five per cent of successes came from existing investors, demonstrating the benefits of UKTI's increased account management activity. UKTI's Sirius Programme is helping to attract the most talented graduate entrepreneurs from around the world and is encouraging them to set up and grow their business in the UK. Approximately 50 teams were awarded places on the programme in 2013-14.

## Strategic Relationship Management

The UKTI Strategic Relationship Management (SRM) programme aims to improve the coherence and focus of Government's relationship with the companies that are crucial to the UK economy – its major investors and exporters. The SRM approach recognises the complex and diffuse relationships large companies have with Government and, for the first time, has brought together teams of officials across Government into one network to consider the interests and priorities of these companies, and agree long term strategies for generating continued economic benefit from the UK's major wealth creators.

Siemens' £310 million investment in offshore wind manufacturing in Hull is a good example of what the strategic approach can deliver. This involved close work across a number of Government Departments, and with Siemens. We used SRM structures and processes, led by BIS and DECC, to develop our collective knowledge of how Siemens operates. This was crucial to how Government influenced, and partnered, with the company. The wider SRM network spent four years on this investment to win it for the UK over other European competitors, creating 1,000 direct jobs in an area of low employment.

A total of £3.3 billion of capital investment was captured into the UK, exceeding the £1.5 billion target. Success has included the development of a new commercial park around Manchester Airport together with Canadian investment in the London Array offshore wind farm and in other major investments in infrastructure assets.

## Case Study

### Chinese investment into Manchester Airport City

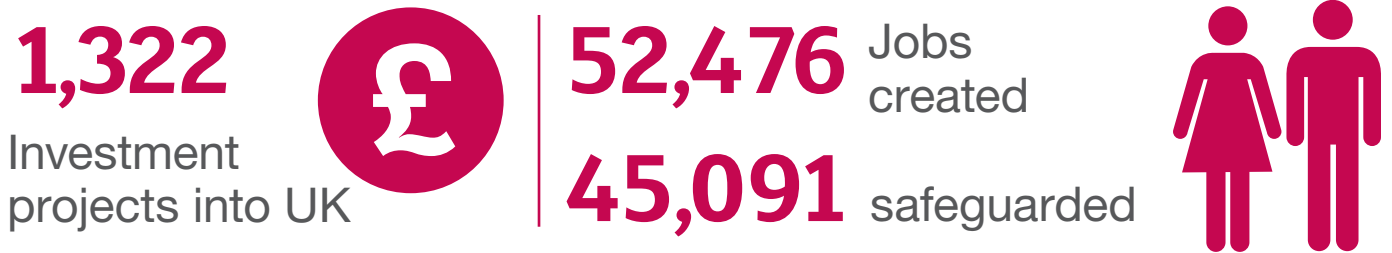
**UKTI played a key role in securing £850 million of Chinese investment into the Manchester Airport City project. By working closely with the British Embassy in Beijing it was able to develop contacts across both the Chinese government and business in support of one of the bidders. As a result, a Chinese delegation visited the UK to learn more about the opportunity.**

**In the UK, UKTI was able to use its cross-governmental influence to set up meetings between the delegation and key officials and ministers, ultimately helping to secure a letter of support from Sir Michael Bear, as head of the UK-China CEO forum, to the Chancellor, George Osborne. As the tender for the project reached an advanced stage, Manchester Airports brokered the final consortium that combined UK capabilities and expertise with Chinese capital.**

**Manchester Airport City is one of the first UK projects to have benefitted from Chinese investment under the UKTI-brokered Infrastructure Investment Partnership Agreement signed in 2011.**

# Key Investment Group Successes

## Investment



[Figures taken from 2012-13 as final 2013-14 results are not available until late summer 2014]

## New Investment Organisations



## Global Entrepreneur Programme



## Strategic Relationship Management Unit



Further details of the UKTI performance framework and performance measures are included in Annexes A to C.



## Marketing Group

During 2013-14, UKTI stepped up the marketing and campaign leadership activity for the GREAT campaign. The GREAT Britain campaign showcases the very best of what Britain has to offer, encouraging the world to visit, study and do business with the UK. Overseas, the GREAT campaign has been part of generating five confirmed Inward Investment projects so far, together with over 1,000 new investment enquiries and leads. More than 6,000 export service deliveries to companies have been generated, supporting over 2,500 UK companies in priority markets across a variety of sectors, including healthcare, energy, technology, retail, food & drink and advanced engineering. Trade support included significant assists, business to business event attendance and the commissioning of Overseas Market Introduction Services. Overseas activity from GREAT funding is on track to deliver the target of £449 million benefit to the UK economy over the next five years.

Launched in March 2013, the Exporting is GREAT pilot proved effective, generating 1,012 appointments with UKTI's International Trade Advisors (ITAs) against a target of 500. This paved the way for a national campaign which is currently in its third wave. To May 2014, a total of 2,821 ITA appointments have been generated. The campaign aims to help more than 3,000 additional businesses and provide an economic benefit of £1.2 billion in incremental sales.

Awareness and understanding tracking showed that awareness of UKTI had risen among small and mid-sized businesses from 20 per cent to 29 per cent, and, of these, understanding of the role of UKTI had risen from 72 per cent to 77 per cent.

The 2013 Global Investment Conference (GIC) built on the positive perception of the UK generated during the 2012 Olympic Programme. The event was held prior to the G7 finance ministers' meeting to maximise exposure and enabled UKTI to engage with 250 senior global chairs, chief executives, business leaders and major international organisations. It was attended by companies and institutions with the potential to invest billions of pounds worth of investment in the UK.

UKTI continued to work in partnership with the Prime Minister's Office, managing the accompanying business delegations for his overseas visits to Kazakhstan, India, China, Germany, Israel and the Palestinian Territories. UKTI is responsible for the identification of suitable companies; arranging a business-focused programme of activities in-market; and providing partnering and trade and investment opportunities. With over 120 British companies, the China delegation was the UK's largest ever business delegation and generated more than £5.6 billion of deals, creating over 1,500 UK jobs.

On 14 April 2014, the digital team managed the smooth transition of UKTI's website to the Government digital platform, gov.uk. The move coincided with a refresh of content, including new guidance on exporting; enhanced country guides; new UKTI services information; and core information messages. In addition, marketing exceeded the social media target of 10,000 additional Twitter followers and 5,000 LinkedIn followers.

## Key Marketing Group Successes

### GREAT Campaign

**5**

Inward Investment wins supported

**1,000**

Investment enquiries and leads

**6,000**

Service deliveries

**2,500**

UK companies supported



### China Delegation

**120+**

British companies



**£5.6bn**

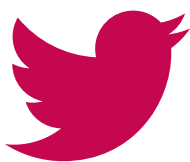
Deals



**1,500**

Jobs created

### Social Media coverage



**48.5k**

Twitter followers



**26k**

LinkedIn members



**47.5k**

Facebook subscribers

Further details of the UKTI performance framework and performance measures are included in Annexes A to C.

## Chief Operating Officer's Group

In 2013-14, COO worked with colleagues in FCO, BIS and HM Treasury to secure a single budget for UKTI. By 2015-16 UKTI will have one vote from Parliament covering the complete costs of its operations, increasing operational flexibility, transparency and accountability.

Business planning was reformed to reduce bureaucracy, streamline the number of targets at post and give earlier certainty around budgets, targets and activities. The Commercial Unit was established to provide enhanced professionalism in the management of UKTI services by private sector partners. It has produced revised guidance and training for contract managers, developed a central contracts database and created a contracts dashboard to allow centralised monitoring.

A mobile office solution was rolled out to enable better access to information, improved customer interaction, increased productivity while on the road and greater collaboration across the worldwide network. The IT team also enabled the Customer Data Management System (CDMS), UKTI's primary system for recording information about its transactions with customers.

The UKTI Internal Communications Team facilitated consistent, timely, two-way communications across UKTI and its partners. During 2013-14, it implemented a new version of the UKTI Connect extranet, providing a single channel of communication and gateway to information, including access to CDMS for all UKTI staff.

The Economics and Evaluation Team has helped facilitate improvement through robust measurement of performance against UKTI's strategic objectives and by drawing out insights to help managers and teams understand the drivers underpinning the results. The prime vehicle for this is the Performance Impact and Monitoring Survey (PIMS).

The Innovation Hub was established at the end of 2013 and is tasked to think creatively, test ideas and take risks. The Innovation Hub takes on up to three ideas at a time – some will go on to become viable projects and will be planted in the business, while others will not. This has included looking at the pilot UK-Israel Tech Hub and the potential to take a similar approach in other markets globally. The Prime Minister announced a roll out of this model in selected markets during his visit to Israel in March 2014.

### Ministerial & Strategic Engagement Unit

MSEU's engagement with 30 Ministers' Private Offices across Whitehall and with individual Ministers for 33 separate events helped strengthen the UK's case in a number of high profile trade deals. John Hayes MP, Minister without Portfolio, led a mission to Columbia in November 2013 where he successfully lobbied on behalf of UK company Holdtrade against a Government draft resolution that would have made standard gauge compulsory for the Colombian railway system. During a subsequent visit by the Deputy Prime Minister in February 2014, Holtrade announced they had won a £47 million rail contract in Colombia.

**Trade Envoys**

Trade Envoys have been equally productive, not least through the work of Lord Risby. The Algerian Prime Minister appointed the Energy Minister as Lord Risby’s counterpart and key point of contact. Together they are working on addressing challenges to companies seeking to enter and expand in Algeria, notably in the energy sector, as well as pursuing opportunities in education, skills and healthcare.

**Business Ambassadors**

Business Ambassadors continued to promote a diverse range of companies across all sectors. At the second Technology Innovation Forum in London in October 2013, Lord Marland worked closely with Business Ambassadors Lucian Grainge, CEO of Universal Music, and Brent Hoberman of MADE.com, to make the two-day event a success. As a direct result of the event, £1 billion of investment into the UK was influenced and £14 million of trade enabled.

**MSEU’s achievements in numbers**

**30** Ministers’ Private Offices across Whitehall that have been engaged

**33** Ministers secured for UKTI priority events

**14** Trade Envoys

**52** Business Ambassadors

**86** Catalyst UK members involved in UKTI events

**Olympic Legacy Successes**

 **£2.44bn**  
HVO wins

**£2.72bn**  
Investment (58% outside London)



 **£5.9bn**  
Additional sales by UK companies as a result of UKTI activity

**£11bn**  
Overall target over four years achieved in fourteen months after the Games



**Olympic Legacy**

The Olympic Legacy Unit has worked to ensure that the London 2012 games leaves a lasting economic legacy for the UK through a programme of activity involving headquarters teams, posts and regions.

Our Olympic Legacy Programme helped UK companies secure contracts for the Sochi 2014 Olympics, 2014 FIFA World Cup, and 2016 Olympics, while our Host2Host programme continued to build partnerships with other hosting nations, including Vietnam, host of the 2019 Asian Games.

In July 2013, we launched a new tool to map the lifecycle of sports events to support UK companies looking to target sports opportunities and help us in planning strategic trade campaigns to support those companies. A Brazil toolkit to help UK companies comply with pre-qualification documentation requests when responding to Brazilian public sector tenders was also developed.

# Looking Forward

In January 2014 UKTI published 'Britain Open for Business – the Next Phase', an update of its five year strategy launched in 2011. The revised strategy continues to be underpinned by the four pathways to growth established in 2011.

## High Growth and Innovative Small Companies

To encourage significantly more small companies to export to high growth markets, and take steps to link high-potential firms to trade finance, credit insurance and venture capital.

## High Value Opportunities

To help bring HVOs home through intensive support for those larger companies seeking to win overseas contracts ranging from £250 million upwards, while also identifying major supply chain projects which provide opportunities for small companies across a wide range of sectors.

## Targeted Inward Investment

To maintain the UK's position among the top three destinations in the world and the best in Europe for inward investment; deliver bespoke services for foreign direct investors; and attract institutional investors, including sovereign wealth funds, to invest in large-scale infrastructure and regeneration projects in the UK.

## Building Strategic Relationships

To introduce key account management of the most significant inward investors and the UK's top exporters through a cross-Government Strategic Relations Unit, giving key inward investors and exporters a seamless, one stop service and speedy resolution of bureaucratic obstacles to doing business.

## New Priorities

### Medium-Sized Business

UKTI is substantially increasing the support provided to MSBs. The contribution of MSBs to the UK economy could grow to be worth up to £50 billion by 2020. UKTI will expand and improve support for MSBs providing a tailored service to all those who want our assistance. No MSB should fail to grasp the export opportunity because it is not aware of how Government can assist.

### Enhanced Support for Small Companies

In addition UKTI will enhance its support for small companies wishing to export and will raise awareness of UKTI, BIS and UKEF services through integrated and targeted marketing.

### High Growth Markets

UKTI is continuing to pursue opportunities in developed markets while strengthening its efforts in high growth markets. It will focus on China, India and other high growth markets while increasing its focus on parts of Africa and Central America.

### Free Trade Agreements

The estimated annual combined value of European Free Trade Agreements (EU FTAs) to UK GDP is £16.3 billion (including the EU-Canada FTA, the EU-US Transatlantic Trade and Investment Partnership and the EU-Japan Economic Partnership Agreement). UKTI, working with the wider UK Government, will ensure that UK businesses are able to gain maximum benefit from both existing and future European Union Free Trade Agreements (FTAs). UKTI will enhance its efforts to increase UK companies' awareness of these opportunities by

making the detail available to them in a targeted way and in straightforward terms.

### Export Orientated Foreign Direct Investment

UKTI is increasingly targeting those investors and investment opportunities with significant export potential, focusing on the sectors of greatest importance to the UK. UKTI is already offering investment services in over 50 global markets and will continue to attract investment from sovereign wealth funds and other institutional investors. UKTI remains committed to strengthening supply chains to support large companies. UKTI and the Manufacturing Advisory Service will work together through a new joint Re-shoring Service to help bring business back to the UK.

### Industrial Strategy

UKTI will focus on where Government support can most effectively and efficiently make a difference. This includes boosted sector teams where senior figures from industry with deep and wide networks of contacts in the UK and internationally are brought in to sell UK capability in target markets. UKTI will launch an Innovation Investment Organisation to attract big investors into the UK and identify international opportunities for innovation-led UK companies.

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# Increasing Our Impact

## Whole Government approach to trade and investment

UKTI is working ever more closely with a range of other Government departments including, Department for Culture, Media & Sport; Department of Energy & Climate Change; Ministry of Defence; Department for Food & Rural Affairs; Department for International Development; Ministry of Justice; Home Office; Department of Health; UK Export Finance and Department for Transport.

## Partners

UKTI's partnerships extend beyond Government and UKTI is committed to increasing our impact by working with more partners than ever before, building strategic relationships with business and industry to provide the support business needs to export, and to create the environment for international success. Transforming business-to-business trade support is integral to our ambitions. UKTI is working with British business groups and Chambers of Commerce overseas to help them develop their networks and capabilities, to help provide a one-stop shop of services to UK companies. By 2020, the support available to small companies from Government and Business to Business Networks will have been transformed in both range and quality. This will enable UKTI to re-focus resources to support business in areas where UKTI can make the greatest difference.

A significant proportion of our service delivery has already been outsourced to private sector partners. UKTI is also working with trusted intermediaries such as banks, lawyers and accounting firms, and business organisations such as the Confederation of British Industry, Federation of Small Businesses and Chambers of Commerce, through the National Export Challenge, in order to reach more small companies with the message that exporting is good for business. In addition UKTI is developing local strategies with Local Enterprise Partnerships and working together with BIS to provide more joined up services through Growth Hubs.

UKTI will continue to develop, grow and deepen relations with our partners in the UK and around the world. Together, we will provide the support that exporters and investors need to thrive and prosper, in a Britain that is open for business.

# Our People and Business Partners

## Our Values

*Committed to our customers* – we listen to our customers' needs and focus on real outcomes.

*Empowered to deliver* – we trust each other to innovate and get results.

*Working together* – we work as one team and build partnerships to add value.

## Our People Strategy

Our People Strategy is designed to strengthen performance, both as individuals and as an organisation, it has four priority areas:

Understanding business – really getting to know our customers to enhance our credibility and ability to build effective relationships

Focus on delivery – improving our individual and team skills and performance to ensure we deliver consistently to the highest standards

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

Best people, best team – getting the most from our people by recruiting the best, developing our talents, and making UKTI a great place to work

We work closely with the FCO and BIS to ensure that the people, policies, practices and guidance of both Departments work smoothly within UKTI.

## Our People

UKTI achieves its objectives through a combination of civil servant and private sector expertise. UKTI is not an employer in its own right and for the majority of its human resource it draws on Civil Service staff employed by one or other of its two parent Departments. In the UK, most of our staff are drawn from BIS, while overseas the majority of its staff are from the FCO. A total of approximately 1,880 of UKTI's staff are drawn from BIS, FCO and MOD. Of these, 580 are based in the UK, including Glasgow and the English Regions, with a further 1,300 working overseas.

### UKTI Private Sector

UKTI is supported by a highly expert cadre of approximately 200 private sector specialists who combine commercial acumen, with technology, sector and market experience. This skills mix is vital to ensuring that inward investors or exporting firms are directly engaged and supported effectively.

### English Regions

Working alongside our people in the English Regions are approximately 400 private-sector partners, supporting the provision of trade and inward investment services. The private-sector specialists bring with them expertise and invaluable industry knowledge, to help UKTI better meet its aims.

