

The UK Commission aims to raise UK prosperity and opportunity by improving employment and skills. Our ambition is to benefit employers, individuals and government by advising how improved employment and skills systems can help the UK become a world-class leader in productivity, in employment and in having a fair and inclusive society: all this in the context of a fast-changing global economy.

Because employers, whether in private business or the public sector, have prime responsibility for the achievement of greater productivity, the UK Commission will strengthen the employer voice and provide greater employer influence over the employment and skills systems.

Having developed a view of what's needed, the UK Commission will provide independent advice to the highest levels in government to help achieve those improvements through strategic policy development, evidence-based analysis and the exchange of good practice.

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**ANNUAL REPORT**  
**2008 – 2009**

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“The initial period of any organisation’s life is always an exciting one.”

## Foreword by Sir Mike Rake Chairman



The initial period of any organisation’s life is always an exciting one. But, as a unique organisation tasked with boosting the productivity and prosperity of the UK through improving employment and skills, it has been particularly challenging in the face of a global economic downturn.

The UK Commission for Employment and Skills is charged with ensuring that the UK’s employment and skills systems contribute towards both economic competitiveness and social cohesion. The truth is we are making progress, at least on the first of these ambitions. But in too many areas, other countries are making smarter, faster progress. Analyses of the UK’s performance show that we are losing ground, or at risk of losing ground, in relation to many key measures of employment, skills and productivity. If we are to ensure that we retain a competitive edge, and live in a fairer, more equal society, we must be prepared to take radical steps to further ‘up’ our game.

This document outlines in part how the course of that action might be determined, and how the UK Commission is working to help the UK achieve world-class standing in employment, skills and productivity.

Clearly, there are challenges ahead which must not be underestimated. But I am confident that we have made a good start and that progress towards achieving our objectives will continue despite these turbulent times. This is thanks in no small part to the dedication of my fellow Commissioners and the professionalism of the staff of the UK Commission, under the excellent leadership of Chris Humphries. My thanks go to them, and to the government departments across the UK, partners, stakeholders and Sector Skills Councils who have given so freely of their time, advice and expertise over the past year. I look forward to working with you over the forthcoming year to turn even more of our aspirations into reality.

A handwritten signature in black ink that reads "Mike Rake".

**Sir Mike Rake**  
Chairman  
UK Commission for Employment and Skills

“The UK Commission aims to raise UK prosperity and opportunity by helping to create world-class employment and skills systems throughout all four UK nations.”

## Message from the Chief Executive

### Chris Humphries CBE



**The UK Commission aims to raise UK prosperity and opportunity by helping to develop world-class employment and skills systems in all four UK nations. As a strategic advisory body, the UK Commission has influence, rather than authority. We will only effectively contribute to achieving these goals through the influence of our Commissioners, the quality of our research, the persuasiveness of our argument, the understanding we have of delivery and the effective partnerships we build with other organisations. In short, our success depends entirely on our people.**

The publication of this Annual Report marks the end of a challenging, but very rewarding first year. Although it is still early days, the overall response to the UK Commission's initial work programme has been positive, and we have been delighted with the support we have received from stakeholders across the UK.

Our first five-year Strategic Plan is now complete, covering the period to 2014, setting out a long-term work programme that will contribute to achieving our goals. During the year we also produced and published a one-year Business Plan to introduce a series of changes and progressive improvements in the employment and skills systems of our nations. We need to ensure our employers become ever-more productive and that we unleash the talents of all our people.

As we enter our second year, our challenge will be to assist in the short-term mitigation of the recession on the UK while ensuring we keep a strong eye on the long-term goals. Putting strategies and plans in place will enable the UK's employers not only to survive the economic downturn but to thrive when recovery starts. In addition, we will build stronger links with the pre-19 education system to help ensure a strong flow of well qualified young people into the workforce.

None of this would have been possible without the dedication of the UK Commission staff and the support of all our sponsoring departments. The UK Commission came together quickly, to form a functioning organisation with its own ethos, culture and values. I would also like to pay special tribute to Sir Mike Rake, who has shown indefatigable enthusiasm as our Chairman, and to the rest of the Commissioners whose leadership ensures we deserve to be called 'employer-led'.

A handwritten signature in black ink, appearing to read 'CH' followed by a stylized surname.

Chris Humphries CBE  
Chief Executive  
UK Commission for Employment and Skills

# What we do

The UK Commission for Employment and Skills was created to champion the development of an effective and more demand-led skills and employment system across the UK and encourage greater employer investment in people.

## We deliver this role through:

- Drawing on the expertise and understanding of employers who are already heavily engaged in building effective skills arrangements across the UK for each sector of the economy
- Developing our reputation as a credible and relevant voice and influential expert by fostering effective relationships with employers, the UK Government, the Devolved Administrations and other partners
- Undertaking a comprehensive stakeholder mapping exercise to ensure that our staff engage effectively and appropriately with relevant interests to inform work in pursuit of our objectives.

## In forming our advice to the UK Government and Devolved Administrations, we perform the following roles:

- Monitor and challenge the performance of parts of the national employment and skills systems in creating sustained employment and career progression
- Recommend systematic improvements in policy and delivery – including the better use of skills at all levels – through strategic policy development, evidence-based analysis and the exchange of good practice
- Suggest further innovations and advise how employment and skills related services, working together, can deliver a more effective and integrated service for employers and individuals.

In conducting our work, we provide vigorous and independent challenge, advising the UK Government and Devolved Administrations at the highest levels on employment and skills strategy, targets or national indicators and policies. We take account of the devolved nature of skills policy in Scotland, Wales and Northern Ireland, and employment in Northern Ireland and negotiate how we operate within this context. All our work considers issues of equality of access and opportunity for all in building a sustainable economy, and is underpinned by a strong evidence-base from research and analysis of policy and practice to ensure that the advice and recommendations put to Ministers are robust and of the highest quality.

# In the beginning...

The UK Commission was launched with a full agenda and high expectations. Recommended by Lord Sandy Leitch in his much anticipated 2006 review of skills, it aims to benefit individuals, employers, government and society across all four nations. With a new organisation of a mere 70 staff at the outset, achieving these ambitions by the end of the period presented a set of unique challenges.

Our first year has focused on developing the UK Commission, our knowledge base and, through our first recommendations to government, our reputation. We have worked to develop a clearer picture of the existing employment and skills systems, as well as the experience of employers and individuals in engaging with these systems. Looking at the approaches to developing and utilising skills in the workplace has given us a foundation for future recommendations.

## Priorities

Our priorities for the year, as laid out in the 2008/09 Business Plan, were to:

- Establish the UK Commission as a functioning organisation, including preparation of our five-year strategic plan
- Assess the UK's progress towards becoming a world leader in employment and skills by 2020
- Prepare work for our 2010 review of the employment and skills system
- Begin reforming, re-licensing and empowering Sector Skills Councils (SSCs)

- Offer a holistic view of the employment and skills systems, including higher education, and how they could be better organised to meet the needs of employers and individuals
- Advise the UK Government on how the employment and skills system in England can be made simpler for employers and individuals to access.

## The challenges facing us

By providing independent advice to the highest levels of UK Government we aim to benefit individuals, employers, government and society across all four nations. Our work will show how improved employment and skills systems can help the UK become a world-class leader in productivity, in employment and in having a fair and inclusive society; all in the context of a fast-changing global economy.

# ...In the beginning

If our work is successful, then the UK will see the following sustainable benefits:

### For individuals:

- Increased employability and good careers advice
- The transferable and specialist skills to remain employed
- Increased support from employers to utilise and develop the skills they have
- The opportunity to further develop skills or retrain for a new career as part of their career progression

### For employers:

- An employment and skills system that provides employees with good basic skills, plus entry level expertise and a willingness to learn
- The ability to influence the system so that it continues to meet their needs
- Improved access to training to upskill their workforce, and bring a return on their investment
- An evidenced business case for investment in and utilisation of the skills of their workforce

## For the UK Government and Devolved Administrations:

- Robust, evidence-based advice to inform decision making on the skills and employment system, to provide an efficient public provision of services
- Qualifications and workforce development led by employer needs
- The workforce and economy moving towards government targets for increased employment and upskilling of the workforce through an improved system and increased employer investment

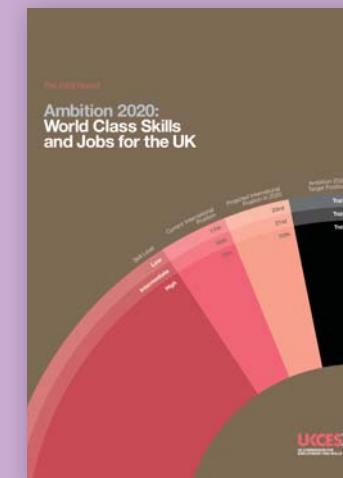
For society

- Increased prosperity, with employment opportunity and sustainable careers for all

# Our achievements and performance

# State of the Nations

“Ambition 2020” is the first annual State of the Nations report which tracks UK progress towards the 2020 vision to make the UK a world-class leader in employment and skills. It provides an overall assessment of how the system is performing, it benchmarks progress internationally, tracks trends in skills employment and productivity and anticipates future demands. The report was published in May 2009.



# Employment and skills services

**This programme comprised a number of projects looking at different aspects of the employment and skills systems. The work has begun to establish a clearer picture of the current system and opportunities for improvements. The projects will make recommendations and feed into the 2010 review on the integration of employment and skills services.**

## **Simplification of Skills**

From the outset, the Chairman and members of the UK Commission called for the urgent 'simplification' of the UK's employment and skills system. The Secretary of State for Innovation, University and Skills made an early request to the UK Commission to "advise the government on simplification of post-19 training and skills in England". The UK Commission has now set 'simplification' as its highest priority, and presented a set of proposals to government in Autumn 2008 which were accepted.

Our proposals effectively provide employers with two connected points of access to education, employment and skills services. Our first phase proposal was to simplify the experience of employers through 'hiding the wiring' of skills services in England and ensure the offer is closely aligned to their overall business strategy and objectives. In Phase 2, further work on longer term changes, including systemic and procedural changes that would "simplify the wiring", commences in 2009.

## **talentmap™**

Since the latter part of 2007 the UK Commission has been working with employer partners and stakeholders to develop and test the concept of an online tool, which helps employers work more effectively to support and benefit from current opportunities available with the publicly funded education, employment and skills systems. The outcome is talentmap™, a webtool which helps to simplify the complex skills and employment landscape for employers. Through talentmap™ employers can find out about current opportunities available with the publicly funded education, employment and skills systems.

Sir Mike Rake presented the project to the Prime Minister in July 2008. As a result, government agreed to move forward to a second phase of work to refine and test the technology. This phase involved governments across the UK, HMRC/Business Link, employers and employer organisations and was successfully completed in November 2008. Ministers approved further funding of £3.4 million for 2008/9 and 2009/10 for the UK-wide development, roll-out and maintenance of the talentmap™.

The core concept of the talentmap™ is to create a single point of contact for employers, to simplify their experience by:

- Bringing together in one place, as a framework for planning as well as an online tool, the different ways in which employers can support schools, colleges, universities and training providers for the benefit of learners and their own workforce

- Enabling employers of all sizes to do more to develop the talent and skills that they need to sustain and improve their current and future competitiveness
- Providing an interactive web tool to help streamline access to training, support and funding through search functions, whilst providing opportunities to share knowledge and link with education providers
- Hiding the 'hard wiring' of the system and focus on products and activities rather than delivery organisations.

A beta test version of the online talentmap™ became available in the spring of 2009 and the tool will be officially launched in July 2009.

The talentmap™ tool will be available through businesslink.gov.uk as well as a wide variety of other partner sites.

**In addition to the above, we have advised on innovations and policy improvements that will improve the employability of both new entrants to the workforce and those already in work. This has been achieved through a number of additional projects as detailed below:**

## **Employability Skills**

On 10 February 2009 we launched The Employability Challenge report. The report calls on all publicly funded education and training providers to put employability skills at the heart of what they do, and sets out how providers of learning can successfully develop the employability of all their students. It challenges policy makers, funding bodies and awarding organisations to use leverage to stimulate this organisational change.