### Foreign Direct Investment

Approximately 110 individuals from the private-sector are working as part of our inward investment service. They are responsible for coordinating and managing delivery of FDI support for the UK with prospective foreign direct investors, working with strategic and local partners across England, the three Devolved Administrations and the Greater London Authority and providing direct relationship management and investor development, in association with international, national and local stakeholders, to nominated existing investors in the UK.

# Developing Our People

## Interchange Programme

UKTI operates an interchange programme which supports the organisation by bringing in expertise from the private sector and seconding staff out. These specialists work with, and alongside, our UK and overseas network, to raise the profile and enhance the growing capabilities of the UK's expertise in a given sector (e.g. construction, oil & gas, water) in the worldwide market. Capitalising on such key industry expertise goes some way to adding real value to our work. In 2013-14, UKTI seconded 12 individuals from the private sector, while five UKTI people were seconded out.

## Excellent Leadership and Management

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

These twin approaches – leadership and management – build on UKTI's Investors in People (IiP) global accreditation. UKTI also runs staff surveys across the global network to enable employees to have their say and gauge staff engagement, and we participate in the annual Civil Service People Survey.

## Learning and Development

The Learning and Development team ensures that people working for UKTI are able to meet the needs of their clients through up-skilling and professional development. When new people join, we provide a tailored corporate induction programme to ensure staff develop the knowledge and skills required to perform effectively in their roles and to help UKTI to achieve its objectives.

To ensure that all UKTI staff can create their own learning journey, the Learning and Development team introduced a Learning Passport. The passport brings together a range of learning options in one place, enabling staff to access the learning and development which is best for them throughout the course of their career.

Corporate priorities for 2013-14 were to continue to provide the knowledge and skills required to improve our professionalism in delivering the strategy, chiefly:

- Knowledge-based courses
- Induction-level training provided by the in-house team for all staff in the UK and overseas who are new to UKTI, supported by an e-learning welcome programme and pre-course work
- Induction-level International Trade Advisors (ITAs) training provided by the in-house team for English Regional staff in the UK who are new to UKTI, supported by an e-learning welcome programme
- Induction programme and skills-based training on confidence with clients for UKTI DSO
- Induction programme to support the FCO Commercial Diplomacy and Prosperity agenda
- Skills-based training for the overseas network on leadership and delivery, based on the four strands of the People Strategy.



## Skills Programmes

Our Delivering Business Excellence for UKTI induction programme supports essential skills for developing and managing client relationships. The programme also supports staff with key UKTI knowledge and skills. In 2013-14, 12 workshops presented to 240 delegates.

The UKTI ITA Induction Programme was launched in May 2013 and was developed to support ITAs' understanding of UKTI, its structures, products and services. In 2013-14, there were four bespoke workshops presented to 72 delegates.

'Delivering Business Excellence' for UKTI supports the development and management of client relationships and key accounts. It also supports teams to change behaviours to operate more strategically through working with business partners. In 2013-14 there were nine bespoke workshops given to approximately 117 delegates. This included UK and overseas locations such as London, Lima, Thailand, Bangkok, Peru, Libya, Jakarta and Hong Kong.

## Diversity

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

UKTI has its own Diversity Statement which recognises the importance of creating an organisational culture in which people can reach their full potential and provide the highest quality of service to customers and stakeholders.

UKTI is committed to treating all staff and eligible job applicants fairly and without discrimination. It supports arrangements for flexible working patterns and is committed to creating a culture where individual differences are valued and respected. It does not tolerate any form of discrimination, harassment or victimisation. It is committed to providing a working environment where no one is disadvantaged.

UKTI seeks to ensure that its policies, practices and procedures in relation to staff and customers are compliant with current legislation, and reflect best practice.

With staff in London, Glasgow, the English Regions and 110 countries around the world, it is by its nature, a very diverse organisation. To ensure that UKTI can benefit fully from the talents of its staff, it works closely with both parent Departments, to ensure that diversity is embedded in all aspects of UKTI's work, both internally and externally.

In the UK, UKTI participates in the work being undertaken by BIS under the Single Equality Act. UKTI contributes to the equality plans of both parent Departments and participates in the diversity training and development opportunities available through BIS and the FCO.

# Financial Review

## Introduction

This financial review records information on the use of resources voted by Parliament directly to UKTI via the Supply Estimates process. It does not include other resources provided by BIS and the FCO, which are required to provide a full picture of the resources consumed. These are set out in the Memorandum Notes on pages 82 to 87. The resources voted to BIS (HC 39) and the FCO (HC 17) are shown in their respective Annual Report and Accounts.

The Autumn Statement in 2012 set out a substantial package of additional measures that came into effect in 2013-14, combining immediate action to get more small and medium-sized businesses exporting with the medium term targeting of the highest value trade and inward investment opportunities. This ambitious programme of activity was supported by an additional £70 million of funding in 2013-14.

## Resources (Estimates)

Estimates are the means by which the Government seeks and obtains authority from Parliament for its spending each year. This covers expenditure on specified services for which the Accounting Officer is accountable to Parliament. The Accounts report Outturn figures against Estimate, as well as other key control figures. (Fig 2).

In 2013-14, UKTI's Net Resource Outturn, which is equal to UKTI's Net Operating Cost, was £157.2m (£92.5m). This was a net resource underspend of £6.2m (Fig 1). The underspend was largely due to an underspend of £4.6m in Resource AME. UKTI had an AME budget of £5.0m in 2013-14 to cover the potential provisions relating to incentivised contract payments to private sector contractors. The AME underspend was due to these payments being recorded as accruals rather than provisions, therefore scoring in Resource DEL budgets, rather than Resource AME.

There was an increase in the total resource available of £60.9m. This was largely the result of an additional £70m of resource awarded through the 2012 Autumn Statement. UKTI also received additional resource of £12m through a budget transfer from Cabinet Office to fund GREAT campaign activities. This additional income was offset by £2.7m of efficiency savings across both 2011 and 2012 Autumn Statements, and the 2013 Budget. There was also a decrease in available funding due to a one off transfer of £13m from BIS in 2012-13 to support SMEs and the High Value Opportunities programme. In addition, UKTI used the Budget Exchange mechanism to transfer £3.3m from 2013-14 Resource DEL Budgets to 2014-15 to cover the timing of financial pressures now due in 2014-15.

UKTI had an administration expenditure budget for the first time in 2013-14 to cover the costs of the Ministerial Visits Unit and additional administration pressures arising from the increased programme activity funded by the 2012 Autumn Statement.

**Fig 1: Summary of Outturn Against Key Control Totals**

	Actual £m	Voted total £m	Variance £m	Variance %
Resource DEL	156.8	158.4	1.6	1.0
Resource AME	0.4	5.0	4.6	92.0
<b>Total Net Resource Outturn</b>	<b>157.2</b>	<b>163.4</b>	<b>6.2</b>	<b>3.8</b>
Capital	2.5	3.0	0.5	16.7
Net Cash Requirement	147.1	159.9	12.8	8.0
Income	(16.3)	(17.5)	(1.2)	6.9

**Fig 2: Reconciliation of Resource Expenditure between Estimates, Accounts and Budgets**

	2013-14 £m	2012-13 £m
Net Resource Outturn (Estimates)	157.2	92.5
Total Resource Budget Outturn (Budget)	157.2	92.5
<i>Of which:</i>		
Departmental Expenditure Limits (DEL)	156.8	92.5
Annually Managed Expenditure (AME)	0.4	–
Net Operating Cost (Accounts)	157.2	92.5

### Resource Spend Against Budget

Resources consumed by major programmes in enhancing the competitiveness of companies in the UK through overseas trade support and inward investments during 2013-14 are compared against the original budget allocation below (with the previous year's expenditure in brackets).

The changes in spend and variances to original budget recorded largely relate to:

- Increased spend due to the additional funds made available through the Autumn Statement 2012.
- Decreased Investment budgets due to the mid-year re-allocation of an identified under spend caused by delays in the procurement process for new contracts. This included the specialist framework, which was postponed from September 2013 to May 2014. The resource was re-prioritised to in-year Trade programmes.

### Trade Support

- £23.6m (£22.6m) was spent on funding private-sector delivered, customer-facing activity (International Trade Teams) delivering international trade support in the English Regions. The budget for the year was £22.5m.

- £17.3m (£9.3m) was spent on sector-specific activities in markets and sectors with strong potential for UK business. The budget for the year was £17.1m.
- £16.2m (£8.7m) was spent to support new and inexperienced exporters through overseas exhibitions. The budget for the year was £16.1m.
- £2.1m (£1.5m) was spent on the Passport to Export programme, aimed at providing practical advice and support to small and medium-sized enterprises, which are new to or inexperienced in exporting. The budget was £2.4m.
- £19.3m (£5.4m) was spent on trade promotion. This included additional funding of £12m for GREAT Campaign activities. The budget for the year was £16.1m.
- £2.0m (£1.8m) was spent on major defence and security events. The budget for the year was £3.0m. The reduced spend against budget is mainly due to the cancellation of campaigns in-year.
- £8.7m (£4.4m) was spent on the High Value Opportunities Programme, which helps UK companies access the highest value overseas opportunities. The budget for the year was £11.5m.
- £11.3m (£7.7m) was spent on private-sector business specialists who help deliver our key programmes. The budget for the year was £7.3m.
- £4.7m (nil) was spent working to create a global network of business-led partner organisations. The budget for the year was £3.2m.

### Inward Investment

- £18.1m (£18.1m) was spent on contracted delivery of Foreign Direct Investment services. The budget for the year was £15.5m.
- £27.6m (£17.1m) was spent on other inward investment programmes. The budget for the year was £35.9m. The underspend against this increased budget was caused by delays in recruitment and a slow initial uptake against some programmes.

### Income Received Against Budget (2013-14)

£16.3m (£16.1m) of income was received against a budget of £17.5m. The income for 2013-14 consists of OMIS income of £6.5m, £6m received from BIS to support additional trade activities, £1.6m funding for Healthcare UK and £2.2m generated by defence, marketing and other cost recovery activities.

The following tables (Figs 3-7) record UKTI's resource expenditure for the period 2009-10 to 2013-14, together with 2014-15 plans, in accordance with HM Treasury reporting requirements.

**Fig 3: Summary Table of UKTI DEL Programme Expenditure on Trade and Investment (2009-10 to 2014-15)**

	2009-10 Outturn £m	2010-11 Outturn £m	2011-12 Outturn £m	2012-13 Outturn £m	2013-14 Outturn £m	2014-15 Plans £m
Programme Expenditure	100.5	92.0	90.8	108.6	171.9	266.7
Programme Income	(6.0)	(6.9)	(9.1)	(16.1)	(16.3)	(19.0)
<b>Net</b>	<b>94.5</b>	<b>85.1</b>	<b>81.7</b>	<b>92.5</b>	<b>155.6</b>	<b>247.7</b>

General notes:

1. The increase in expenditure in 2014-15 relates to the direct overheads currently included in the Main Estimates of BIS and the FCO that will be voted directly to UKTI from 2014-15. This includes £36.5m and £75.7m formerly included in the respective budgets of BIS and the FCO.

**Fig 4: Summary Table of UKTI DEL Administration Expenditure on Trade and Investment (2009-10 to 2014-15)**

	2009-10 Outturn £m	2010-11 Outturn £m	2011-12 Outturn £m	2012-13 Outturn £m	2013-14 Outturn £m	2014-15 Plans £m
Admin Expenditure	–	–	–	–	1.3	16.9
Admin Income	–	–	–	–	–	–
<b>Net</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>1.3</b>	<b>16.9</b>

General notes:

1. The increase in the administration expenditure budget in 2014-15 relates to the direct overheads currently included in the BIS and FCO Estimates that will be voted directly to UKTI from 2014-15.

**Fig 5: Summary Table of UKTI AME Expenditure on Trade and Investment (2009-10 to 2014-15)**

	2009-10 Outturn £m	2010-11 Outturn £m	2011-12 Outturn £m	2012-13 Outturn £m	2013-14 Outturn £m	2014-15 Plans £m
AME Expenditure	–	–	–	–	0.4	5.0
<b>Net</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>0.4</b>	<b>5.0</b>

General notes:

1. The increase in the AME expenditure budget in 2013-14 and 2014-15 relates to possible provisions for incentivised payments to private sector contractors.

**Fig 6: Table of UKTI Major Programme Expenditure (2009-10 to 2014-15)**

	2009-10 Outturn £m	2010-11 Outturn £m	2011-12 Outturn £m	2012-13 Outturn £m	2013-14 Outturn £m	2014-15 Plans £m
<b>Trade Development, which includes:</b>	<b>62.1</b>	<b>58.9</b>	<b>52.3</b>	<b>60.3</b>	<b>110.2</b>	<b>190.1</b>
International Trade Advisors	18.3	18.3	19.6	22.6	23.6	23.2
Sector-Specific Support	11.2	11.0	8.8	9.3	17.3	31.1
Tradeshaw Access Programme	8.4	8.4	6.7	8.7	16.2	8.8
Passport to Export	2.8	2.1	1.9	1.5	2.1	1.1
Trade promotion	7.2	5.8	6.5	5.4	19.3	24.4
Defence & Security export services	2.3	2.1	2.0	1.8	2.0	2.4
High Value Opportunities	2.4	2.7	2.9	4.4	8.7	10.8
Chambers	–	–	–	–	4.7	9.8
Business Specialists	4.2	4.5	4.6	7.7	11.3	4.3
Income	(6.0)	(6.9)	(9.1)	(13.0)	(16.3)	(6.9)
<b>Inward Investment, which includes:</b>	<b>32.3</b>	<b>26.2</b>	<b>29.4</b>	<b>32.2</b>	<b>45.7</b>	<b>57.6</b>
Grants to RDAs	16.4	14.0	–	–	–	–
Delivery of Foreign Direct Investment	–	0.1	13.9	18.1	18.1	15.9
Other Foreign Direct Investment Expenditure	15.9	12.1	15.5	17.1	27.6	41.7
Income	–	–	–	(3.1)	–	–

General notes:

1. This is not a comprehensive list of all UKTI funded programmes.

**Fig 7: Breakdown of UKTI Major Programme Expenditure against Budget**

Programme Expenditure	Budget 2013-14 £m	Actual 2013-14 £m	Variance 2013-14 £m
International Trade Advisors	22.5	23.6	(1.1)
Sector-Specific Activities	17.1	17.3	(0.2)
Tradeshaw Access Programme	16.1	16.2	(0.1)
Passport to Export	2.4	2.1	0.3
Trade promotion	16.1	19.3	(3.2)
Defence & Security Events	3.0	2.0	1.0
High-Value Opportunities	11.5	8.7	2.8
Business Specialists	7.3	11.3	(4.0)
Investment Delivery Contract	15.5	18.1	(2.6)
Other Foreign Direct Investment Expenditure	35.9	27.6	8.3
Chambers	3.2	4.7	(1.5)
Other Programmes	23.2	21.3	1.9
<b>Gross Programme Expenditure</b>	<b>173.8</b>	<b>172.2</b>	<b>1.6</b>
Income	(17.5)	(16.3)	(1.2)
<b>Net Programme Expenditure</b>	<b>156.3</b>	<b>155.9</b>	<b>0.4</b>

**Capital Spend Against Budget (2013-14)**

UKTI's capital budget for the year was £3.0m as per the Spending Review 2010.

Outturn was £2.5m (£1.6m), compared to a final budget of £3.0m. This was spent on developing replacement business critical systems, both customer-facing and internal knowledge-sharing and upgrades to UKTI UK headquarters. The unutilised budget is a result of delays due to CRM system replacements (Fig 8).

**Taxpayers Equity (Capital)**

The Statement of Financial Position as at 31 March 2014, shows negative taxpayers' equity of £18.9m (£8.8m). This is the net sum of total assets less total liabilities. The negative figure reflects the inclusion of liabilities falling due in future years, which are to be financed by drawings from the UK Consolidated Fund (the Fund). Such drawings will be from grants of Supply approved annually by Parliament to meet UKTI's net cash requirement (NCR). Under the Government Resources and Accounts Act 2000, no funds may be drawn from the Exchequer ahead of need.

**Fig 8: Table of UKTI's Capital Expenditure (2009-10 to 2014-15)**

	2009-10 Outturn £m	2010-11 Outturn £m	2011-12 Outturn £m	2012-13 Outturn £m	2013-14 Outturn £m	2014-15 Plans £m
Total Capital Expenditure	3.9	1.0	2.6	1.6	2.5	1.2

**Fig 9: Summary of Total Resources Consumed and Outputs / Outcomes**

The table below summarises the total resources used during 2013-14, with comparators and key outputs/outcomes. Due to the evaluation work completed on UKTI's performance data, the outputs reported below relate to the twelve months to September 2013 for Trade and to 2012-13 for Inward Investment. Details of the total resources used by UKTI can be found in the Memorandum Notes on pages 82 to 87.

Objective	2013-14			2012-13		
	Resource	£m	Outputs/Outcomes	Resource	£m	Outputs/Outcomes
To enhance the competitiveness of companies in the UK through overseas trade and investments	UKTI	£111.6	34,820 business assists <sup>1</sup>	UKTI	£58.2	29,230 business assists
	BIS	£28.2	£51.8bn additional sales for UK business <sup>1,2</sup>	BIS	£37.5	£49.6bn additional sales for UK business
	FCO	£139.6	£16.3m income	FCO	£139.9	£16.1m income
		£279.4			£235.6	
To attract a continuing high level of quality foreign direct investment	UKTI	£45.6	1,322 inward investment decisions <sup>3</sup>	UKTI	£34.3	1,229 inward investment decisions
	BIS	£11.5	52,476 new jobs created <sup>3</sup>	BIS	£14.0	50,962 new jobs created
	FCO	£30.4	45,091 jobs safeguarded <sup>3</sup>	FCO	£32.8	39,975 jobs safeguarded
		£87.5			£81.2	
<b>Total</b>		<b>£366.9</b>			<b>£316.8</b>	

1. Trade figures are taken from the latest available PIMS data, which is the twelve months to September 2013. The expectation for the full financial year is that UKTI will exceed its target of 40,000.

2. As per our ongoing strategy, UKTI measures the export sales recorded by businesses that attribute UKTI's support to their success.

3. Inward Investment figures are not available until late Summer 2014, and as such final 2012-13 figures have been reported on.



# Public Interest

## Basis of Accounts and Resources Deployed

The accounts on pages 58 to 81 show UKTI's voted resource only. They have been prepared in accordance with directions given by HM Treasury in pursuance of Section 5(2) of the Government Resources and Accounts Act 2000 (2012-13 figures are shown in brackets).

To arrive at the total resources used, the resources expended by UKTI's parent Departments – BIS and the FCO – must also be added to UKTI's voted resource. This reflects the shared governance arrangements between BIS, FCO and UKTI for the delivery of their objectives for trade promotion and foreign direct investment. The total resources used have been included by way of Memorandum Notes providing an estimate of the total resources used by UKTI to deliver its activity – see pages 82 to 87 for further details. From 2014-15, all direct overheads currently included in the Estimates of BIS and FCO will be voted directly to UKTI and will be included in UKTI's accounts.

In 2013-14, UKTI's net spend has increased by £50m or 16%. This can be disaggregated into a UKTI Administration and Programme increase of £64.7m, a BIS Admin decrease of £11.8m and a FCO Administration and Programme decrease of £2.7m. The decreases are due to the ongoing drive to increase efficiency and value for money. The increase in UKTI Administration and Programme is explained in the Financial Review.

## Going Concern

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

## Payment of Suppliers

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

In accordance with Government policy, UKTI endeavours to pay all invoices within five days. The five days allows for three days to process the invoice and a further two days for the payment to be received by the supplier. During 2013-14, 77% (89% 2012-13) of invoices were paid within five days. This decrease is a result of the transition to a new finance system in 2013-14, which led to a period of 'downtime' of the system. The proportion of trade creditors compared to amounts invoiced expressed in days is six (three days in 2012-13).

## Transparency Reporting

In accordance with Government policy, UKTI publishes all payment transactions. UKTI publishes its Programme Expenditure and its Administration Expenditure on GOV.UK website.

## Whistleblowing Policy

The Civil Service Code (CSC) requires Government Departments to set out arrangements for staff to be able to raise any concern where they believe they (or others) are being asked to do something that contravenes the CSC or is inappropriate in some way. Please see the Civil Service website for further details of the code ([www.gov.uk/government/publications/civil-service-code](http://www.gov.uk/government/publications/civil-service-code)).

UKTI has a clear whistleblowing policy which is regularly reviewed and updated. The policy supports the need to operate in an environment of openness to enable our people to speak freely and raise legitimate and serious concerns without fear of reprisal or victimisation, provided that they do so lawfully, without malice and in the public interest. The policy is reviewed regularly by the Audit Committee. In addition, when UKTI receives anonymous letters of concern or information from the public, UKTI applies the same principles of the whistleblowing policy in reviewing the subject raised.

The policy has been placed on UKTI's Intranet. This guidance is in addition to that of our parent Departments (BIS and the FCO) and reflects the fact that UKTI is not an employer in its own right (staff are drawn from both Departments).

#### **Auditors**

These financial statements have been audited, under the Government Resources and Accounts Act 2000, by the Comptroller & Auditor General (C&AG), who is appointed under statute and reports to Parliament. The Audit Opinion is on pages 56 to 57. The notional cost to UKTI of the external audit of its resource account by the NAO for the C&AG was £66k (£54k), which was split between the administration costs of BIS and the FCO. See Memorandum Notes for further details.

#### **Disclosure of Audit Information**

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

#### **Complaints to the Departments and Parliamentary Ombudsman**

During the year, UKTI received no complaints that went to the Parliamentary Ombudsman. UKTI is committed to providing a high-quality, accessible and responsive service to businesses and the community, and takes all of its few complaints very seriously. UKTI gives all staff advice on how to deal with complaints, in line with Cabinet Office guidance and the Freedom of Information Act. Complaints are handled by our parent Departments, BIS and the FCO. For further details please contact the:

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

#### **Sustainability**

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



Dominic Jermey CVO OBE  
CVO Accounting Officer 19 June 2014

# Departmental Remuneration Report

## Introduction

As UKTI is not an employer in its own right, we do not have a Remuneration Committee. The remuneration of BIS and FCO staff working for UKTI is met from the administration resource controlled by these sponsoring Departments, and both have Remuneration Committees. Staff costs are reported under Memorandum Note 3 on page 84.

## Disclosure of Salary Multiples

As part of the 2013-14 Remuneration Report, the Financial Reporting Manual (FRM) requires UKTI to disclose the top to median staff pay multiples, including the following:

- the mid-point of the banded remuneration of the highest-paid director and
- the ratio between this and the median remuneration of the reporting entity's staff.

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

## Remuneration Policy

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

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

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

The Review Body takes account of the evidence it receives about wider economic considerations and the affordability of its recommendations. Further information about the work of the Review Body can be found at [www.ome.uk.com](http://www.ome.uk.com).

## Senior Official Appointments

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

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

Unless otherwise stated below, the officials covered by this report hold appointments which are open-ended. Appropriate succession planning is undertaken as a matter of best practice. Early termination, other than for misconduct, would result in the individual receiving compensation, as set out in the Civil Service Compensation Scheme.

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Further information about the work of the Civil Service Commission can be found at [www.civilservicecommission.org.uk](http://www.civilservicecommission.org.uk)

- Richard Paniguan CBE was appointed on a three-year contract commencing 11 August 2008. His appointment was extended by three further years. The notice period for the employee is three months. For the employer, the notice period is six months or a period, if less, equal to the unexpired part of the fixed-term contract.
- Crispin Simon was appointed on a three-year contract commencing 27 February 2012. The notice period for the employee is three months. For the employer, the notice period is six months or a period, if less, equal to the unexpired part of the fixed-term contract.
- Michael Boyd was appointed on a three-year contract commencing 1 July 2012. The notice period for the employee is three months. For the employer, the notice period is six months or a period, if less, equal to the unexpired part of the fixed-term contract.
- Jon Harding was appointed on a three-year contract commencing 1 September 2012. The notice period for the employee is three months. For the employer, the notice period is six months or a period, if less, equal to the unexpired part of the fixed-term contract.
- Sandra Rogers was appointed on a three-year contract commencing 18 June 2012. The notice period for the employee is three months. For the employer, the notice period is six months or a period, if less, equal to the unexpired part of the fixed-term contract.

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# Remuneration Report

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

## Salary

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

This report is based on accrued payments made by the Department, and thus recorded in these accounts.

## Benefits in Kind

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

## Bonuses

Bonuses are based on performance levels attained, and are made as part of the appraisal process. Bonuses relate to the performance in the year in which they become payable to the individual. The bonuses reported in 2013-14 relate to performance in 2012-13, and the comparative bonuses reported for 2012-13 relate to performance in 2011-12. The Ministers did not receive any bonus during the year.

## Ministerial Pensions

The Ministers did not receive any pension benefits.

**Ministers' salaries, allowances and taxable benefits in kind in 2013-14 were as follows:**

	2013-14		2012-13	
Ministers	Salary £000	Benefits in kind (to nearest £100)	Salary £000	Benefits in kind (to nearest £100)
Lord Green* of Hurstpierpoint	–	–	–	–
Lord Livingston* of Parkhead	–	–	–	–

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

**Ministers' pension and benefits entitlements in 2013-14 were as follows:**

Ministers	Accrued pension at age 65 as at 31/03/14 £000	Real increase in pension at age 65 £000	CETV at 31/03/14 £000	CETV at 31/03/13 £000	Real increase in CETV £000
Lord Green* of Hurstpierpoint	–	–	–	–	–
Lord Livingston* of Parkhead	–	–	–	–	–

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

**Remuneration Report – Senior Officials**

Senior Officials' (the Executive Team) salaries, allowances and taxable benefits in kind in 2013-14 were as follows (for those officials who only worked for part of the year, full time equivalent figures can be found in brackets):

### Single Total Figure of Remuneration

	2013-14				2012-13			
	Salary £000	Bonus Payments £000	Pension Benefits <sup>6</sup> £000	Total Remuneration £000	Salary £000	Bonus Payments £000	Pension Benefits <sup>6</sup> £000	Total Remuneration £000
Nick Baird CMG OBE <sup>1,2</sup> (To 20/12/2013)	100-105 (135- 140)	–	–	100-105	135-140	–	27	160-165
Crispin Simon <sup>3,4</sup>	135-140	10-15	–	145-150	135-140	–	–	135-140
Richard Paniguian CBE <sup>3</sup>	170-175	10-15	62	245-250	170-175	10-15	77	260-265
Edward Oakden CMG <sup>2</sup> (To 31/07/2013)	35-40 (105- 110)	–	–	35-40	110-115	–	6	115-120
Michael Boyd <sup>3,5</sup>	135-140	–	–	135-140	100-105 (135-140)	–	–	100-105
Jon Harding <sup>3</sup>	140-145	–	20	160-165	70-75 (140-145)	–	37	105-110
Sandra Rogers <sup>3</sup>	135-140	–	20	150-155	105-110 (135-140)	–	43	145-150
Charu Gorasia <sup>3</sup>	70-75	5-10	20	100-105	20-25 (70-75)	–	–	20-25
Nick Archer <sup>2</sup> (From 27/01/2014)	15-20 (85-90)	–	–	15-20	N/A	N/A	N/A	N/A

This table has been subject to audit.

No Senior officials received any benefits in kind in 2013-14 (nil 2012-13).

1. Nick Baird ceased to be UKTI Chief Executive on 13 December 2013.

2. Salaries and bonuses are paid by the FCO. Those paid in relation to periods prior to joining UKTI are disclosed within the FCO's accounts.

3. Salary paid by BIS.

4. Acting Chief Executive from 14 December 2013.

5. Michael Boyd was supplied through our contract with PA Consulting until becoming a permanent member of staff from 1 July 2012.

6. The value of the pension benefit accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contribution made by the individual). The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights.

**Senior Officials' pension and benefits entitlements in 2013-14 were as follows:**

Officials	Accrued pension at pension age as at 31/03/14 and related lump sum £000	Real increase in pension and related lump sum at pension age £000	CETV at 31/03/14 £000	CETV at 31/03/13 £000	Real increase in CETV £000	Employer contribution to partnership pension account <sup>5</sup> Nearest £000
Nick Baird CMG OBE <sup>1</sup> (To 20/12/2013)	50-55 plus lump sum of 150-155	0-2.5 plus lump sum of 0-2.5	909	857	5	–
Crispin Simon <sup>2,3,4,5</sup>	N/A	N/A	N/A	N/A	N/A	23
Richard Paniguan CBE <sup>2</sup>	25-30 no lump sum	2.5-5 no lump sum	445	359	53	–
Edward Oakden CMG <sup>1,6</sup> (To 31/07/2013)	40-45 plus lump sum of 120-125	0-2.5 plus lump sum of 0-2.5	768	758	2	–
Michael Boyd <sup>2,4</sup>	N/A	N/A	N/A	N/A	N/A	N/A
Jon Harding <sup>2</sup>	40-45 no lump sum	37.5-40 no lump sum	420	19	19	–
Charu Gorasia <sup>2</sup>	10-15 no lump sum	0-2.5 no lump sum	164	137	5	–
Sandra Rogers <sup>2</sup> (from 18/06/2012)	25-30 no lump sum	22.5-25 no lump sum	400	35	50	–
Nick Archer <sup>1</sup> (From 27/01/2014)	25-30 plus lump sum of 85-90	0-2.5 plus lump sum of 0-2.5	553	549	–	–

This table has been subject to audit.

1. Salaries and bonuses are paid by the FCO. Those paid in relation to periods prior to joining UKTI are disclosed within the FCO's accounts.

2. Salary paid by BIS.

3. Acting Chief Executive from 14 December 2013.

4. Not a member of PCSPS.

5. Opted for a partnership pension account.

6. For Edward Oakden the numbers reported above are based on data covering the period to 23 July 2013. Therefore, they slightly under-estimate some of the benefits disclosed. UKTI has reviewed the impact of this and concluded that the values quoted above are substantially correct and therefore represent a fair reflection of the individual's pension entitlements.

**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 set at the rate of between 1.5% and 6.25% of pensionable earnings for Classic and between 3.5% and 8.25% of pensionable earnings for Classic Plus, Premium 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 their 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).

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

Further details about the Civil Service pension arrangements can be found at the website [www.civilservice.gov.uk/pensions](http://www.civilservice.gov.uk/pensions).

#### **Cash Equivalent Transfer Values**

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

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

#### **Real Increase in CETV**

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

#### **Compensation for Loss of Office**

No compensation for loss of office was paid to any senior manager in 2013-14 (Nil 2012-13).

### Fees Paid by UKTI to Non-Executive Board Members

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

Name	2013-14 £000	2012-13 £000	Note
Sir Eric Peacock CMG DL	0-5	0-5	From 1 October 2009
Alan Jenkins	0-5	5-10	From 1 October 2009 Nil expenses (£0-5k) are included
Chris Fitzpatrick	5-10 <sup>1</sup>	5-10	From 1 October 2009 Expenses of £0-5k (£0-5k) are included
Mark Gostick	0-5	0-5	From 1 October 2009
Alex Dorrian CBE	0-5	0-5	From 1 October 2012
Dale Murray	0-5	0-5	From 1 October 2012 Nil expenses (£0-5k) are included
Jan Ward	5-10	0-5	From 1 October 2012 Expenses of £0-5k are included

This table has been subject to audit.

1. A duplicate payment of £501 was made to Chris Fitzpatrick. This will be recovered in 2014-15.



Dominic Jerney CVO OBE  
Accounting Officer  
19 June 2014

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# Statement of Accounting Officer's Responsibilities

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

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

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

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



Dominic Jermy CVO OBE  
Accounting Officer  
19 June 2014

# UKTI Annual Governance Statement 2013-14

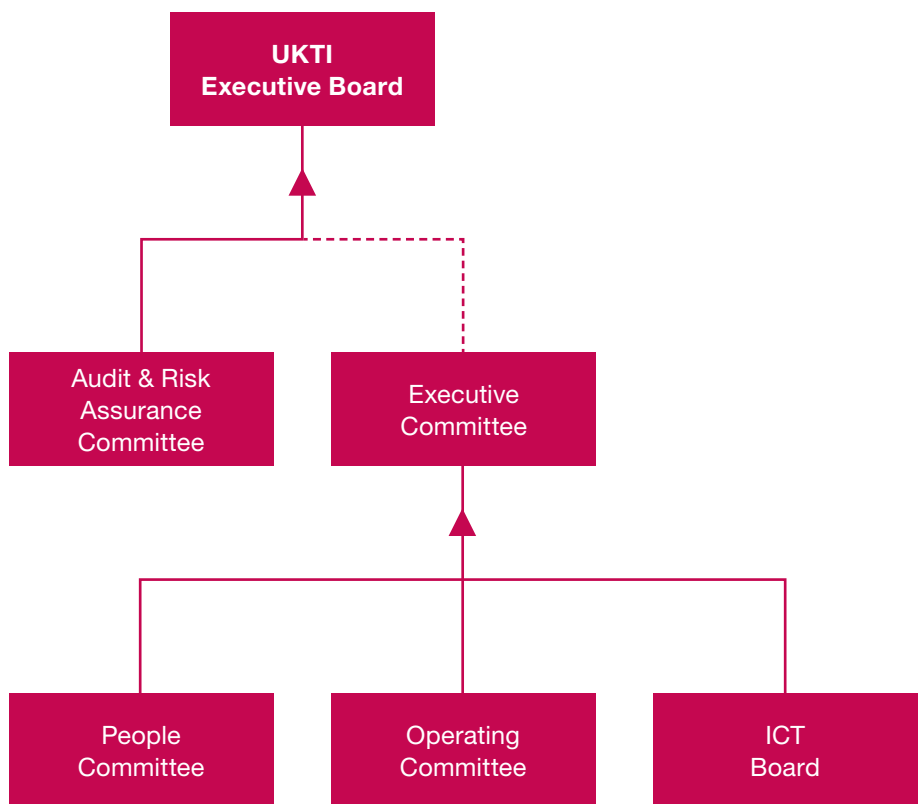
## 1. Purpose of the Governance Statement

The aim of the Governance Statement is to explain how we have followed the principles of the Corporate Governance Code for Central Government Departments. UKTI, as a Non-Ministerial Public Department, is not bound by the code, but follows the principles as best practice.

This statement will supplement the accounts by setting out the governance structure, internal controls and risk management processes that have been operating within UKTI during the financial year. It also reviews the effectiveness of these arrangements, in supporting UKTI to achieve its aims and objectives.