We produced the report in response to employers' concerns about why, after years of discussion about employability skills, far too few candidates have these skills. Both the CBI and the TUC expressed these concerns as far back as 1989. Drawing on the expertise and practice of over 200 organisations, the report sets out six principles which underpin effective teaching and learning practice in developing employability. These principles are practically illustrated by drawing on 20 case studies.

This report is particularly relevant in the current recession. While qualifications are essential they can only get a candidate on to the long-list; getting the job is dependent on the individual's ability to demonstrate the right attitudes, behaviours and skills.

## **Review of Employer Collective Measures**

This review considers the policy levers available to stimulate employer investment in skills and the costs and benefits of varying policy options. The first four phases of the Collective Measures project were commissioned during the year. The bulk of the work is being undertaken by a consortium of the Institute of Employment Studies, Institute for Employment Research, Policy Research Institute, Ipsos MORI and the research centre, Skills Knowledge Organisational Practice and the Economy. The study completes in Autumn 2009.

## Underpinning research and policy analysis programme

**During the year we took forward an analytical research programme to understand fully the policies and performance of the employment and skills systems. Based on solid evidence this included reviews of 'what we know' about key employment and skills issues, research studies to fill identified gaps in knowledge, and policy analysis and evaluation of what works on a UK and international basis.**

Some of the highlights during the year include:

### **Working Futures 2007-17**

Published in January 2009, Working Futures 2007-17 provides common and comparable forecasts of occupational employment for the UK over the next ten years. It offers a sound statistical foundation for deliberations over future demand for partners within the skills and employment system. Despite the current crisis in both the world and the domestic economy, a more optimistic picture is projected for the labour market over the long term to 2017. Employment is projected to continue to rise over the decade as a whole, with the potential for up to 2 million new jobs in the UK economy, most of which will require higher level skills.

**"During the year the UK Commission took forward a research and policy analysis programme to understand fully the policies and performance of the employment and skills systems."**

### **Skills for the Workplace: Employer Perspectives**

This study, originally commissioned by the Sector Skills Development Agency, surveyed the perspectives of 13,500 employers. Published in October 2008, the survey covered skills challenges experienced by employers; training and working practices; and their views on varying aspects of education. The survey has provided useful insights for the us in the development of a future UK-wide employer survey tool.

### **Labour Market Analysis**

The UK Commission has been tasked with providing the "big picture" on skills and employment across the UK. This requires undertaking world-class labour market analysis and effectively collecting and deploying robust, consistent and comparable Labour Market Information (LMI) of the highest quality. We are developing a range of core LMI products for UK partners to help them produce reliable, consistent and comparable information across the UK, enhance access to such LMI and to inform policy analysis and deliberations. These include: an LMI portal; a common LMI framework for Sector Skills Councils; and an LMI statistical resource – the Almanac.

In conducting this analysis we have worked with a range of partners within the employment and skills arena. An expert panel has been established to peer review research and analysis work conducted by the UK Commission. This comprises internationally recognised experts and practitioners. We also participate as members of major national bodies, disseminating our findings to inform research partners, policy makers, practitioners and employers.

## SSC performance and re-licensing

**During the period our objective has been to establish a strong and credible network of re-licensed Sector Skills Councils (SSC) providing a coherent employer voice on skills issues.**

### Re-licensing SSCs

The SSC Re-licensing Programme was one of the first key deliverables for the UK Commission. The team achieved all objectives in the reporting year, culminating in recommendations to Ministers on whether the first tranche of five SSCs should be re-licensed.

An early and important milestone was to publish the SSC Re-licensing Framework and Employer Prospectus in July 2008. This set out the standards the SSCs would have to meet to be re-licensed. We also produced a separate document for employers which explained why re-licensing was taking place and how employers could have their say on whether their SSC was delivering for them. Both these documents followed an extensive consultation exercise across the UK with government, industry and the TUC. The employer document was endorsed by bodies such as the CBI, Federation of Small Business and British Chambers of Commerce.

We appointed The National Audit Office (NAO) to fulfil the role of independent third-party assessor. The NAO were chosen because of their track record in this area and their reputation for independence and rigour. By the end of March 2009 the NAO had completed their assessment of 15 SSCs.

The re-licensing process has been led by the Sector Skills Committee of the UK Commission, chaired by Charlie Mayfield. The Committee has actively engaged in the programme both by meeting the Board of each SSC and through a re-licensing panel which has made final assessments and drawn up recommendations for agreement by the full Commission.

### SSC Performance

This has been a transition year for the SSC Performance team. The team completed a major review of SSC performance management and introduced streamlined monitoring arrangements during the re-licensing period. They also developed arrangements with the Qualifications Directorate to integrate their performance work into the SSC reporting process.

A priority for the year has been to develop a new transparent and risk-based performance management system for implementation in 2009. New funding arrangements and contracts have been developed for implementation with all re-licensed SSCs, including a performance scorecard against which progress can be assessed in a clearer and more streamlined way. Existing and new performance standards now align with the re-licensing assessment framework and clarify what SSCs are expected to deliver for the funding they receive from the UK Commission.

The aim of the new performance system is to encourage, foster and promote continuous improvement of SSCs so they are always ready and able to respond to the considerable skills and employment challenges in the UK. SSC outputs will be monitored on a quarterly basis with a risk-based inspection process introduced from 2010.

More recently we have been working to clarify how occupations map against existing SSC footprints. This will help us to develop, with the Alliance of SSCs, more effective future arrangements to support "cross-sectoral" skills issues.

**"The team achieved all objectives in the reporting year, culminating in recommendations to Ministers on whether the first tranche of five SSCs should be relicensed."**

**"The team completed a major review of SSC performance management and introduced streamlined monitoring arrangements during the re-licensing period."**

# Qualifications reform

**During the year we have led a range of projects aimed at increasing employer influence in driving qualifications and standards development. Our aim is to establish a revised and reformed qualifications system which better meets the needs of employers, individuals and the economy.**

“The programme has helped to strengthen key ties with stakeholders such as the TUC, National Skills Forum and the Women and Work Commission.”