## 2. Governance Structure

### UKTI's Corporate Governance Structure



### 3. Ministers

During 2013-14, joint ministerial responsibilities were as follows:

Secretary of State for Foreign and Commonwealth Affairs

**The Rt Hon. William Hague MP**

Secretary of State for Business, Innovation and Skills

**The Rt Hon. Dr Vince Cable MP**

#### Portfolio Responsibility

Minister of State for Trade and Investment

**Lord Green of Hurstpierpoint**  
(to 09 December 2013)

**Lord Livingston of Parkhead**  
(from 10 December 2013)

#### Accounting Officer

**Nick Baird CMG CVO**  
(to 13 December 2013)

**Crispin Simon**  
(from 14 December 2013  
to 8 June 2014)

**Dominic Jermy CVO OBE**  
(from 9 June 2014)

### 4. The UKTI Board

This section sets out the membership, role and structure of UKTI's Board as at 31 March 2014.

The role of the UKTI Board is to provide strategic and operational leadership to UKTI. The Board is led by the Chief Executive Officer and comprises seven Executive Board Members, seven Non-Executive Board Members and five Representative Board Members.

#### Executive Board Members

##### Chair

**Nick Baird CMG CVO**  
Chief Executive Officer  
(to 13 December 2013)

**Crispin Simon**  
Acting Chief Executive Officer  
(from 14 December 2013-  
8 June 2014)

#### Executive Members

**Jon Harding**  
Chief Operating Officer

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

**Crispin Simon**  
Managing Director, Trade

**Sandra Rogers**  
Managing Director, Marketing

**Michael Boyd**  
Managing Director, Investment

**Nick Archer**  
Managing Director, Policy  
and Network Development  
(from 27 January 2014)

**Charu Gorasia**  
Director of Finance &  
Information Technology

#### Non-Executive Board Members

##### Sir Eric Peacock CMG DL

Eric Peacock is a serial entrepreneur with wide experience of growing businesses by internationalising their trade and attracting growth capital investment. He currently chairs Buckley Jewellery Ltd, Stevenage Packaging Ltd, Just Loans Plc, Cosgrove Hall Fitzpatrick (film animation), Sheraton Systems Ltd (specialist insurance software) and Boxford Holdings (leisure, golf, farming and fruit distribution). He currently sits as a Non-Executive Director on the board of UK Export Finance and is a past member of the DTI and BERR Enterprise Boards. He is President of the Institute of Sales and Marketing Management, Chairman of the Institute of Export and chairs The Peacock Foundation, Uniqueness and the AB Trust (charities operating in the children's field).

##### Alan Jenkins

Alan Jenkins sits on the boards of, and advises, various companies and organisations in the private and public sectors. He also serves on the boards of various charities and not for profit companies, and is a member of the Council of the Institute of Directors. He is a former solicitor and was until April 2011 a Partner and until May 2010 Chairman of the Board at Eversheds LLP.

**Chris Fitzpatrick**

Chris Fitzpatrick is a materials scientist who developed a series of novel high-performance adhesives exported globally through his own SME. Chris's speciality is technology commercialisation, marketing and developing organisations both strategically and operationally within the SME and social enterprise context. He is currently Chief Executive of Elements Of Sherwood Ltd, Vice Chair of the Rural Community Action Nottinghamshire, Chair of Audit of the North Nottinghamshire College Governing Board and a member of The Export Guarantees Advisory Council of UK Export Finance.

**Mark Gostick**

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

**Jan Ward**

Jan Ward is the Founder and CEO of specialist heat and corrosion resistant alloys company, Corrotherm International Ltd, which she grew from a one woman organisation to a company with offices in 10 countries. Jan is a Director of Solent Local Enterprise Partnership and a Non-Executive Director of the Hampshire Chamber of Commerce. She is a founder investor of the Saudi British Development Investment Company and sits on the Saudi British Joint Business Council, an advisory and liaison committee to HM Government and the Saudi Arabian government. Jan is also a Fellow of the IOD and RSA, a graduate member of the Institute of Export and Trustee of Southampton Cultural Development Trust and the Ben Voller G4 Fund. Jan was awarded the NatWest Everywoman of the Year award in 2009 and a finalist in IOD Director of Year 2010. She was International Businesswoman of the Year in 2001.

**Dale Murray**

Dale Murray has been an angel investor since 2004, and has a portfolio of investments across the technology, mobile, leisure, cleantech and publishing sectors. She won British Angel Investor of the Year in 2011. Dale is also a successful entrepreneur, having co-founded the pioneering mobile top-up business Omega Logic, which she built to £450m of top-ups and £25m of revenue within five years. She was the youngest ever person on the Price Waterhouse NZ school leaver programme, has been a founder member of the management team that commercially launched Vodafone NZ, held the position of Chief Operating Officer, then CEO, of Epos Ltd and Managing Director and Co-Founder of Omega Logic Ltd. Dale is currently a Non-Executive Director of the

Department for Business, Innovation and Skills and Sussex Place Ventures and acts as a Board Advisor for many entrepreneurial start-ups.

**Alex Dorrian CBE**

Alex Dorrian is Non-Executive Chairman of Thales UK and has extensive international experience in the defence, space, civil aerospace, transportation and security markets. In his previous roles at Thales Group, Alex was Executive Vice President responsible for operations in the UK, USA, Australia, Canada, the Netherlands, Northern Europe and Northern Asia. Prior to joining Thales in 1999, Alex was Deputy Group Managing Director, Defence Systems for British Aerospace. In addition to his role as a Non-Executive Board Member for UKTI, Alex is also Co-Chair of the Defence Advisory Group of UKTI DSO. In 1970, Alex graduated with an honours degree in mechanical engineering from Strathclyde University which also awarded him an Honorary Doctor of Science degree in 2009. He is a Fellow of the Royal Academy of Engineering, the Institution of Engineering Technology, the Institute of Marine Engineering, Science and Technology and the Royal Aeronautical Society. He was made Commander of the Order of The British Empire in 2002 and was appointed as an Officier de la Légion d'Honneur of France in 2010. He is a Freeman of the City of London and Chairman of the Supervisory Board of Manoir Aerospace.

## Representative Board Members

BIS and the FCO are represented on the UKTI Board, as parent Departments of the organisation. UKTI overseas posts and UKEF are also represented.

- Rachel Sandby-Thomas, Director General, Business and Skills, for BIS (until 10 February 2014)
- Philippa Lloyd, Director General, People, Communications and Corporate Effectiveness, for BIS (from 10 February 2014)
- Andrew Mitchell, Director General, Prosperity, FCO
- Danny Lopez, Consul-General New York, representing the UKTI overseas network
- Caroline Wilson Consul-General Hong Kong, representing the UKTI overseas network
- David Havelock (to 9 September 2013) Acting Chief Executive, UK Export Finance
- David Godfrey (from 9 September 2013) Chief Executive, UK Export Finance

## 5. Board Operation

The composition of the Board provides UKTI with a balanced mix of skills and perspectives. As top business leaders, they may work with or for some of the companies that UKTI aims to assist. However, all Non-Executive Board Members are independent in character and judgement and there are currently (as at 31 March 2014) no relationships which could affect a member's judgement when participating in Board decisions. The Board meets regularly and is supported by the UKTI Secretariat.

The Board operates within written terms of reference (ToR). These are kept under review and are due to be updated in 2014-15.

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

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

## 6. Audit and Risk Assurance Committee

The Audit and Risk Assurance Committee (ARAC) is a sub-committee of the Board. Its role is to advise the Chief Executive as Accounting Officer and the Board on the adequacy of UKTI's risk management, governance and internal controls. Amongst other things, this is performed through the review of the work of Internal Audit and also the National Audit Office (NAO).

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

The committee operates under terms of reference which follow best practice as defined in the revised HM Treasury Audit & Risk Assurance Committee Handbook. The Committee's ToR were reviewed in November 2013.

During 2013-14, the composition of the UKTI ARAC was as follows:

**Alan Jenkins (Chair)**

Non-Executive Board Member

**Mark Gostick**

Non-Executive Board Member

**Robert Hull**

Independent Member and Managing Director, Commercial, OFGEM

**Nigel Addison Smith  
(to February 2014)**

Independent Member and Finance Director for UK Export Finance

The following are also present at meetings:

Chief Operating Officer (UKTI)

Directors of Finance (UKTI, BIS and the FCO)

Representative from Internal Audit (BIS and the FCO)

Representatives from the NAO

## 7. Executive Committee

This is chaired by the Chief Executive Officer.

The Executive Committee takes advice from the UKTI Board. The committee operates within terms of reference which define its role as detailed below. These were updated in 2013-14. It is responsible for supporting the Accounting Officer to deliver UKTI's strategy and take principal decisions and, with its delegated subcommittees, ensuring the effective management of UKTI through:

- approving the annual business plan and monitoring performance against this plan;
- agreeing the reallocation of resource at fixed points during the year, and approving UKTI advice to Ministers for each Autumn Statement, Budget and Spending Review;
- overseeing UKTI's capability and skills to deliver its objectives; and
- overseeing and approving operation strategies, including Estates and ICT, as advised by its operational committees.

## 8. Sub-Committees

In the last year there have been three sub-committees of the Executive Committee. They are the:

- Operating Committee,
- ICT Board, established in November 2013, and
- People Committee, established in October 2013.



## 9. Operating Committee

This is chaired by the Chief Operating Officer. The membership consists of Directors from the Business Groups, the Finance Director and the Director of Economics and Evaluation.

The Operating Committee reports to the Executive Committee of UKTI. The committee operates within terms of reference which define its role as detailed below. These were updated in February 2014 and the membership was changed to draw Directors into the decision making process.

It is responsible for supporting the implementation of UKTI's strategy, business plan and targets through the allocation of human and financial resource by taking responsibility for:

- Business Planning and Reporting – providing challenge and advice ahead of formal approval by executive committee
- Risk and Performance Management – monitoring and reviewing performance. Where necessary escalating key concerns to the Executive Committee
- Financial Management
- Estate and Network Management.

## 10. ICT Board

This is chaired by the Chief Operating Officer. The membership includes representation from across the organisation, BIS, the FCO, overseas and two Non-Executive Board Members.

The ICT Board was established in September 2013 and reports to the Executive Committee. It is responsible for overseeing UKTI's ICT strategy and ensuring compliance and best practice throughout UKTI. The ICT Board operates within terms of reference which define its role as:

- driving compliance with central initiatives and developing the ICT Strategy;
- approving ICT procurement within an agreed tolerance and approving business cases;
- overseeing all ICT systems for UKTI users in London HQ, the English Regions and the overseas network, and
- monitoring the performance of UKTI's ICT infrastructure and applications.

## 11. People Committee

This is chaired by Crispin Simon and the membership is formed of representatives from across UKTI, HR and the diversity champion.

The People Committee was established in October 2013 and reports to the Executive Committee of UKTI. It is responsible for providing a review and challenge function in relation to promoting people management excellence across UKTI. The role is to:

- develop leadership and management,
- drive effective performance, embedding high quality appraisal and support,
- focus on talent management and development, monitoring impact and embedding a culture of continuous improvement,
- engage staff below the executive team more actively into wider policy development and decision-making, and
- promote excellent people management throughout UKTI and escalate areas of concern to the Executive Committee as appropriate.

## 12. Attendance at Board, Audit and Risk Assurance Committee and Executive Committee meetings

The following were in attendance at Board, Audit and Risk Assurance Committee and Executive Committee meetings:

Attendance	Position	Board	ARAC	Executive Committee
Number of meetings in year		4	4	13
<b>Executives</b>				
Nick Baird CMG CVO (to 13 December 2013)	Chief Executive Officer	3		9
Crispin Simon (Acting Chief Executive from 14 December 2013)	Acting Chief Executive Officer and MD Trade	3		12
Jon Harding	Chief Operating Officer	4	4	10
Richard Paniguan CBE	Head – Defence & Security Organisation	3		7
Michael Boyd	MD – Investment	4		10
Sandra Rogers	MD – Marketing	4		11
Charu Gorasia	Director of Finance and IT	4	3	11
Edward Oakden (until 31 July 2013)	MD – Trade Strategy	1		4
Nick Archer (from 27 January 2014)	MD – Policy and Network Development	1		2
<b>Non Executives</b>				
Sir Eric Peacock CMG DL		4		
Alan Jenkins		4	4	
Mark Gostick		4	3	
Chris Fitzpatrick		4		
Robert Hull			4	
Nigel Addison Smith (until 28 February 2014)			4	
Jan Ward		4		
Dale Murray		3		
Alex Dorrian CBE		2		
David Havelock (to 9 September 2013)	UK Export Finance	1		
David Godfrey (from 9 September 2013)	UK Export Finance	2		
Rachael Sandy-Thomas (to 10 February 2014)	Dept Business, Innovation & Skills	2		
Philippa Lloyd (since 10 February 2014)	Dept Business, Innovation & Skills	0		
Andrew Mitchell	Foreign & Commonwealth Office	1		
Danny Lopez	Overseas Post (New York)	2		
Caroline Wilson	Overseas Post (Hong Kong)	1		

There were four Board meetings and four ARAC meetings held during the year, with 79% and 92% attendance by members respectively. The total cost of hosting these meetings, excluding Non-Executive Board Members' fees, was £6,443 (£3,436). This includes room hire, refreshments and travel expenses.

### 13. Internal Audit

During the year, the ARAC considered 21 internal audit reports; 15 overseas and 6 UK based. These reports covered a wide range of risk management and governance issues including annual reviews of core financial systems and risk management processes. The Internal Audit opinion given on the overall adequacy and effectiveness of UKTI's framework of risk management, control and governance was "satisfactory".

The Audit Programme this year was specifically directed at areas which management identified as the highest risk activities, which were likely to require some improvement. Significant control issues were highlighted in the following UK based audits:

- Contract Management
- Procurement procedures for GREAT Campaign
- The Customer Data Management System (CDMS)
- IT Capability and Capacity

UKTI management has welcomed the reports into these high risk activities and has committed to action plans to address all areas where improvement was needed. Much progress has already been made. In contract management, a new commercial unit has been established in UKTI Central Finance to identify and embed best practice. This unit has carried out a skills audit, produced detailed guidance and rolled out a contract management workshop covering roles and responsibilities, the end to end process and management of risk.

A contract management dashboard has been developed for all major contracts and will be summarised on the new UKTI corporate dashboard, giving visibility of contract performance to the Executive Team, Audit Committee and Board. In addition a rolling programme of deep-dive reviews of major contracts has been introduced.

The IT audits have resulted in a substantial redesign of the team in COO to give greater distinction between strategic engagement with the main contractor and operational delivery to customers in UKTI. In addition, project management discipline is being tightened within the team. This is to be supported by the imminent recruitment of a new Chief Technology Officer and other specialist staff.

Finally, following the GREAT procurement procedures audit, Marketing Group has begun a rolling programme of detailed evaluation of processes in each of the GREAT markets. The US and Turkey have been completed and have helped shape renewed guidance on budget management and procurement.

### 14. Key Developments During the Year

During the year there were a number of changes to UKTI senior leadership. In December 2013, Lord Livingston took over from Lord Green as Minister of State for Trade and Investment. Also in December 2013, Nick Baird stepped down as Chief Executive and Crispin Simon replaced him as Acting Chief Executive. As Managing Director of Trade Group and a member of the UKTI Executive Board, Crispin Simon brought to the role an existing understanding of the key operational and strategic issues for UKTI. This was supplemented through handover meetings with Nick Baird.

Dominic Jermy became Chief Executive and Accounting Officer of UKTI on 9 June 2014. The induction process included meetings with the Acting Chief Executive, the Managing Directors of the UKTI business groups and the Permanent Secretaries of BIS and the FCO. A first day briefing pack was provided outlining the key operational and strategic issues, and the UKTI governance framework. In order to sign off the 2013-14 Annual Report and Accounts, the Accounting Officer was able to take assurance from the UKTI Annual Corporate Governance review, as well as the work undertaken by Internal Audit and the management letter from the External Auditors. A briefing on the 2013-14 Annual Report and Accounts was provided.

Edward Oakden left on 23 of July 2013 and the post of Managing Director for Strategic Trade was combined with Trade Development. In January 2014, Nick Archer was appointed as the new Managing Director for Policy and Network Development, with responsibility for ensuring UKTI has a strong policy voice across Whitehall and the development of overseas business networks.

The refreshed UKTI Five Year Strategy “Britain Open for Business: The Next Phase” was published in January 2014. This seeks to sustain the good initiatives of the last three years, transform the contribution of medium-sized businesses, enhance UKTI’s marketing to small companies, secure more export-focused foreign direct investment, deliver overseas and leverage the Government’s Industrial Strategy.

On the basis of the NAO report ‘Supporting UKTI Exporters Overseas,’ the Public Accounts Committee (PAC) took evidence on 6 November 2013 from the FCO and UKTI on their work to support UK exporters. The Committee subsequently published its report on 17 January 2014. Key recommendations included the need to: understand the reasons behind the stronger overall export growth rates of other countries; using this to inform future business planning; improving the evaluation of impact of FCO activity, and for FCO and UKTI to work together more effectively.

In response, UKTI agreed, among other things, to develop a joint roadmap setting out how UKTI, the FCO and BIS could work together in pursuit of the Government’s £1 trillion export target. This work has included consideration of what might be achieved through the prospective contribution of: individual markets, the Industrial Strategy Sectors, and a small number of key policy initiatives. This work is being coordinated by the BIS, the FCO and the UKTI Trilateral Board, and UKTI will report back to the PAC on activity in response to their report towards by early 2016.

In December 2013, UKTI outsourced procurement to UK SBS, UKTI’s shared service provider for HR and Finance. An Annual Assurance Statement for 2013-14 was provided by the Chief Executive of UK SBS to UKTI’s Accounting Officer. Whilst this highlighted areas for improvement, these do not represent significant weaknesses in UKTI’s overall control environment. UKTI management will continue to monitor progress in these areas.

## 15. Risk Management

UKTI is committed to high standards of governance, ensuring that a robust system of risk management is implemented throughout the organisation. UKTI’s Risk Management Framework sets out the means by which risks are identified, managed and mitigated, including an assessment of risk appetite.

Risks are identified and managed at the operational level in the first instance and appropriate mitigation strategies identified. During 2013-14, each UKTI Group has undertaken a ‘clean-sheet’ exercise of assessing their bottom-up risks afresh, facilitated by the UKTI Performance

and Risk Management Team. Thereafter, Groups’ risks have been formally reviewed and updated on at least a monthly basis, with returns being submitted to the centre.

These group-level returns have, in turn, informed the corporate level risk register which reflects all higher level risks. A traffic light system is used to assess the status of each risk based upon its probability and impact and the assessment of risk appetite.

The top level risks are escalated to the UKTI Dashboard, which is reviewed each month at the UKTI Executive Committee as well as at each meeting of the UKTI Executive Board. Both of these bodies identify top-down strategic risks. The UKTI ARAC reviews the risk register regularly and provides challenge to UKTI management in order to advise the UKTI Accounting Officer and Board on whether risks are correctly identified and mitigated.

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

UKTI has established a formal Programme Management Office to track the organisation’s top programmes and projects and the risks against them. In 2014-15, this will introduce a further level of rigour in the review of risks, and their interdependencies.

In addition, the recently established UKTI Commercial Unit advises on contract risks and has created contract management guidance to ensure consistent management of contracts, to reduce the risks across UKTI. A programme of contract deep dives will be undertaken which will look at how contract risks are reflected and managed and recommend actions accordingly.

The chart, on page 53, sets out the process by which UKTI assesses and manages risk, incorporating the UKTI Operating Committee.

## 16. UKTI's Significant Risks 2013-14 and Key Mitigating Factors

### The Global Marketplace

Events in the global marketplace are outside UKTI's control, the annual rate of global growth remains flat. The UKTI Strategy, "Britain Open for Business: The Next Phase" focuses on seven themes that UKTI believes will help to deliver the Government's ambitious 2020 targets. UKTI are continuing to vigorously pursue opportunities in developed markets while strengthening our efforts in high growth markets.

### Stakeholder Engagement

As UKTI's reputation for achieving success grows, particularly following the London 2012 Olympics, a commensurate risk has emerged that the organisation commits to too many initiatives beyond those set out in the Strategy, becomes overstretched as a result, is unable to deliver on all its commitments and its reputation suffers. UKTI has to be responsive to fresh imperatives, reprioritising its resources to match. The refreshed strategy in January

2014 restated UKTI's priorities and the rationale behind them in, ensuring they fit within the wider context of Government support to business.

### Marketing

UKTI is a marketing led organisation and needs to maintain a high profile for its products and services so as to deliver high value support to British businesses. These services need to be properly targeted, in order to reach those customers that will best benefit from them and so achieve the greatest impact. This creates a potential conflict with Government austerity restrictions regarding marketing. The risk is that UKTI is unable to make the case for its marketing activities which, under the formal definition, includes events and missions. To mitigate this, UKTI has submitted a rationale for its activities and has developed an evidence based marketing strategy to obtain Cabinet Office approval to enable it to work within the Government requirements.

### Outsourcing

UKTI has increasingly moved towards the delivery of its front line services through a number of large contracts with the private sector, drawing upon the marketplace to secure the expertise necessary to achieve its objectives. This carries the risk that UKTI staff may lack the crucial skills required for the tendering, contracting and monitoring of such services and thus fail to deliver value for money to the taxpayer. UKTI has mitigated this risk by the establishment of a Commercial Unit, embedding the necessary professional skill set in the organisation and applying it consistently. In addition, in renewing the contract for one of the services (Specialists Contract), the procurement was divided into separate lots, so as not to place too great a reliance upon a single contractor.

UKTI has also worked to encourage private sector partners to deliver services to UKTI exporters. This carries the risk of a service being undermined in the event of partners being unable or unwilling to continue to support it. Having established the Open to Export service, whereby UK exporters share experience and good practice via a web platform, UKTI outsourced its ongoing delivery to a private sector partner. When this partner indicated that it was intending to withdraw its funding, UKTI invoked its contingency plan and worked to establish a Community Interest Company to ensure the continued viability of the service.

### People

The outsourcing of services also carries the risk of UKTI staff becoming unsettled or demotivated in the event that they perceive their jobs to be under-threat or under-valued. This, in turn, carries risks of underperformance, difficulties with staff retention and data or information breaches by disgruntled staff. UKTI has mitigated this risk through change management and regular communications, centred upon an honest and open discussion at its Leadership Conference to help bring issues to the surface and drive clear messages to its people. Thus equipped with clear and consistent information, UKTI leaders have been empowered to have open dialogues with their teams.

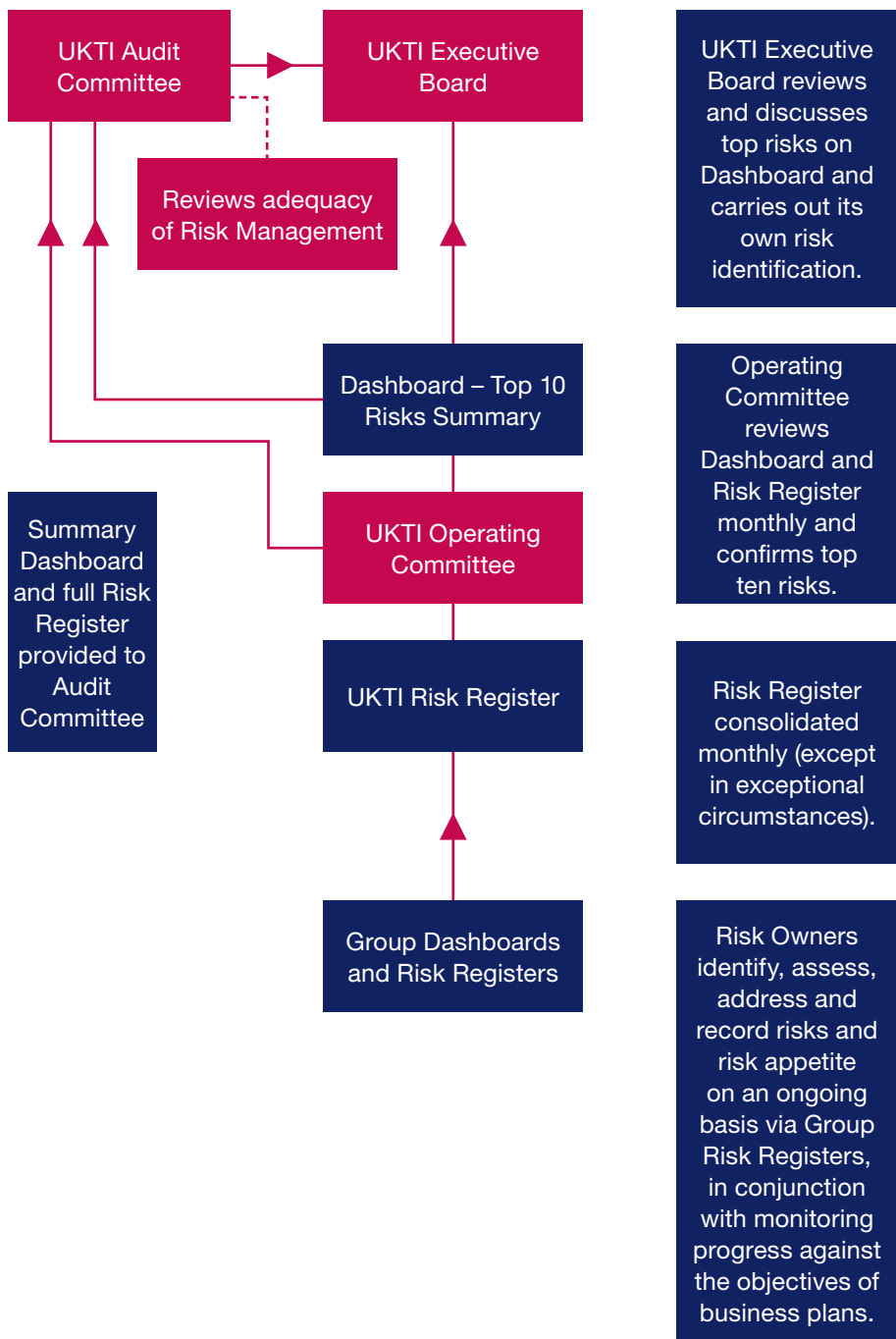
More broadly, UKTI has faced the risk of being unable to attract and retain the right people with the right skills. This is partly due to the inflexibility of recruiting processes with which UKTI has been obliged to conform; this would have the result of impacting upon operational capability and effectiveness. This has been mitigated in a number of ways. UKTI has secured greater flexibility over the deployment of its budgets, allowing it to make the best value- for-money choices between public- and private sector people. A move to e-recruitment has served to streamline the recruitment process. UKTI has launched a People Strategy based upon staff survey feedback, which includes a greater emphasis upon succession planning and talent management.

**Operational Delivery**

In order to achieve its objectives of supporting 40,000 businesses this year and 50,000 businesses in 2014-15, UKTI is dependent upon lead generation – reaching out to new customers and targeting them with the appropriate UKTI service offering.

The risk has been that UKTI does not generate enough new leads, fails to reach out to enough new customers and thus fails to meet its objectives. UKTI’s Trade Group has successfully mitigated this risk through an advertising campaign, a telemarketing campaign, and rigorous monthly monitoring of performance and forecasts to ensure that UKTI is on track to meet its targets.

**Application of UKTI’s Risk Management Policy**



## 17. Review of Effectiveness

Each year, the effectiveness of the systems of governance, risk management and internal control are reviewed, informed by work undertaken by the Executive Management team, Internal Audit and the management letter received from the External Auditors. An Annual Governance Panel Interview was held with each of the Managing Directors to review and gain assurance over those parts of the governance structures, risk management and internal control framework for which they have responsibility. The Audit and Risk Assurance Committee reviews the assurances that support the Governance Statement and advises the UKTI Accounting Officer and the Executive Board on their adequacy.

UKTI undertook a review of its corporate governance arrangements in 2013-14, through comparison against best practice and consultation with the Executive Team and Directors. The overall conclusion was that governance was effective, however, areas of improvement were identified and the following actions were implemented:

- The Executive Committee and its sub-committees all had their Terms of Reference reviewed to draw them into a common format and ensure clarity of how they fit together. The membership of the Operating Committee was adjusted to draw Directors more systematically into decision making and the Terms of Reference were redrafted to reflect a more focused role.

- Two new operational committees were set up in the year, the ICT Board and the People Committee, recognising the importance of these two issues and the value of providing them with a dedicated forum. These report to the Executive Committee and assist the Executive Team in providing review, challenge and oversight of ICT and People Strategy respectively.

The effectiveness of the Audit and Risk Assurance Committee was assessed during 2013-14 with the use of a questionnaire sent to Committee Members. The overall conclusion was that the Committee was effective. Suggestions were made for small improvements and these have been implemented.

Monthly Financial Management reports are presented at Executive Committee meetings, alongside a corporate Dashboard which provides an overview of finance, performance and risk within UKTI. These are closely scrutinised and questioned to ensure that the information being received is adequate and timely.

## 18. Data Handling

UKTI had no reportable data losses in 2013-14. However, two data security breaches occurred in April 2014. Investigations into the incidents have recently concluded and UKTI is working with BIS and the FCO on measures to reduce the likelihood of a recurrence.

## 19. Communications to Staff

UKTI has a range of channels for communicating with staff, including a regular email bulletin, extranet, magazine and team briefings. These are regularly reviewed to see that they meet staff and management needs and are aligned with industry best practice.

The refreshed UKTI Strategy was communicated by the Executive Team through a presentation open to all staff. This allowed staff to understand the vision, business plans and activities of the organisation, and provided opportunity to feedback to senior management.

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## 20. Ministerial Directions

During 2013-14, no ministerial directions were given to UKTI.

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



**Dominic Jerney CVO OBE**

Accounting Officer  
19 June 2014



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

I certify that I have audited the financial statements of the UK Trade and Investment for the year ended 31 March 2014 under the Government Resources and Accounts Act 2000. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. I have also audited the Statement of Parliamentary Supply and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

## Respective responsibilities of the Accounting Officer and auditor

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

## Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Department's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Accounting Officer; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements 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 Statement of Parliamentary Supply properly presents the outturn against voted Parliamentary control totals and that those totals have not been exceeded. The voted Parliamentary control totals are Departmental Expenditure Limits (Resource and Capital), Annually Managed Expenditure (Resource and Capital), Non-Budget (Resource) and Net Cash Requirement. I am also required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

## Opinion on regularity

### In my opinion, in all material respects:

- the Statement of Parliamentary Supply properly presents the outturn against voted Parliamentary control totals for the year ended 31 March 2014 and shows that those totals have not been exceeded; and
- the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

**Opinion on financial statements****In my opinion:**

- the financial statements give a true and fair view of the state of the Department's affairs as at 31 March 2014 and of its net operating cost for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

**Opinion on other matters****In my opinion:**

- the part of the Remuneration Report to be audited has been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000; and
- the information given in section entitled How we have performed for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters on which I report by exception****I have nothing to report in respect of the following matters which I report to you if, in my opinion:**

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

**Report**

I have no observations to make on these financial statements.

**Sir Amyas C E Morse**

Comptroller and Auditor General

24 June 2014

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

# Statement of Parliamentary Supply

In addition to the primary statements prepared under IFRS, the Government Financial Reporting Manual (FRM) requires UKTI to prepare a Statement of Parliamentary Supply (SoPS) and supporting notes to show resource outturn against the Supply Estimate presented to Parliament, in respect of each budgetary control limit.

## Summary of Resource and Capital Outturn 2013–14

	Note	Estimate			Outturn			2013-14 £000	2012-13 £000
		Voted	Non-Voted	Total	Voted	Non-Voted	Total	Voted Outturn compared with Estimate saving/ (excess)	Outturn
<b>Departmental Expenditure Limit</b>									
– Resource	SOPS 2.1	158,382	–	158,382	156,844	–	156,844	1,538	92,548
– Capital	SOPS 2.2	2,998	–	2,998	2,511	–	2,511	487	1,557
<b>Annually Managed Expenditure</b>									
– Resource	SOPS 2.1	5,021	–	5,021	355	–	355	4,666	–
– Capital	SOPS 2.2	–	–	–	–	–	–	–	–
<b>Total Budget</b>		<b>166,401</b>	<b>–</b>	<b>166,401</b>	<b>159,710</b>	<b>–</b>	<b>159,710</b>	<b>6,691</b>	<b>94,105</b>
<b>Non-Budget</b>									
– Resource		–	–	–	–	–	–	–	–
<b>Total Non-Budget</b>		<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total Resource</b>	SOPS 2.1	<b>163,403</b>	<b>–</b>	<b>163,403</b>	<b>157,199</b>	<b>–</b>	<b>157,199</b>	<b>6,204</b>	<b>92,548</b>
<b>Total Capital</b>	SOPS 2.2	<b>2,998</b>	<b>–</b>	<b>2,998</b>	<b>2,511</b>	<b>–</b>	<b>2,511</b>	<b>487</b>	<b>1,557</b>
<b>Total</b>		<b>166,401</b>	<b>–</b>	<b>166,401</b>	<b>159,710</b>	<b>–</b>	<b>159,710</b>	<b>6,691</b>	<b>94,105</b>

**Net Cash Requirement 2013–14**

		Estimate	Outturn	2013-14 £000	2012-13 £000 Outturn
	Note			Outturn compared with Estimate saving/ (excess)	Total
Net Cash Requirement	SOPS3	159,890	147,145	12,745	89,254

**Administration Costs 2013-14**

		Estimate	Outturn	2013-14 £000	2012-13 £000 Outturn
	Note			Outturn compared with Estimate saving/ excess	Total
Administration Costs	SOPS2.1	2,000	1,280	720	–

Figures in the areas outlined in bold are voted totals or other totals subject to Parliamentary control. In addition, although not a separate voted limit, any breach of the administration budget will also result in an excess vote.

Explanations of variances between Estimate and Outturn are given in the Financial Review.

# Notes to the Departmental Resource Accounts (Statement of Parliamentary Supply)

## SOPS1. Statement of accounting policies

The Statement of Parliamentary Supply and supporting notes have been prepared in accordance with the 2013-14 Government Financial Reporting Manual (FReM) issued by HM Treasury. The Statement of Parliamentary Supply accounting policies contained in the FReM are consistent with the requirements set out in the 2013-14 Consolidated Budgeting Guidance and Supply Estimates Guidance Manual.

### SOPS1.1 Accounting convention

The Statement of Parliamentary Supply and related notes are presented consistently with Treasury budget control and Supply Estimates. The aggregates across government are measured using National Accounts, prepared in accordance with the internationally agreed framework 'European System of Accounts' (ESA95). ESA95 is in turn consistent with the System of National Accounts (SNA93), which is prepared under the auspices of the United Nations.