To support the reform of qualifications in the UK we have set up an advisory committee to oversee work and ensure appropriate engagement with the UK Commission. This committee is chaired by Commissioner Iain Morgan, and includes HR professionals nominated by Commissioners and other employers involved in qualifications initiatives, with government officials and UK Commission staff as observers. The committee advises on the work of the Qualifications Directorate against the following priorities:

#### **National Occupational Standards (NOS)**

NOS set out the knowledge, understanding and competences needed to carry out job roles effectively and form the basis for many vocational qualifications. The UK Commission has conducted a major consultation on how to improve the overall quality of NOS and ensure that they address the skills needs of the employer. This has resulted in a simplification of the way in which the development and maintenance work is resourced and how standards are communicated. Further outcomes will be phased in over an agreed time frame.

#### **UK Reform of Vocational Qualifications**

The UK Commission is responsible for managing the work of Sector Skills Councils to ensure the next generation of vocational qualifications better reflects the needs of employers in the workplace. During the year the UK Commission worked with SSCs to produce ‘Sector Qualification Strategies’, to help awarding bodies develop qualifications which meet the skills needs of industry.

For England, Wales and Northern Ireland we are working with SSCs and awarding bodies to develop a new, more flexible qualifications framework that will meet the needs of learners and employers more effectively. Although there are different qualifications in each home nation, there is consistency in the principles underpinning the frameworks, which all align with the new European Qualifications Framework.

#### **Apprenticeships**

Up to the end of March 2009 the UK Commission managed the apprenticeship approvals process for England, Wales and Northern Ireland. This involved receiving proposals for apprenticeships from Sector Skills Councils and assessing whether they met the quality standard (Apprenticeship Blueprint). For England and Wales, this role has now been passed to the Alliance of SSCs, in line with the recommendations of a recent report from DIUS. In future, our role will focus on managing the performance of SSCs, with the aim of increasing the number of employers offering apprenticeships and the number of people completing them successfully.

#### **Diplomas**

Our role includes supporting a major delivery programme in England of new diplomas for young people. We have commissioned lead SSCs to work with key partners to ensure the content of each diploma is designed in partnership with employers and supported by higher education. We also allocate government resources to Diploma Development Partnerships. In total 17 diplomas are being developed in areas as diverse as humanities and social science to engineering.

#### **Women and Work Sector Pathways Initiative**

Originally a DIUS initiative, this aims to help women in England develop the skills required to succeed in occupations and sectors where they have previously been under represented or represented only at entry level. An independent evaluation of the first phase resulted in a number of positive findings, with the majority of both employers and employees stating that the programme has significantly changed their attitudes on investment in training female staff for the better. The programme has helped to strengthen key ties with stakeholders such as the TUC, National Skills Forum and the Women and Work Commission.

# Establishing presence and reputation

The aim of the Communications team has been to raise the profile of the UK Commission and establish its identity, vision and presence in the skills and employment landscape. During our first year we have been active in stakeholder engagement, media relations, development of our online presence and the publication of brand guidelines and corporate marketing materials.

A database of major stakeholders – UK Governments, employer organisations and partners, sponsors and interest groups – has been established, with a system for monitoring awareness and favourability. This is showing positive trends and there are increasing signs that the UK Commission is making an impact. Awareness of the UK Commission is increasing, together with the perception that it is a dynamic and effective organisation. Stakeholder relationships are being strengthened by consultation and communication campaigns supporting projects – and, most noticeably, through collaborative work on campaigns such as “Now is the time to invest in skills”. This saw the UK Commission work with a coalition of employer organisations to articulate through a nationwide advertising campaign, the benefits of skills investment to as wide an employer audience as possible. It is a collaboration we intend to maintain and to develop.

During the year media coverage intensified, with well over 400 articles about the UK Commission in the press and broadcast media. Interviews with journalists, both on and off the record, have become a regular part of the working week, and senior staff have appeared on BBC Breakfast, Channel 4 News, Working Lunch and Newsnight.

The Communications team also organised a number of events throughout the year, the most significant being the Westminster Reception in July 2008 where we launched the 2008/09 Business Plan.

To support staff engagement and maintain the values of the UK Commission we consider internal communications to be an important part of our work. During the year we have set up a staff intranet, organised regular Lunch and Learn sessions about key projects in other departments and published staff e-bulletins.

## Ambition 2020 Launch

The national advertising campaign; “Now is the time”, provided a relevant vehicle to prepare for the publication of the Ambition 2020 Report. Using a co-ordinated and targeted communications and marketing campaign, we have made full use of internal and external communication networks, the media and online channels.

The phased plan included:

- Face-to-face briefings to key stakeholders, Commissioners and selected media
- A major launch event on publication to a wider selected audience
- On the day broadcast coverage
- Co-ordinated post-launch promotion to tie in with “Now is the time” campaign stakeholder events across the UK.

## Online Communications

A website and staff intranet were built quickly so that the UK Commission had an online presence from day one. However, this was only ever to be an interim solution. In November 2008 the E-fresh project was created.

E-fresh is an ongoing project which aims to maximise the potential of online communications to advance the Commission’s work programme and influence. The project looks at not only technology but also at new and innovative ways to communicate with our audiences. We are now looking to encourage two-way communication rather than simply trying to drive traffic to our site to read what we have to say. We want to encourage debate and conversation between the UK Commission and users of the site. The objective is to establish ourselves as the authoritative voice on employment and skills in the UK and the website should be the first port of call to read the latest reports and news on the subject.

“During our first year we have been active in stakeholder engagement, media relations, development of our online presence and the publication of corporate marketing material.”

We are planning to increase the use of technology to include social networks, blogging, podcasts, widgets and RSS feeds. In December 2008 we issued a tender to find a supplier with expertise in these areas who could produce a new interactive website, a new staff intranet and a more efficient Content Management System. As part of our research we have implemented an online survey tool for users of both the website and intranet and the results will form the basis of our requirements. The new website and intranet will be introduced during summer 2009.

“Results showed that staff are committed to the success of the UK Commission, proud to work for the organisation and work well within their teams.”

## Creating, enabling and developing the organisation

The key priorities for the Corporate Services team this year has been to establish the UK Commission as a functioning organisation and to prepare its five-year strategic plan. Much of the work has focused on transition and set up activity.