The budgeting system and the consequential presentation of Supply Estimates and the Statement of Parliamentary Supply and related notes, have different objectives to IFRS-based accounts. The system supports the achievement of macro-economic stability by ensuring that public expenditure is controlled, with relevant Parliamentary authority, in support of the Government's fiscal framework. The system provides incentives to departments to manage spending well so as to provide high quality public services that offer value for money to the taxpayer.

The Government's objectives for fiscal policy are set out in the Charter for Budget Responsibility. These are to:

- ensure sustainable public finances that support confidence in the economy, promote intergenerational fairness, and ensure the effectiveness of wider government policy; and
- support and improve the effectiveness of monetary policy in stabilising economic fluctuations.

### SOPS1.2 IFRS-Based Accounts

There are no differences between the administration and programme expenditure in the statement of Parliamentary supply and the IFRS-based accounts.

## SOPS2 Net Outturn

### SOPS2.1 Analysis of Net Resource Outturn by Section

								2013-14	2012-13
								£000	£000
							Outturn	Estimate	Outturn
Administration			Programme					Net total compared to Estimate	
Gross	Income	Net	Gross	Income	Net	Total	Net total		Total
<b>Spending in Departmental Expenditure Limit</b>									
Voted:									
A. Trade development and promotion and inward investment:									
1,280	–	1,280	171,891	(16,327)	155,564	156,844	158,382	1,538	92,548
<b>Annually Managed Expenditure</b>									
Voted:									
B. Trade development and promotion and inward investment:									
–	–	–	355	–	355	355	5,021	4,666	–
<b>Total</b>	<b>1,280</b>	<b>–</b>	<b>1,280</b>	<b>172,246</b>	<b>(16,327)</b>	<b>155,919</b>	<b>157,199</b>	<b>163,403</b>	<b>92,548</b>

### SOPS2.2 Analysis of Net Capital Outturn by Section

							2013-14	2012-13	
							£000	£000	
						Outturn	Estimate	Outturn	
							Net total compared to Estimate	Total	
						Gross	Income	Net total	Net
<b>Spending in Departmental Expenditure Limit</b>									
Voted:									
A. Trade development and promotion and inward investment:									
			2,511	–	2,511	2,998	487	1,557	
<b>Total</b>			<b>2,511</b>	<b>–</b>	<b>2,511</b>	<b>2,998</b>	<b>487</b>	<b>1,557</b>	

Explanations of variances between Estimate and Outturn are given in the Financial Review.

## SOPS3 Reconciliation of Net Resource Outturn to Net Cash Requirement

	Note	Estimate	Outturn	Net total Outturn compared with Estimate: savings (excess)
Resource Outturn	SOPS 2.1	163,403	157,199	6,204
Capital Outturn	SOPS 2.2	2,998	2,511	487
<b>Accruals to cash adjustments</b>				
<i>Adjustments to remove non-cash items:</i>				
Depreciation and amortisation	7,8	(2,011)	(2,144)	133
Impairments	7	–	(40)	40
New provisions	13	(5,000)	(355)	(4,645)
<i>Adjustments to reflect movements in working balances:</i>				
Increase/(decrease) in debtors	10	–	5,628	(5,628)
(Increase)/decrease in creditors	CF,12	500	(15,654)	16,154
<b>Net cash requirements</b>		<b>159,890</b>	<b>147,145</b>	<b>12,745</b>

# Statement of Comprehensive Net Expenditure

For the Year Ended 31 March 2014

	Note	2013-14 £000	2012-13 £000
<b>Administration Costs:</b>			
Staff costs	3.1	692	–
Other costs	4	588	–
Income		–	–
		1,280	–
<b>Programme Expenditure:</b>			
Staff costs	3.2	1,732	1,369
Other costs	5	170,514	107,281
Income	6	(16,327)	(16,102)
		155,919	92,548
<b>Net Operating Cost</b>		<b>157,199</b>	<b>92,548</b>
Net gain / (loss) on revaluation		–	–
<b>Total Comprehensive Expenditure</b>		<b>157,199</b>	<b>92,548</b>

All income and expenditure are derived from continuing operations.



# Statement of Financial Position

As at 31 March 2014

	Note	2014 £000	2013 £000
<b>Non-current Asset</b>			
Property, plant and equipment	7	732	146
Intangible assets	8	4,219	4,477
<b>Total non-current assets</b>		<b>4,951</b>	<b>4,623</b>
<b>Current assets</b>			
Trade and other receivables	10	9,726	4,098
Cash and cash equivalents	11	12,709	4,254
<b>Total current assets</b>		<b>22,435</b>	<b>8,352</b>
<b>Total assets</b>		<b>27,386</b>	<b>12,975</b>
<b>Current liabilities</b>			
Provision	13	(355)	-
Trade and other payables	12	(45,893)	(21,783)
<b>Total current liabilities</b>		<b>(46,248)</b>	<b>(21,783)</b>
<b>Total assets less current liabilities</b>		<b>(18,862)</b>	<b>(8,808)</b>
<b>Taxpayers Equity and Other Reserves</b>			
General fund		(18,862)	(8,808)
<b>Total equity</b>		<b>(18,862)</b>	<b>(8,808)</b>



**Dominic Jerney CVO OBE**  
Accounting Officer 19 June 2014

# Statement of Cash Flows

For the Year Ended 31 March 2014

	Note	2014 £000	2013 £000
<b>Cash flows from operating activities</b>			
Net operating cost		(157,199)	(92,548)
Adjustments for non-cash transactions	5	2,184	2,095
(Increase)/Decrease in trade and other receivables	10	(5,628)	329
Increase/(Decrease) in trade payables	12	24,110	4,577
Increase in provisions	13	355	–
<i>Less movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure</i>		(8,456)	(2,150)
<b>Net cash outflows from operating activities</b>		<b>(144,634)</b>	<b>(87,697)</b>
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment	7	(759)	–
Purchases of intangible assets	8	(1,752)	(1,557)
<b>Net cash outflows from investing activities</b>		<b>(2,511)</b>	<b>(1,557)</b>
<b>Cash flows from financing activities</b>			
From the Consolidated Fund (Supply) – Current year		155,600	91,404
Advances from the Contingencies Fund		–	–
Repayments to the Contingencies Fund		–	–
Capital element of payments in respect of finance leases and on-balance sheet (SoFP) PFI contracts		–	–
<b>Net financing</b>		<b>155,600</b>	<b>91,404</b>
Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund		–	–
Payments of amounts due to the Consolidated Fund		–	–
<b>Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund</b>		<b>8,455</b>	<b>2,150</b>
<i>Cash and cash equivalents at the beginning of the period</i>	11	4,254	2,104
<i>Cash and cash equivalents at the end of the period</i>	11	12,709	4,254

# Statement of Changes in Taxpayers' Equity

For the Year Ended 31 March 2014

	Note	General Fund £000
Balance at 31 March 2012		(5,514)
Net Parliamentary Funding – drawn down		91,404
Net Parliamentary Funding – deemed	11	2,104
Supply payable/(receivable) adjustment	11,12.1	(4,254)
Comprehensive Expenditure for Year		(92,548)
Balance at 31 March 2013		(8,808)
Net Parliamentary Funding – drawn down		155,600
Net Parliamentary Funding – deemed	11	4,254
Supply payable/(receivable) adjustment	11,12.1	(12,709)
Comprehensive Expenditure for Year		(157,199)
Balance as at 31 March 2014		(18,862)

# Notes to the 2013-14 Resource Accounts

## 1. Statement of Accounting Policies

These financial statements have been prepared in accordance with the 2013-14 Government Financial Reporting Manual (FReM), issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted, for the public-sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of UKTI, for the purpose of giving a true and fair view has been selected. The particular policies adopted by UKTI are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

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

### 1.1 Accounting Convention

These accounts have been prepared on a going concern basis under the historical cost convention modified to account for the fair value revaluation of property, plant and equipment, and intangible assets as described in paragraphs 1.9 to 1.12.

### 1.2 Basis of Accounting

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

The primary statements and related notes report only on the programme activities and resources directly voted to UKTI. Indicative administration and programme expenditure incurred by our two parent Departments and the cost of the associated assets used are included by way of memoranda notes to the accounts (pages 82 to 87).

### 1.3 Estimates and Judgements

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

UKTI has a number of external contracts to provide the delivery of trade services to nine English Regions. Each of these contracts is incentivised, with 15% of the value of the regional contract being payable on the basis of performance. The treatment of these payments represents a significant judgement area.

The performance targets are based on stretch targets for quantity (measured through the UKTI Customer Data Management System and verified through the PIMS independent survey) and stretch targets for quality (measured through PIMS). In addition, there are minimum thresholds that must be met to trigger any incentivisation payment. CDMS data is available at the year-end, but PIMS data is only available six months in arrears. Quantity payments can be assessed at year end, but the final decision on whether incentivisation payments should be made is not possible until six months into the new financial year when corresponding PIMS scores are available.

A forecast of performance is used at year end to assess both the likelihood of payment and value of the incentive payments. The forecast is based on the actual CDMS data for the year adjusted for the historical dropout rate following verification through PIMS. The average dropout rate is calculated using the last 12 months of available PIMS data.

The total value of the potential payment is £4.07 million of which £3.98 million is accrued for.

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

### 1.4 Operating Income

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

### 1.5 Administration and Programme Income and Expenditure

The Consolidated Statement of Comprehensive Net Expenditure is analysed between administration and programme income and expenditure. Administration costs reflect the support costs of the Ministerial Visits Unit and the additional running costs arising from increased programme funding in 2013-14, as defined under the Administration-Cost Control Regime. The rest of the running costs of UKTI are included in the accounts of the FCO and BIS. Programme costs are non-administration costs that relate directly to frontline service delivery.

### 1.6 Research and Development

Expenditure on research and development is treated as an operating cost in the year in which it is incurred, unless it meets the criteria set out in IAS 38 Intangible Assets, in which case it is capitalised.

### 1.7 Pensions

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

A small number of UKTI staff employed by BIS are paid from UKTI's administration budget. These costs are recharged from BIS and further details are included in Note 3 Staff Costs.

### 1.8 Value Added Tax (VAT)

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

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

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

### 1.9 Property, Plant and Equipment

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

UKTI's capitalisation threshold for property, plant and equipment is £1,000, except for furniture assets, where all expenditure in one financial year is pooled and capitalised, and IT hardware, where computer equipment with a cost in excess of £1,000 is capitalised as one asset.

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

### 1.10 Depreciation

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

Assets under construction	Not depreciated until assets are in use
IT assets	Three to five years
Plant and machinery	Five years

### 1.11 Intangible Assets

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

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

Development costs	Not depreciated until assets are in use
Software licences	Three to five years
Website	Four to five years
IT assets	Three to five years

### 1.12 Impairments

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

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

### 1.13 Trade and Other Receivables

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

### 1.14 Trade and Other Payables

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

### 1.15 Cash and Cash Equivalents

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

### 1.16 Foreign Exchange

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

### 1.17 Impending Application of Newly Issued Accounting Standard Not Yet Effective

UKTI provides disclosure that it has not yet applied a new accounting standard, and known of reasonably estimable information relevant to assessing the possible impact that the initial application of the new standard will have on the resource accounts. There were no new standards issued for 2013-14 and not applied, which would materially affect the resource accounts. UKTI has also not adopted any standards early.

## 2 Statement of Operating Cost by Business Group

			2013-14		2012-13	
	Gross	Income	£000 Net	Gross	Income	£000 Net
Trade	102,730	(15,262)	87,468	62,678	(12,215)	50,463
Investment	40,337	–	40,337	27,401	–	27,401
Marketing	20,139	(180)	19,959	7,975	(2,031)	5,944
Chief Operating Office	6,445	–	6,445	6,794	(1,097)	5,697
Defence & Security Organisation	3,875	(885)	2,990	3,802	(759)	3,043
<b>Total Comprehensive Net Expenditure</b>	<b>173,526</b>	<b>(16,327)</b>	<b>157,199</b>	<b>108,650</b>	<b>(16,102)</b>	<b>92,548</b>

Resources that have been consumed by both the FCO and BIS in meeting UKTI's objectives are detailed in Memorandum Notes to these accounts.

Departments are required to apply IFRS 8 Operating Segments. This requires Departments to identify their operating segments based on their main areas of activity reported to the Chief Operating Decision Maker (CODM).

UKTI's CODM is the Accounting Officer. He receives financial information at aggregate level as well as information on outcomes relating to five business groups: Trade, Investment, Marketing, Chief Operating Office and Defence & Security Organisation.

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

No segmental analysis of the Statement of Financial Position is disclosed as UKTI's CODM receives information at aggregate level.

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

Most personnel engaged on UKTI business are employees of either BIS or the FCO and details are shown in the Memorandum Notes on pages 82 to 87.

### 3.1 Administration Staff Costs

In 2013-14, UKTI had an admin budget to fund the costs of the cross Whitehall Ministerial Visits Unit and administration costs relating to increased programme activity announced in the Autumn Statement 2012. The staff costs funded by this budget are shown below.

	2013-14	2012-13
	£000	£000
Wages and Salaries	499	–
Social Security Costs	62	–
Other Pension Costs	131	–
<b>Total</b>	<b>692</b>	<b>–</b>

### Average Numbers Employed

Permanently Employed BIS	2013-14	2012-13
Average full-time equivalent	14	–

### 3.2 Programme Staff Costs

Contributions to the costs of employing international business specialists – seconded from private-sector organisations for periods of up to five years – are made to the seconding organisations. UKTI also uses other short-term contracted staff for specialist tasks.

These are not charged under consultancy in accordance with the financial reporting guidelines. Details are:

#### Average Numbers

Private Sector Staff	2013-14	2012-13
Average full-time equivalent	28	20

#### Staff Costs

Private Sector Staff	2013-14 £000	2012-13 £000
Total	1,732	1,369

There were no exit costs in 2013–14.

## 4 Non-Staff Administration Costs

	2013–14 £000	2012–13 £000
Outsourced Activity	263	–
Travel and Subsistence	200	–
Other Costs	125	–
Non-staff Administration Expenditure	588	–



## 5 Non-Staff Programme Costs

		2013-14 £000		2012-13 £000
Outsourced Programme Activity*		87,308		59,631
Events		30,068		15,861
Customer grants		25,186		12,682
Promotions and publications		12,698		7,524
Travel and subsistence		4,888		3,778
Market research and evaluation		1,974		1,372
IT PFI service charges		-		638
IT service charges		2,102		1,275
IT finance charge		5		4
Other costs		4,101		2,421
Non-cash items				
Depreciation	133		120	
Amortisation	2,011		1,668	
Impairment	40		306	
Loss on disposal of assets	-		1	
		2,184		2,095
		170,514		107,281
<b>Non-staff programme expenditure</b>		<b>170,514</b>		<b>107,281</b>

\*Outsourced Programme Activity consists of £56.2m for FDI activities (2012-13 £47.0m), £9.9m for Regional Trade Services (2012-13 £1.3m), £19.5m for Trade specialists (2012-13 £4.9m) and £1.7m in relation to other Trade services (2012-13 £6.4m).

The impairment in 2013-14 and 2012-13 relates to the British Embassy Pavilion, which has been subject to an impairment review as at 31 March 2014.

## 6 Income

	2013-14 £000	2012-13 £000
Fees and charges to external customers for market information reports	6,497	7,708
Income from other Government Departments	7,590	6,000
Other charges	2,240	2,394
	<b>16,327</b>	<b>16,102</b>

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

	2013-14 £000			2012-13 £000		
	Income	Full cost	Deficit	Income	Full cost	Deficit
Provision of overseas market information to UK exporters	(6,497)	11,074	4,577	(7,708)	11,035	3,327

The level of fees and charges to external customers for market information reports are not full cost recovery. The charges are set at a level that best supports UKTI's overall target of assisting 40,000 businesses in 2013–14.

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

## 7 Property, Plant and Equipment

2013-14

	Information Technology £000	Office Machinery £000	Furniture, Fixtures and Fittings £000	Assets under Construction £000	Total £000
<b>Cost or valuation</b>					
At 1 April 2013	815	51	80	–	946
Additions	6	–	753	–	759
Disposals	(74)	–	–	–	(74)
Impairment	–	–	(80)	–	(80)
Transfers	–	–	–	–	–
<b>At 31 March 2014</b>	<b>747</b>	<b>51</b>	<b>753</b>	<b>–</b>	<b>1,551</b>
<b>Depreciation</b>					
At 1 April 2013	(757)	(43)	–	–	(800)
Charge in year	(51)	(6)	(76)	–	(133)
Disposals	74	–	–	–	74
Impairment	–	–	40	–	40
<b>At 31 March 2014</b>	<b>(734)</b>	<b>(49)</b>	<b>(36)</b>	<b>–</b>	<b>(819)</b>
<b>Carrying amount at 31 March 2014</b>	<b>13</b>	<b>2</b>	<b>717</b>	<b>–</b>	<b>732</b>
<b>Asset financing</b>					
Owned	13	2	717	–	732
<b>Carrying amount at 31 March 2014</b>	<b>13</b>	<b>2</b>	<b>717</b>	<b>–</b>	<b>732</b>

## 2012-13

	Information Technology £000	Office Machinery £000	Furniture, Fixtures and Fittings £000	Assets under Construction £000	Total £000
<b>Cost or valuation</b>					
At 1 April 2012	956	51	–	445	1,452
Additions	–	–	–	–	–
Disposals	(141)	–	–	–	(141)
Impairment	–	–	(365)	–	(365)
Transfers	–	–	445	(445)	–
<b>At 31 March 2013</b>	<b>815</b>	<b>51</b>	<b>80</b>	<b>–</b>	<b>946</b>
<b>Depreciation</b>					
At 1 April 2012	(842)	(37)	–	–	(879)
Charge in year	(55)	(6)	(59)	–	(120)
Disposals	140	–	–	–	140
Impairment	–	–	59	–	59
<b>At 31 March 2013</b>	<b>(757)</b>	<b>(43)</b>	<b>–</b>	<b>–</b>	<b>(800)</b>
<b>Carrying amount at 31 March 2013</b>	<b>58</b>	<b>8</b>	<b>80</b>	<b>–</b>	<b>146</b>
<b>Asset financing</b>					
Owned	58	8	80	–	146
<b>Carrying amount at 31 March 2013</b>	<b>58</b>	<b>8</b>	<b>80</b>	<b>–</b>	<b>146</b>

## 8 Intangible Assets

2013–14

	Development costs £000	Software licence £000	Website £000	Information technology £000	Total £000
<b>Cost or valuation</b>					
At 1 April 2013	77	3,607	4,379	4,774	12,837
Additions	663	–	–	1,089	1,752
Disposals	–	(9)	–	–	(9)
Transfers	(403)	–	–	403	–
At 31 March 2014	337	3,598	4,379	6,266	14,580
<b>Amortisation</b>					
At 1 April 2013	–	(2,742)	(2,756)	(2,861)	(8,359)
Charge in year	–	(297)	(1,087)	(627)	(2,011)
Disposals	–	9	–	–	9
Transfers	–	–	–	–	–
At 31 March 2014	–	(3,030)	(3,843)	(3,488)	(10,361)
Carrying amount at 31 March 2014	337	568	536	2,778	4,219
<b>Asset financing</b>					
Owned	337	568	536	2,778	4,219
Carrying amount at 31 March 2014	337	568	536	2,778	4,219

**2012–13**

	Development costs £000	Software licence £000	Website £000	Information technology £000	Total £000
<b>Cost or valuation</b>					
At 1 April 2012	492	3,603	4,183	3,002	11,280
Additions	1,529	4	24	–	1,557
Disposals	–	–	–	–	–
Transfers	(1,944)	–	172	1,772	–
<b>At 31 March 2013</b>	<b>77</b>	<b>3,607</b>	<b>4,379</b>	<b>4,774</b>	<b>12,837</b>
<b>Amortisation</b>					
At 1 April 2012	–	(2,440)	(1,679)	(2,572)	(6,691)
Charge in year	–	(302)	(1,077)	(289)	(1,668)
Disposals	–	–	–	–	–
Transfers	–	–	–	–	–
<b>At 31 March 2013</b>	<b>–</b>	<b>(2,742)</b>	<b>(2,756)</b>	<b>(2,861)</b>	<b>(8,359)</b>
<b>Carrying amount at 31 March 2013</b>	<b>77</b>	<b>865</b>	<b>1,623</b>	<b>1,913</b>	<b>4,478</b>
<b>Asset financing</b>					
Owned	77	865	1,623	1,913	4,478
<b>Carrying amount at 31 March 2013</b>	<b>77</b>	<b>865</b>	<b>1,623</b>	<b>1,913</b>	<b>4,478</b>

## 9 Financial Instruments

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

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

## 10 Trade Receivables and Other Current Assets

### 10.1 Analysis by type

	31 March 2014 £000	31 March 2013 £000
Amounts falling due within one year		
Trade receivables	2,464	667
VAT	6,005	3,085
Prepayments and accrued income	1,257	346
	<b>9,726</b>	<b>4,098</b>

### 10.2 Intra-Government balances

	Amounts falling due within one year	
	£000	£000
	31 March 2014	31 March 2013
Balances with other central Government bodies	6,391	3,200
Balances with bodies external to Government	3,335	898
	<b>9,726</b>	<b>4,098</b>

## 11 Cash and Cash Equivalents

	31 March 2014 £000	31 March 2013 £000
Balance at 1 April	4,254	2,104
Net change in cash and cash equivalents	8,455	2,150
<b>Balance at 31 March</b>	<b>12,709</b>	<b>4,254</b>
The following balances at 31 March were held at:		
Government banking service	12,709	4,254
<b>Balance at 31 March</b>	<b>12,709</b>	<b>4,254</b>

## 12 Trade Payables and Other Current Liabilities

### 12.1 Analysis by type

	31 March 2014 £000	31 March 2013 £000
Amounts falling due within one year		
Trade payables	2,820	1,049
Accruals and deferred income	30,364	16,480
Amounts issued from the Consolidated Fund for Supply but not spent at year end	12,709	4,254
	45,893	21,783

### 12.2 Intra-Government balances

	Amounts falling due within one year	
	£000	£000
	31 March 2014	31 March 2013
Balances with other Government bodies	19,715	6,766
Balances with local authorities	7	–
Balances with bodies external to Government	26,171	15,017
	45,893	21,783



## 13 Provisions

	31 March 2014 £000	31 March 2013 £000
Balance as at 1 April	–	–
Provided in the year	355	–
Provisions utilised in the year	–	–
Borrowing Cost (Unwinding Discounts)	–	–
<b>Total</b>	<b>355</b>	<b>–</b>

### Analysis of expected timing of cashflows

	31 March 2014 £000	31 March 2013 £000
Not later than one year	–	–
Later than one year and not later than five years	355	–
Later than five years	–	–
<b>Total</b>	<b>355</b>	<b>–</b>

UKTI has an external contract for the delivery of foreign direct investment services. This contract is incentivised with 25% of the management fee based on stretch targets for quality (measured through PIMS).

This data is available 18 months in arrears. Based on historical performance and an assessment of current performance, management believes that it is probable this target will be met and have therefore provided for this fee.

## 14 Capital and other Commitments

### 14.1 Capital Commitments

	31 March 2014 £000	31 March 2013 £000
Contracted capital commitments not otherwise included in these financial statements		
Intangible assets	864	1,342
<b>Total</b>	<b>864</b>	<b>1,342</b>

The Capital Commitments relate to contracts for the development of the new Customer Data Management System and the Regeneration Investment Organisation Digital Platform.

## 15 Contingent Liabilities

UKTI has no contingent liabilities (2012-13 £1.86m).

## 16 Losses and Special Payments

During 2013–14, UKTI made no special payments and had no reportable losses (2012-13 Nil).

## 17 Related Party Transactions

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

In addition, UKTI has had a small number of transactions with other Government Departments, central Government bodies or trading funds. Most of these transactions have been with Visit Britain, the Ministry of Defence, Skills Funding Agency, Nuclear Decommissioning Authority, Natural Environment Research Council, HMRC, DECC, Cabinet Office, Design Council, the Department of Health and the Biotechnology and Biological Sciences Research Council.

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

## 18 Events After the Reporting Period

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

# Memorandum Notes Aggregating Total Resources Used To Deliver UKTI's Services

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

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

With respect to the FCO, the amounts stated are based on the latest information provided from the FCO Expenditure Allocation Report (EAR), on 5 June 2014. UKTI considers that the costs stated are reasonable estimates and are in line with management's expectations.

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

UKTI Programme amounts are taken directly from the audited accounts, which can be seen on pages 58 to 81.

## 1 Statement of Comprehensive Net Expenditure

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

	Note	UKTI Administration and Programme		BIS Administration		FCO Administration and Programme		Total	
		2013–14 £000	2012–13 £000	2013–14 £000	2012–13 £000	2013–14 £000	2012–13 £000	2013–14 £000	2012–13 £000
Staff cost	3	2,424	1,369	28,176	34,881	51,581	53,010	82,181	89,260
Other costs	4	171,102	107,281	12,303	17,452	118,352	119,706	301,757	244,439
Income		(16,327)	(16,102)	(804)	(819)	–	–	(17,131)	(16,921)
<b>Net Comprehensive Expenditure</b>		<b>157,199</b>	<b>92,548</b>	<b>39,675</b>	<b>51,514</b>	<b>169,933</b>	<b>172,716</b>	<b>366,807</b>	<b>316,778</b>

## 2 Statement of Total Resources Deployed by Sub-Objective

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

	UKTI Administration and Programme		BIS Administration		Total		
	2013–14 £000	2012–13 £000	2013–14 £000	2012–13 £000	2013–14 £000	2012–13 £000	
Trade	87,468	50,463	12,402	13,185	99,870	63,648	
Investment	40,337	27,401	5,115	5,088	45,452	32,489	
Marketing	19,959	5,944	2,293	2,891	22,252	8,835	
Chief Operating Office	6,445	5,697	7,090	11,256	13,535	16,953	
Defence & Security Organisation	2,990	3,043	7,996	8,927	10,986	11,970	
<b>Net Comprehensive Expenditure</b>	<b>157,199</b>	<b>92,548</b>	<b>34,896</b>	<b>41,347</b>	<b>192,095</b>	<b>133,895</b>	
					BIS Apportioned Overheads	4,779	10,167
					FCO Programme and Administration	169,933	172,716
					<b>Total Resources Deployed</b>	<b>366,807</b>	<b>316,778</b>

### 3 Staff Numbers and Related Costs

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

	UKTI Administration and Programme				BIS Administration				FCO Administration and Programme				Total	
	2013-14			2012-13	2013-14			2012-13	2013-14			2012-13	2013-14	2012-13
	£000			£000	£000			£000	£000			£000	£000	£000
	Perm staff	Other	Total	Total	Perm staff	Other	Total	Total	Perm staff	Other	Total	Total	Total	Total
Wages and salaries	499	1,732	2,231	1,369	22,085	381	22,466	24,383	8,458	–	8,458	9,316	33,155	35,068
Social security costs	62	–	62	–	2,045	–	2,045	2,128	402	–	402	327	2,509	2,455
Other pension costs	131	–	131	–	4,486	–	4,486	4,885	1,601	–	1,601	1,764	6,218	6,649
Exit package cost <sup>1</sup>	–	–	–	–	(569)	–	(569)	3,773	–	–	–	–	(569)	3,773
Locally employed staff costs	–	–	–	–	–	–	–	–	41,120	–	41,120	41,603	41,120	41,603
Less recoveries for outward secondments	–	–	–	–	(252)	–	(252)	(288)	–	–	–	–	(252)	(288)
<b>Total net cost</b>	<b>692</b>	<b>1,732</b>	<b>2,424</b>	<b>1,369</b>	<b>27,795</b>	<b>381</b>	<b>28,176</b>	<b>34,881</b>	<b>51,581</b>	<b>–</b>	<b>51,581</b>	<b>53,010</b>	<b>82,181</b>	<b>89,260</b>

1. The negative exit package costs of £569k relates to the reversal of an over accrual in 2012-13.

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

Staff numbers consisted of:

	UKTI Programme and Administration				BIS Administration				FCO Administration and Programme				Total	
	2013-14			2012-13	2013-14			2012-13	2013-14			2012-13	2013-14	2012-13
	Perm staff	Other	Total	Total	Perm staff	Other	Total	Total	Perm staff	Other	Total	Total	Total	Total
	Perm staff	Other	Total	Total	Perm staff	Other	Total	Total	Perm staff	Other	Total	Total	Total	Total
<b>Total</b>	<b>14</b>	<b>28</b>	<b>42</b>	<b>20</b>	<b>500</b>	<b>17</b>	<b>517</b>	<b>579</b>	<b>1,352</b>	<b>–</b>	<b>1,352</b>	<b>1,283</b>	<b>1,911</b>	<b>1,882</b>

### 3.1 Reporting of Civil Service compensation schemes – exit packages

Exit package cost band	Number of exit packages by cost band	
	2013–14	2012–13
Less than £10,000	–	–
£10,000 – £25,000	–	13
£25,000 – £50,000	–	34
£50,000 – £100,000	–	22
£100,000 – £150,000	–	3
£150,000 – £200,000	–	2
£200,00 – £250,000	–	–
More than £250,000	–	–
<b>Total number of exit packages</b>	–	<b>74</b>
<b>Total cost (£)</b>	–	<b>3,773,114</b>

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 in full in the year of departure. Where early retirements have been agreed, the additional costs are met by BIS. All exit packages were voluntary.

## 4 Other Costs

	UKTI Admin and Programme		BIS Administration		FCO Admin and Programme		Total	
	2013-14 £000	2012-13 £000	2013-14 £000	2012-13 £000	2013-14 £000	2012-13 £000	2013-14 £000	2012-13 £000
<b>Expenditure</b>								
PFI service charges	–	638	1,832	1,800	–	–	1,832	2,438
Finance charge	5	4	–	–	–	–	5	4
Outsourced programme activity	87,571	59,631	–	–	4,303	4,443	91,874	64,074
Customer grants	25,186	12,682	–	–	–	–	25,186	12,682
Promotions and publications	12,698	7,524	103	245	–	–	12,801	7,769
IT service charge	2,102	1,275	518	152	794	601	3,414	2,028
Market research & evaluation	1,974	1,372	–	–	–	–	1,974	1,372
Events	30,068	15,861	78	79	–	–	30,146	15,940
Travel and subsistence	5,088	3,778	2,190	2,196	6,411	6,875	13,689	12,849
Rentals under operating leases	–	–	–	–	–	–	–	–
Accommodation	–	–	2,262	2,232	23,587	24,966	25,849	27,198
Programme	–	–	–	–	98	1,672	98	1,672
Other costs	4,226	2,421	2,803	2,814	4,473	5,552	11,502	10,787
<b>Non-cash items</b>								
Depreciation	133	120	–	–	5,535	6,542	5,668	6,662
Amortisation	2,011	1,668	–	–	–	–	2,011	1,668
Impairment	40	306	–	–	–	–	40	306
Loss on disposal of assets	–	1	–	–	–	–	–	1
Apportionment of central overheads attributable to UKTI activities	–	–	2,484	7,907	73,118	69,028	75,602	76,935
Auditor's remuneration	–	–	33	27	33	27	66	54
<b>Non-staff expenditure</b>	<b>171,102</b>	<b>107,281</b>	<b>12,303</b>	<b>17,452</b>	<b>118,352</b>	<b>119,706</b>	<b>301,757</b>	<b>244,439</b>

## 5 Income

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

## 6 Capital Employed

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

	UKTI £000	BIS £000	FCO £000	Total £000
Carrying amount at 31 March 2014	4,951	–	–	4,951
Carrying amount at 31 March 2013	4,623	–	–	4,623

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



# Annex A Performance Framework and Resources

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

## UKTI Performance Measurement Framework

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

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

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

### Results for Inward Investment (2012-13)<sup>1</sup>

Number of Inward Investment Involved Successes: 1322

*Of which:*

- Proportion which are High Quality or Good Quality: 79%
- Proportion which are High Quality: 47%
- Proportion which are Good Quality: 33%

Proportion reporting significant influence: 79% Proportion overcoming barriers: 58%

Quality of service: 81% Satisfaction: 81%

### Results for Trade Services (2012-2013)<sup>2</sup>

Number of businesses assisted: 34,820

*Of which:*

- Number innovative: 29,770
- Number expecting substantial growth: 14,960
- Number new to exporting: 5,990

£ Additional sales: £51.8bn

### Total jobs created or safeguarded: 177,910

*Of which:*

- Additional jobs created: 66,340
- Jobs safeguarded: 111,570

% improve medium-term productivity and profit:

- All UKTI trade services 52%
- Intensive support: 69%
- Other tailored support: 53%
- Outreach events: 40% Number increasing R&D: 4,250

% reporting significant business benefit: 70%

Quality:

- All trade services: 78%
- Intensive support only: 88%

Satisfaction:

- All trade services: 77%
- Intensive support only: 84%

Revenue:

- Total UKTI revenues of £16.3m

### Definitions of Measures Used in the Performance Framework:

#### Trade Support:

All UKTI's performance measures are reported on the basis of results from the independent Performance and Impact Monitoring Survey (PIMS). Full results of these surveys, and detailed discussion of the methodology, including the questions used to derive the measures, are published on the UKTI website at: [www.ukti.gov.uk/](http://www.ukti.gov.uk/)

<sup>1</sup> The policy logic model for UKTI is set out in detail in BIS Economics Paper No 13: International Trade and Investment – the Economic Rationale for Government Support (May 2011), Chapter 7. This paper provides the economic evidence underpinning the new UKTI strategy published in May 2011. All results relate to inward investment projects reported for 2012-13. This is because 2013-14 figures are not available at the time of preparing this report. Figures derived from PIMS are available with a year lag because interviews for PIMS are carried out between 6-12 months after the project was recorded as an involved success.

<sup>2</sup> Results for trade services relate to activity delivered between October 2012-September 2013, as measured through PIMS interviews carried out between April 2013-March 2014. PIMS results for activity delivered during f/y 2013-14 will be available at end of September 2014.

## Businesses Assisted

### (a) Number of Businesses Assisted:

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

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

Definition: PIMS respondents are asked about characteristics of their business, including R&D activity and other key indicators of innovation, and are classified as innovative if they report such characteristics. The indicators used for this classification are based on relevant questions from the Community Innovation Survey, and are defined to capture innovation in service sectors as well as in manufacturing. Full details are published in the annual reports on PIMS on the UKTI website at [www.ukti.gov.uk](http://www.ukti.gov.uk). The fraction of respondents classified as innovative is grossed up to provide an estimate of the number of innovative businesses helped.