These activities include:

- The transfer to the UK Commission of over 70 members of staff from predecessor organisations, plus the recruitment of a further 25 staff
- Setting up the IT infrastructure in South Yorkshire and London
- Setting up the organisation's financial systems, controls and reporting
- Establishing a London office, which became fully operational in October 2008.

### Business Plan

The 2008/09 Business Plan was prepared within the first three months and launched in July 2008. It was well received by Commissioners, sponsors and other stakeholders. The second Business Plan for 2009/10, was developed with staff during the early part of 2009 and published in the spring. The Business Plan forms the basis of staff's personal objectives and development plans.

### Strategic Plan

The process for producing the Strategic Plan provided an important vehicle for engaging with stakeholders and for helping to formulate our stakeholder engagement strategy. Widespread consultation took place between July and December 2008 with UK stakeholders in business, government, trade unions, education and training providers and the voluntary sector. The findings from the Ambition 2020 report also formed an important input into the development of the Strategic Plan. An overview of the key deliverables from our five year Strategic Plan are included on pages 22 to 23.

### People Strategy

In order to be successful, we need to ensure real alignment between our people and our business strategy and objectives. We have therefore developed a People Strategy to provide a cohesive framework for our people management and development activities, which seeks to ensure that everyone's contribution is maximised and focused on delivery. The strategy is underpinned by a three-year implementation plan and detailed annual workplan shaped through a staff survey, feedback and focus groups.

Employee engagement has been pursued through staff events, employee groups and providing opportunities to contribute to the development of the UK Commission's Strategic and Business Plans.

As the organisation has developed during the year people management policies have been updated and learning and development needs have been identified. To further increase staff performance a corporate training plan has been produced and a partner engaged to work with us on leadership and management development.

The UK Commission remains committed to working towards Investors in People accreditation and to developing high performance working practices.

### Staff Survey

The first staff survey was commissioned in October 2008, with an excellent response rate of 94%. Results showed that staff are committed to the success of the UK Commission, proud to work for the organisation, and work well within their teams. Their principal concerns related to how effectively we work between Directorates, how we manage change, how we support our learning and development, and work-life balance. All staff have been involved in devising action plans at an organisational and directorate level to address these issues.

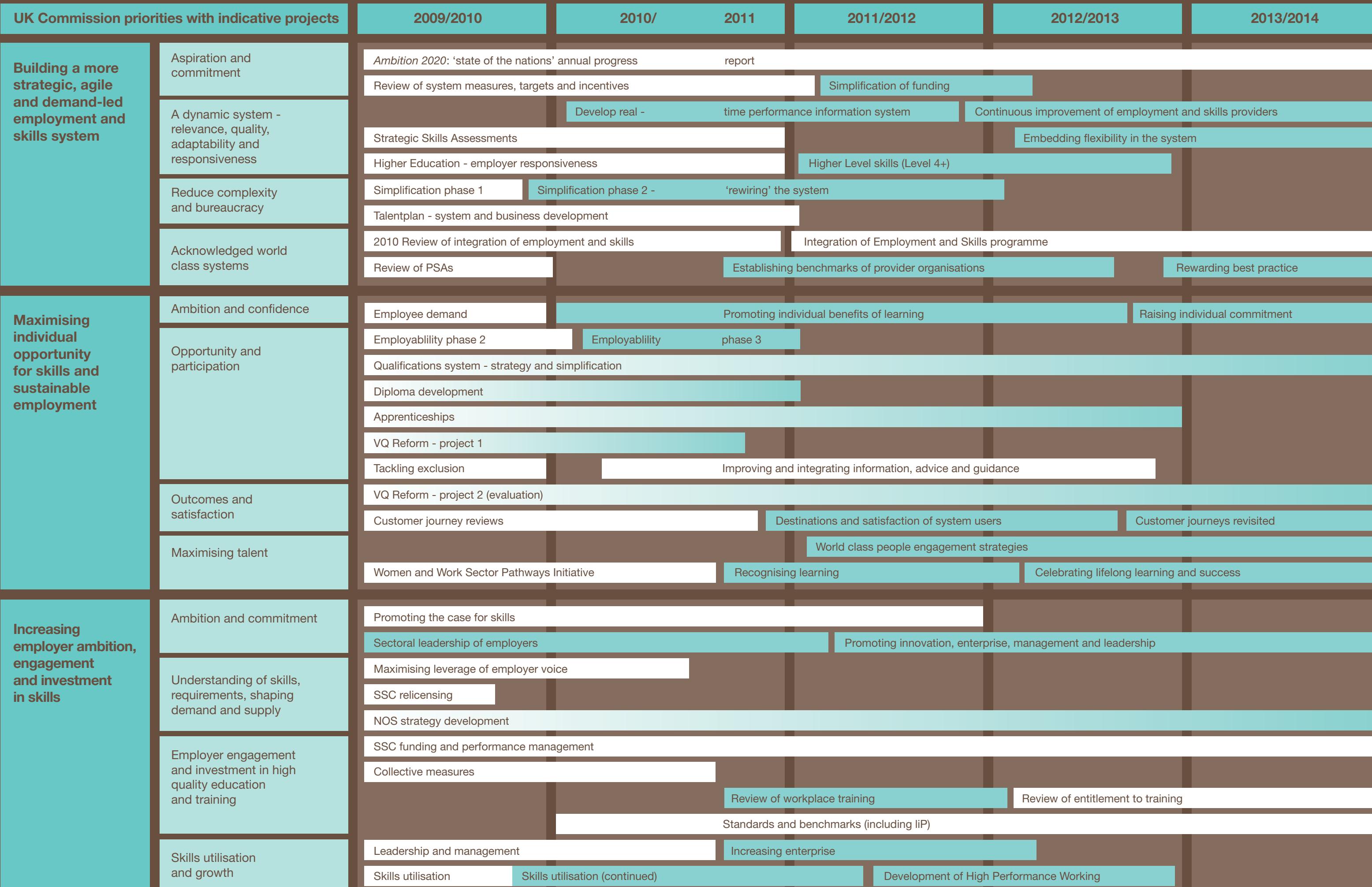
### Operational Performance Scorecard

Our Finance and Performance team successfully transferred all SSC contracts and other assets and liabilities to the UK Commission from the Sector Skills Development Agency in April 2008. They quickly established a quarterly performance scorecard to assist with and to demonstrate effective operational management of the organisation, and to meet the requirements of Commissioners and sponsors. The scorecard looks at performance and progress in four key areas: partner and stakeholder relationships, external delivery, internal delivery and people and resource management.

A more extensive framework of strategic measures and indicators to assess the UK Commission's influence, outcomes and impact has been agreed by Commissioners and is in development. This will be implemented during 2009/10.

# Overview: Our 5 year strategic plan

Key: Confirmed projects  
Potential projects



# Report of the directors

**The annual report and financial statements have been prepared in a form directed by the Secretary of State for Innovation, Universities and Skills in accordance with the Financial Reporting Manual and fulfil the requirements of the Companies Act 1985.**

## Principal activity and business review

The principal activity and the business review is set out on pages 6 to 23 of this Annual Report and the Financial Review is set out on pages 32 to 33, both should be read as part of the Report of the Directors.

## Incorporation

The UK Commission For Employment And Skills (the UK Commission) is a company limited by guarantee and was incorporated on 13 November 2007. However, given that the organisation was not operational until 1 April 2008, the decision was made to extend the first accounting period to 31 March 2009. Under Clause 7 of the Memorandum of Association all members undertake to contribute to the company such an amount as may be required, not exceeding £1, in the event of it being wound up during the period of membership and one year afterwards.

The UK Commission is a Non Departmental Public Body (NDPB) jointly sponsored by the Department for Innovation, Universities and Skills (DIUS), Department for Work and Pensions (DWP), Department for Business Enterprise and Regulatory Reform (DBERR), Department for Children, Schools and Families (DCSF), HM Treasury (HMT), the Department for Education and Learning in Northern Ireland (DELNI), the Scottish Government, and the Welsh Assembly Government (WAG).

The membership of the Board and other legal and administration details are set out on page 61.

## Governance and decision making

The Commissioners are Directors of the Company and are responsible for the management of the UK Commission for Employment and Skills. The Commission (Board) consists of between ten and 31 Directors, including the Chairman and Chief Executive. At 31 March 2009 there were 23 Directors. The Commission has established a number of committees and delegates its organisational oversight role to the Management Committee of the Commission.

## Formally constituted committees

There are five formally constituted committees of the UK Commission: the Audit Committee, the Strategic Committee, the Systems Review Committee, the Management Committee and the Sector Skills Committee. Each committee has specific terms of reference and functions delegated by the Board and a Chair appointed by the Commission. There is also a Qualifications Advisory Group, chaired by a Commissioner, which is an advisory committee to the UK Commission.

## The Audit Committee

The Audit Committee consists of not less than three Commissioners. The Chairman of the Commission cannot be a member of this Committee. All appointments to the Audit Committee will normally be for a period of two years. The Chief Executive, the Director of Corporate Services and a representative from Internal Audit ordinarily attend meetings. The Committee meets at least three times each year.

The Audit Committee is an advisory body with no executive powers. Its role is to support the Commission in discharging their responsibilities in relation to issues of risk, control and governance and of obtaining associated assurances.

## The Strategic Committee

The Strategic Committee consists of not less than five Commissioners plus the Chief Executive, with a quorum of three. The Committee Chair and members are usually appointed by the UK Commission for a period of two years. The Strategic Committee meets four times a year.

Duties of the Strategic Committee are to advise the Commission on the forward strategic work agenda and the preparation of the Commissions annual report on progress on employment and skills in the UK (published for the first time in May 2009 as *Ambition 2020 – World Class Skills and Jobs for the UK*).

## Systems Review Committee

The Systems Review Committee consists of not less than five Commissioners plus the Chief Executive, with a quorum of three. There are also three further co-opted members. The Director of Strategy and Performance attends all meetings. Other members of the Executive Team attend as required, dependent on items for consideration.

The principal purpose of the Systems Review Committee is to seek to improve the effectiveness of the employment and skills system through simplifying the processes, rules, delivery approaches, organisational structures and the customer journeys for employers and individuals.

## The Management Committee

The Management Committee consists of not less than five Commissioners plus the Chief Executive, with a quorum of three. The Committee Chair and members are normally appointed for a period of two years. The Management Committee meets up to six times a year.

Duties of the Management Committee are to oversee the normal conduct of the operation of the UK Commission, and to advise the Commission on the performance of the organisation against its business objectives and the effective management of its resources. It is also responsible for deciding remuneration policy and changes to senior managers pay.

## Sector Skills Committee

The Sector Skills Committee consists of not less than five Commissioners plus the Chief Executive, with a quorum of three. The Committee Chair and Members are appointed by the UK Commission normally for a period of two years. The Director of SSC Re-licensing and Performance attends all meetings. Other members of the Executive Team attend as required, dependent on items for consideration. The Sector Skills Committee meets at least four times a year.

The purpose of the Sector Skills Committee is to guide the SSC Re-licensing process on behalf of the Commission, and oversee ongoing performance management of the SSCs during and following re-licensing. The Committee also oversees the management of the UK Commission's SSC funding budgets.

## Going Concern Assessment

The Directors have reviewed the financial position as at 31 March 2009 to ensure that the UK Commission is a going concern. In the light of assurances received from government regarding ongoing commitments for funding for 2009/10, the Directors are comfortable that the UK Commission remains a going concern and that it will have sufficient cash to pay its liabilities as they fall due. Whereas the operating costs in the Income and Expenditure Account are recognised on an accruals basis, NDPB's can only recognise the actual amount of cash received during the period in respect of Grant-In-Aid financing. NDPB's are required by DIUS to limit the amount of cash held to 2% of the Grant-In-Aid budget and the UK Commission had £10.2m of accrued costs as at 31 March 2009. This has resulted in the Income and Expenditure Account showing a deficit of £10.2m at the end of the period.

# Report of the directors

## Payments to Creditors

The Commission endeavours to pay suppliers as soon as possible once an invoice or claim is received and delivery is confirmed, and within the 30 days required of government bodies. Over the course of the operational year, the UK Commission has paid suppliers and funding organisations within 19 days on average. The payment days have improved over the course of the year, and as at March 2009, the average creditor payment days in the month was nine days for suppliers and 14 days for Sector Skills organisations.