### (c) Number of businesses expecting substantial growth:

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

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

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

### (e) % reporting significant business benefit:

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

**(f) Additional sales: Further details are provided on the Technical note on Measurement on Financial Benefits Generated by UKTI Trade Services in Annex B.**

### (g) Jobs created and safeguarded:

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

### (h) Quality:

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

### (i) Satisfaction:

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

## Inward Investment

FDI Involved Successes

### (a) Number of involved inward investment successes:

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

### (b) Number of “high value” and “good quality” projects:

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

A new set of definitions and criteria were introduced in 2013-14. This will be reported in detail in next year’s report.

### (c) Jobs:

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

### (d) % influenced:

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

### (e) Quality: As for Trade.

### (f) Satisfaction: As for Trade.

## Annex B Technical Note: UKTI's Monitoring and Evaluation Evidence

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

An estimate of total financial benefits generated by UKTI trade services is published annually by UKTI – PIMS reports by OMB Research (<https://www.gov.uk/government/publications/ukti-performance-and-impact-monitoring-surveys-q4-201314-summary-results-pims-31-34-march-2014>). Results published at the end of March 2014, based on surveys carried out during the financial year 2013-14, reported estimated total benefits of £51.8 billion measured in terms of additional sales attributed by UKTI trade clients to the support provided.

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

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

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

- **Discounting:** Expected future profits are discounted at 8% and counted over a limited period, normally up to five years, exceptionally up to a maximum of 10 years. After this period, the discount rate is, in effect, increased to 100%.

- **Additionality:** Two separate additionality tests are applied. Benefits which are not explicitly attributed by the client directly to the support are excluded. Clients who state that they could have achieved similar results without support are classified as having achieved zero additional sales.
- **Consistency:** Additional profits attributed to UKTI by the client are not counted, unless the client has also reported significant impact on one or more qualitative indicators, showing how the service had enabled the additional profits to be made.

Details of these adjustments, and of their effects on the mean reported additional profit attributable to UKTI support, are published quarterly in the summary reports by OMB Research on PIMS results. A more detailed description is provided by OMB Research in its full annual report on PIMS. Analysis of PIMS data shows that the significant qualitative impacts most frequently reported by UKTI clients, who consider that the support has enabled them to generate additional profit and sales revenues are:

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

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

The very high financial benefits reported by UKTI clients have been a consistent finding over the 7 years covered by the PIMS research, and are also consistent with evidence from evaluations using other methodologies. Further qualitative insight into how the services achieve such high impact can be gleaned from case studies carried out as part of PIMS follow up qualitative research. Reports are available at: <http://webarchive.nationalarchives.gov.uk/20131124144306/http://www.ukti.gov.uk/uktihome/aboutukti/ourperformance/performanceimpactandmonitoring/survey/qualitativesurveys.html>

Alternative estimates of the additional sales resulting from UKTI trade support are available from quantitative evaluations of specific trade services, which are carried out by independent contractors as part of UKTI's rolling programme of depth evaluations. These studies use econometric techniques to compare the performance of supported firms with that of a matched comparison group of non-supported firms. Two quantitative impact evaluations were completed during 2012:

- *Evaluation of Trade Advisory Services delivered by the International Trade Teams in the English Regions (London Economics 2012)*: The analysis used data from a purpose designed survey of 300 users, and a matched sample of 300 non-user businesses. It found that UKTI support resulted in 11% faster growth over a 2 year period, and was also associated with a higher probability of entering new markets.
- *Economic Impact Evaluation of UKTI's Overseas Market Introduction Service (Breinlich, Mion, et al Essex, LSE, and Warwick University; 2012)*: The study matched client data to data on the wider population of UK businesses<sup>1</sup>. Econometric techniques were then used to evaluate the impact of service use on the performance of the client businesses. The study estimated that the mean effect of OMIS on employment and total turnover growth, over a two year period, was £1.5m additional turnover, and 7 additional jobs. At the median, the impact was £611,000 additional turnover, and 3 additional jobs.

These estimates are of a similar order of magnitude to those obtained from PIMS. Full reports on these and other evaluation research are available at: <http://webarchive.nationalarchives.gov.uk/20131124144306/http://www.ukti.gov.uk/uktihome/aboutukti/ourperformance/evaluation.html>

A further two quantitative impact studies were commissioned in 2013 and will report later in 2014. The evaluations aimed to:

- Assess the impact of UKTI trade services on UK goods exports by linking UKTI client reported to HMRC data and data on the UK business population.
- Assess the impact of UKTI trade and investment services by linking UKTI client records to data on the UK business population.

#### Other Possible Measures of Benefit

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

- **Additional exports**: This measure was commonly used in evaluations of trade services carried out in the UK prior to 2002, and featured in the Public Service Agreement Targets for British Trade International for the period 1999-2002<sup>2</sup>. For the Spending Review period 2002-04, it was replaced by a measure of improved business performance of users of the trade services, where performance was defined in terms of improved productivity and profitability over the medium term. This change reflects the fact that export activity is not an end in itself, but benefits businesses and the UK economy through enabling companies to improve their performance, and achieve stronger growth than would otherwise be possible. Focus on additional exports can potentially be misaligned with the business development needs of a company, whereas focus on a business performance improvement target ensures clear alignment with these needs.

<sup>1</sup> The study used the OFLIP database which was compiled by Christian Helmers and the late Mark Rogers (Oxford), and incorporates data from FAME based on Companies House records, together with publicly available data on intellectual property ownership from IPO and other sources.

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

Moreover, focus on exports would substantially understate the impact of trade services, both in terms of benefit to the supported firm, and in terms of impact on net exports. This is because the improvements to products and services, and to productivity, which result from the services, have a favourable impact on the firm's competitiveness and performance in all its markets, including in the UK domestic market.

- **Gross Value Added (GVA):** This measure is often used in the context of evaluating other forms of publicly funded business support. However, as the measure includes wages, there is a need to take into account the likelihood that staff in the supported business might be able to earn similar wages in another company or sector, possibly in another UK region. The measure should therefore be reported net of displaced alternative wage earnings, either at regional or national level, as appropriate in context. If this displacement is not taken into account, estimates of GVA will substantially overstate the impact of business support. However, displacement is very difficult to measure.

### Calculation of Total Benefit

The method of calculation of the £51.8bn estimated total additional revenues generated by UKTI trade services is summarised below, in three parts:

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

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

- Firms asked to estimate the expected benefit in terms of bottom-line profit £, or in terms of additional sales, if easier for the client to estimate.
- Future expectations allowed for (using annual discounting rate of 8%); number of years in the future is normally capped at five years, for example when the respondent says the revenues will continue "indefinitely". Exceptionally, up to 10 years are counted, where the respondent is specific about the number of years.

- Allowance made for actions not taken as a result of support. This adjustment takes account of the client's assessment of the costs and benefit which might have been achieved through these foregone actions.
- Adjustment for non-additionality Total profit is weighted by proportion "would have realised anyway", based on the client's own judgment.
- Consistency check and further additionality check: Adjusted to zero if no impact has been recorded against at least one of two qualitative impact measures, namely, "change in behaviour (PIMS measure A83)" or "barriers to market access overcome" (PIMS measure A92). Impact is classified as zero in these qualitative measures if the firm has said it would have achieved similar results in any case.

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

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## Annex C Key Sources of UKTI Data

The key source of data for measuring how UKTI is performing against our targets is UKTI's Customer Data Management System (CDMS), a Microsoft Dynamics CRM system, which provides the foundation information used within PIMS. The system was launched in April 2013 with PIMS corporate management reports coming on stream in July 2013.

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

PIMS – our key performance measurement tool. It is an independent survey of our performance, carried out on our behalf by a leading market research organisation, OMB<sup>1</sup>.

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

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

<sup>1</sup> PIMS Research Reports, providing quarterly assessments of our performance can be found at [www.ukti.gov.uk](http://www.ukti.gov.uk)



## Annex D Private-Sector Sponsorship

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

During 2013–14, UKTI received the following private-sector sponsorship (only sponsorship exceeding £5,000 for a single event is shown here).

### Sponsorship table of amounts received during 2013–14

Sponsor	Amount (£)	Event Note
Ernst & Young LLP	90,000	WVIP Visit to China
Jaguar Land Rover Automotive Trading (Shanghai) Co Ltd	30,000	Walpole Medals Of Excellence Event
Coutts	Non-monetary estimated value £10,000	Exporting is GREAT promotional window display
HSBC	90,000	Global Investment Conference 2013
Ernst & Young LLP	40,000	Global Investment Conference 2013
Cisco/BT	25,000	G8 Innovation Conference
HSBC	25,000	G8 Innovation Reception
Ove Arup	5,000	Sponsorship of UK ASEAN Business Council
JCB	5,000	Sponsorship of UK ASEAN Business Council
Benoy	15,000	Sponsorship of UK ASEAN Business Council
Jaguar Land Rover	15,000	Sponsorship of UK ASEAN Business Council
Monitise	15,000	Sponsorship of UK ASEAN Business Council
Diageo	15,000	Sponsorship of UK ASEAN Business Council
Matheson & Co	15,000	Sponsorship of UK ASEAN Business Council
Prudential	15,000	Sponsorship of UK ASEAN Business Council
Standard Chartered	15,000	Sponsorship of UK ASEAN Business Council
Prudential	6,000	GREAT Burma
Standard Chartered	6,000	GREAT Burma
BG	9,000	GREAT Burma

This table is not subject to audit.

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

## Annex E The Business Ambassadors Network

In 2013–14, the Business Ambassadors' expertise and international experience helped to supplement the work of Government Ministers and senior officials, by providing tremendous impetus to the UK's trade and investment activities, and helping to raise UK plc's profile globally.

Business Ambassadors represent a unique and valuable resource, reinforcing the important role that top business and academic leaders can play in promoting the UK's strengths and expertise.

### Business Ambassadors in the year included:

Name	Company
Lord Marland of Odstock	Prime Ministers Trade Envoy (to December 2013)
Sir Anthony Bamford	Chairman and Managing Director JCB
Danielle Alexandra	London Film and Television Group
Nick Allott, OBE	Managing Director, Cameron Mackintosh
Ayman Asfari	Group Chief Executive, Petrofac
Martin Bean	Vice-Chancellor, The Open University
Marc Bolland	CEO, Marks & Spencer
Sir Roger Bone	President, Boeing UK
Ana Botin	CEO, Santander UK
Samir Brikho	Chief Executive, AMEC
Amjad Bseisu	CEO, EnQuest plc
Sir George Buckley	Chairman, Arle Capital
Sir William Castell LVO	Chairman, Wellcome Trust
Ron Dennis CBE	Chairman, McLaren Group, McLaren Automotive
Rona Fairhead CBE	Formerly of Pearson plc, Chairman of HSBC North America Holdings Inc,
Harriet Fear	Chief Executive, One Nucleus
Douglas Flint CBE	Group Chairman, HSBC Holdings plc
Nick Fry	Former CEO, Mercedes GP/Mercedes AMG F1
Lucian Grainge CBE	Chairman and CEO, Universal Music Group
Sir Malcolm Grant CBE	Chairman, NHS England
Katherine Garrett-Cox CBE	Chief Executive, Alliance Trust
Dr Hermann Hauser CBE	Co-founder, Amadeus Capital Partners
Anya Hindmarch MBE	Founder, Anya Hindmarch
Brent Hoberman	Co-Founder, Made.com and Founders Forum
The Professor Lord Ajay Kakkar	University College London
Saul Klein	Partner, Index Ventures
Professor Dame Julia King CBE, DBE, FREng	Vice-Chancellor, Aston University

Name	Company
Sir Richard Lambert	Chancellor, Warwick University
Will Lawes	Senior Partner, Freshfields Bruckhaus Deringer
Dr Mike Lynch OBE, FREng	Founder, Invoke Capital
Alastair Lukies	CEO and Co-Founder, Monetise
Ruby McGregor-Smith CBE	Chief Executive, Mitie
Carolyn McCall OBE	Chief Executive, easyJet
Andrew McNaughton	Former Chief Executive, Balfour Beatty
Tamara Mellon OBE	Founder and former CEO, Jimmy Choo
Archie Norman	Chairman, ITV
Sir Richard Olver KBE, FREng	Former Chairman, BAE Systems
Sir Alan Parker	Chairman, Brunswick Group
Caroline Plumb	CEO, FreshMinds Group
Paul Polman	CEO, Unilever
Lord Charles Powell of Bayswater	Board member of several international companies
Farah Ramzan-Golant CBE	Chief Executive, All3Media
Joanna Shields OBE	Chair, Tech City Investment Organisation
Rupert Soames	Chief Executive, Serco
Sir John Sorrell CBE	Chairman, London Design Festival, and Co-Chair, The Sorrell Foundation
Robin Southwell OBE, FRAes	CEO, European Aeronautic Defence & Space Company (EADS) UK
Anna Stewart	Chief Executive, Laing O'Rourke
Tidjane Thiam	Group Chief Executive, Prudential plc
James Townsend	CEO, Velcourt Group
Steve Varley	Sub-Area Manager Partner, EY
Paul Walsh	Chairman, Compass, Former CEO, Diageo
Timothy Wates	Director, Wates Group
Rt Hon Brian Wilson	Chairman, Harris Tweed Hebrides; Former Minister for Trade; and for Energy
Sir Andrew Witty	Chief Executive Officer, GSK

## Annex F Sector Advisory Groups and Chairs

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

### The Groups and their Chairs are:

Group name	Chair
Creative Industries Sector Advisory Group	Tim Davie, Chair, CEO of BBC Worldwide
Overseas Promotion Committee	Robert Gray: Chairman, Debt Finance and Advisory, HSBC
Construction	Terry Hill: Chairman, Arup Group Trusts at Arup Group Ltd
Airports	Peter Budd: Global Business Leader, Aviation Arup, Scotland
Environment and Water	Mark Lane, Consultant to Pinsent Masons LLP and Chair of British Water
Global Sports Projects	Jon Tibbs: Jon Tibbs Associates Ltd
Rail	John Moore CEO, Rail Division, Balfour Beatty PLC
Security	Michael Clayforth Carr, Executive Direct at Selex ES Ltd and Chairman Selex ES International Ltd
Defence	Alex Dorrian CBE Non-Executive Chairman, Thales Ltd
Professional and Business Services Council	Co-chaired by Lord Younger, Parliamentary Under Secretary of State for Intellectual Property and Michael Snyder, Senior Partner at Kingston Smith
Agritech Leadership Council	Co-Chaired by David Willetts, Minister of State for Universities and Science, Lord de Mauley, DEFRA Minister for Science and Judith Batchelor, Brand Director for Sainsbury's
Financial Services Trade and Investment Board	Charles Roxburgh, Chair, HMT
Marine Industries Alliance Export Group (MIAEG).	Andy Linegar, Babcock International
Nuclear Trade And Investment Working Group (Part of the Nuclear Industries Council)	Tom Jones, Vice President, Clean Energy, Europe, AMEC
Oil and Gas Advisory Group	Trevor Garlick, President North Sea and Norway, BP
International Education Council	Co-chaired by David Willetts, Minister of State for Universities and Science, and Sir Eric Thomas, our International Education Champion
Ports	Simon Bird, CEO, Port of Bristol

## Annex G Acronyms

AME	Annually Managed Expenditure
AO	Accounting Officer
ARAC	Audit and Risk Assurance Committee
BIS	Department for Business, Innovation & Skills
C&AG	Comptroller and Auditor General
CBE	Commander of the British Empire
CBI	Confederation of British Industry
CETV	Cash Equivalent Transfer Value
CEO	Chief Executive Officer
CFER	Consolidated Funds Extra Receipts
CSC	Civil Service Code
CMG	Companion of the Order of St Michael and St George
CODM	Chief Operating Decision Maker
CRM	Customer Relationship Management
DECC	Department of Energy & Climate Change
DEL	Departmental Expenditure Limit
DFID	Department for International Development
EAR	Expenditure Allocation report
EE	Economics & Evaluation
ESA	European System of Accounts
EU	European Union
FCO	Foreign & Commonwealth Office
FDI	Foreign Direct Investment
FReM	Financial Reporting Manual
FTA	Free Trade Agreements
FY	Financial Year
GEP	Global Entrepreneur Programme
GIC	Global Investment Conference
HM	Her Majesty's
HMRC	Her Majesty's Revenue and Customs
HMT	Her Majesty's Treasury
HQ	Headquarters
HR	Human Resources
HVO	High Value Opportunities
IAS	International Accounting Standards
IBDF	International Business Development Forum
ICT	Information and Communications Technologies

liP	Investors in People
ITA	International Trade Adviser
MSEU	Ministerial & Strategic Engagement Unit
MD	Managing Director
MOD	Ministry of Defence
MP	Member of Parliament
NAO	National Audit Office
NHS	National Health Service
NCR	Net Cash Requirement
OBE	Order of the British Empire
OBNI	Overseas Business Network initiative
OMIS	Overseas Market Introduction Service
ONS	Office for National Statistics
PCPF	Parliamentary Contributory Pension Fund
PIMS	Performance Impact Measurement Survey
R&D	Research and Development
SIC	Statement on Internal Control
SME	Small and Medium-Sized Enterprise
SoPS	Statement of Parliamentary Supply
SSRB	Senior Salaries Review Body
ToR	Terms of Reference
UK	United Kingdom
UK SBS	UK Shared Business Services
UKTI	UK Trade & Investment
UKTI DSO	UKTI Defence & Security Organisation
VAT	Value Added Tax
VFM	Value For Money

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