## Post Balance Sheet Events

On 5 June 2009, the Government announced the creation of a new Department for Business, Innovation and Skills (BIS) whose key role will be to build Britain's capabilities to compete in the global economy. The Department was created by merging the Department for Business Enterprise and Regulatory Reform (BERR) and the Department for Innovation, Universities and Skills (DIUS). The sponsorship responsibility for the UK Commission for Employment and Skills passed to BIS on that date.

There is no reason to believe that the expected government funding underlying UKCES's going concern assertion will be affected by this change.

## Auditors

Mazars LLP were appointed as the Commission's auditors during the period.

## Sickness absence data

During the period the Commission had 617.5 days of absence from work due to sickness. Of this, 395 days relate to two staff on long-term sick leave during the period. The number of days off for the remaining staff excluding agency staff, equates to an average of 2.7 days sick leave per staff member.

## Reporting of personal data related incidents

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

**Table 1: Summary of protected personal data-related incidents formally reported to the lead sponsor department in 2008/09**

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

## Further information on information risk

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

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

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

Category	Nature of incident	Total
I	Loss of inadequately protected electronic equipment, devices or paper documents from secured government premises.	nil
II	Loss of inadequately protected electronic equipment, devices or paper documents from outside secured government premises: UK Commission London office : 28-30 Grosvenor Gardens, London, SW1W 0TT. 5 Laptops stolen from newly refurbished UK Commission office space. The laptops were taken from desks and locked cupboards. No personal data of a confidential nature was stored on these laptops.	1
III	Insecure disposal of inadequately protected electronic equipment, devices or paper documents	nil
IV	Unauthorised disclosure	nil
V	Other	nil

Note: Laptops have been declared as they contain copies of emails sent and received by the individuals who used them.

## Disabled employees

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

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

## Diversity and equality policy statement

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

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

## Provision of information and consultation with employees

We consider good communication with our employees to be very important and communicate through regular meetings on an individual, team and company-wide level. A performance scorecard has been developed and is shared with the Senior Leadership Team, and with staff via the Intranet, on a monthly basis.



**C. Humphries CBE**  
Chief Executive

# Accounting officer's and chairman's statement of responsibilities

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

The financial statements are required by law, by the Accounting directives and HM Treasury directives to give a true and fair view of the state of affairs of the company and of the surplus or deficit of the UK Commission for that period. In preparing those financial statements, the directors are required to:

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

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as directors are aware:

- There is no relevant audit information of which the company's auditors are unaware; and
- The directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the Board.



**C. Humphries CBE**  
Chief Executive



**Sir M. Rake**  
Chairman

**29 June 2009**  
Date

# Statement on internal control

## Scope of responsibility

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

## The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of departmental policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the UK Commission for Employment and Skills for the period ended 31 March 2009 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

## Capacity to handle risk

The UK Commission for Employment and Skills is fully committed to achieving influence and impact in pursuit of its goals and meeting its legal, financial and other obligations by managing risk efficiently and effectively.

We take the lead in sponsoring and promoting effective risk management by agreeing the direction of the UK Commission, its focus and by setting out how much risk is acceptable (the 'risk appetite') to guide the Chief Executive and his Directors. We delegate some of this work to our Management and Audit Committees. The Management Committee reviews and approves the Risk Management Policy and receives reports on the level of exposure from corporate risks. The Audit Committee reviews and approves the Risk Management Process Guide and oversees its implementation with the assistance of internal auditors.

Staff are supported in risk management by the Performance and Risk Panel which has membership drawn from all Directorates to provide local risk champions giving guidance to staff appropriate to their authority and duties. Further support is available from the Planning and Performance Manager. There is additional support embedded in the Risk Management Process Guide and accompanying templates which are available to all staff through the intranet.

The Performance and Risk Panel meets on a monthly basis to review risks ensuring a consistent approach across the organisation and appropriate risk escalation; to share learning and good practice; and to make recommendations on the management of risks to the Senior Leadership Team. The Planning and Performance Manager is an affiliate of the Institute of Risk Management and attends meetings to draw on external good practice. The Risk Management Policy and Process are regularly reviewed to ensure continual improvement with changes endorsed by the appropriate Committee and disseminated to staff by the Performance and Risk Panel.

# Statement on internal control

## The risk and control framework

In managing risk, the UK Commission follows best practice in the identification, assessment and control of risk in making decisions and in delivering its strategic and business plans. Our Risk Management Policy and accompanying Process Guide have been developed using Office of Government Commerce guidance and drawing on practical experience from other organisations to provide all staff with a simple and robust means for identifying, assessing, managing and reviewing risks in a consistent manner across the organisation. The Policy and Process Guide documents the role and responsibilities of the Commission and its Committees, Senior Leadership Team, Performance and Risk Panel and staff.

The Risk Management Policy also documents our Risk Appetite which is determined according to the categorisation of a risk's impact and gives guidance on the highest level of risk that is acceptable for that category of impact. This is designed to encourage appropriate, well-managed risk taking to maximise the effectiveness and impact of the UK Commission and make the most of opportunities to deliver greater benefits.

Risk is embedded in the organisation through the planning and performance reporting processes. Managers are encouraged to identify and evaluate risks (against criteria given in the Process Guide) through project initiation, contracting and procurement processes, and then to manage and review risks regularly as the work progresses. Risks are managed by assigned risk owners initiating appropriate mitigating controls to reduce the likelihood and/or impact of the risk. Assurance measures are identified to help evaluate the effectiveness of the controls and contingency plans identified in case the controls fail to sufficiently mitigate the risk. Regular review and reassessment allows the success of controls to be confirmed and the effect of changing external factors to be considered.

Each Directorate, team and/or project maintains a risk register from which risks are escalated to the Senior Leadership Team via the Performance and Risk Panel and the monthly performance report if they become High or Critical and/or if they exceed their Risk Appetite. The forward look in the monthly performance report also includes a consideration of the risk to delivery for each project.

In addition, we maintain, and keep under regular review, a Corporate Risk Register containing strategic and significant risks identified as affecting the UK Commission, the achievement of its objectives and the delivery of its work programme. The Audit Committee undertakes detailed reviews of the top Corporate Risks.

Risk status forms a key part of our monthly and quarterly performance reports to the Senior Leadership Team, Management Committee and to Sponsors.

## Risk of fraud

We define fraud to include misuse of equipment and copyright infringement. The risk of fraud is minimised in accordance with HM Treasury guidance and by implementing a range of internal controls including IT acceptable usage policy and financial controls with segregation of duties, set authorisation limits and robust contracting and procurement processes. This is supported by the Fraud policy and Fraud response plan, and backed up by a Whistleblowing policy. The effectiveness of the internal controls are monitored and regularly reviewed through the Corporate Risk Register and operational (Directorate or team) risk registers as appropriate.

## Information risks

Risks to information held by the UK Commission are addressed by two approaches – technical and cultural.

Technical controls are used to safeguard information from unauthorised access and from information systems failure. Information is secured from unauthorised access through a range of security software and hardware features, including encryption software on laptops and robust firewall arrangements. There is a comprehensive security back-ups arrangement, which includes daily back-ups sent off site to secure vaults. Hardware and software maintenance contracts, including disaster recovery services, are used to mitigate information loss through systems failure with a graded response proportionate to the threat.

The technical measures are supported by cultural controls through the ICT security and acceptable usage policies. Protocols forbid the removal of any personal information from the server and briefings have been held for all staff to ensure that they understand the policies and their responsibilities under the Data Protection Act.

## Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the UK Commission who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. It is further informed by the Performance and Risk Panel who have responsibility for the development, maintenance and recommendations regarding the risk management policy and process.

I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Audit Committee and a plan to address any issues identified and ensure continuous improvement of the internal control environment is in place.

As Accounting Officer I have a responsibility to ensure that there are effective systems in place to manage and monitor all budgets delegated to me. I can confirm that all budgets that I am responsible for are managed and monitored in line with the Department's financial rules and procedures, that there are effective systems in place to manage and monitor budgets and that accurate financial records are maintained. I also confirm that budgets have been spent on achieving the outputs and outcomes detailed in our grant letter.

On behalf of the Board.



**C. Humphries CBE**  
Chief Executive

**29 June 2009**  
Date

# Financial review

## Incoming resources

The UK Commission for Employment and Skills (the UK Commission) is funded by Grant-In-Aid financing from the Department for Innovation, Universities and Skills on behalf of all the sponsoring Departments and Devolved Administrations. In addition, the UK Commission received the balance of the National Occupational Standards (NOS) Levy funds from Qualification and Curriculum Authority in line with the UK Commission taking on the National Occupational Standards Accounting Officer responsibility from 30 September 2008.

- For the initial period up to the 31 March 2008, the UK Commission was allocated £0.4m of Grant-In-Aid to cover the cost of setting up the organisation.
- At 1 April 2008, the total Grant-In-Aid allocated for the 12 month period to 31 March 2009 amounted to £90.5m.
- During the year the UK Commission was allocated additional funding to support specific initiatives, which increased the final Grant-In-Aid allocated (including the NOS Levy) to £92.4m.
- Of this, 69% was recurrent funding and 31% time limited project-related funding.
- £90.1m of the total Grant-In-Aid funding made available was used in the period.
- £86.1m was drawn down and paid out, of which £3.3m was paid to fund agency transactions and £3.6m was used to clear liabilities transferred from SSDA.

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

Because Grant-In-Aid funding is treated as financing rather than income in the Income and Expenditure Account the results for the period show a loss equivalent to the revenue expenditure to be met from Grant-In-Aid. The Grant-In-Aid financing recognised is the value of cash drawn down. The loss attributed to General Reserves therefore reflects the value of accrued expenditure at 31 March 2009 (excluding capital accruals and outstanding liabilities transferred from the SSDA).

Prior to becoming accountable for the NOS levy funds on 30 September 2008 the UK Commission was acting as agent for Qualifications Curriculum Authority (QCA). In accordance with standard accounting practice the agency transactions are not reflected in these accounts. When the NOS levy ceased to be collectable on 30 September 2008 QCA transferred the remaining levy fund balance to the UK Commission. Of the overall £19.5m transferred from QCA during the period £3.3m has been allocated to fund agency transactions prior to 30 September and £9.6m has been allocated to future financial years.

The UK Commission also received £0.2m from SQA and £0.1m of interest on the NOS levy fund.

## Application of resources received

The UK Commission's funding budget is ring-fenced between funding it is allowed to distribute to SSCs and funding that is used for the UK Commission's own activities directly. Of the total expenditure incurred in the year of £89.9m (excluding capital expenditure), 83% of total resource received was distributed to SSCs, 7% was used to fund specific UK Commission programmes and 10% was used to fund the organisation's running costs.

## Sector Skills Council programme activity

The UK Commission has a programme of grants to support the delivery of Sector Skills Councils (SSCs) and other Sector Skills Bodies. Of the funding the UK Commission receives in the year to support SSCs, the majority is granted to SSCs as strategic funding to support the cost of their core activity. The remaining funding is provided to support delivery of specific Qualification Reform related projects in both Sector Skills Councils and Sector Skills Bodies. All grant programmes have specific guidelines and all applicants are subject to a formal process of assessment and approval. For project-related funded activity the funding is only paid out on satisfactory evidence of delivery of the milestone in the project funded contract. Overdue milestones that have yet to be claimed are monitored closely by the UK Commission Contract Manager and reported on to the Senior Leadership Team and the SSC Committee on a regular basis. Following a full review of overdue milestones, including those relating to accruals transferred from SSDA, some contracts were varied to move due dates forward to reflect a more realistic timescale for delivery. As at year-end there were £7.4m of contracted deliverables with milestone dates on or before 31 March 2009 yet to be paid. Of this, £0.2k related to contracted milestones outstanding more than 90 days where claims had not yet been received. The Sector Skills Committee is responsible for oversight of the SSC programme budget.

## UK Commission programme activity

The budget available for the UK Commission programme activity has been allocated to support the delivery of specific projects in line with the Business Plan priorities. The forecast spend on each project is compared to budget is monitored on a regular basis by the Senior Leadership Team and is overseen by the Management Committee.

## Organisational administration activity

10% of the Grant-In-Aid was allocated to supporting the internal set up and on-going running costs of the organisation. This budget is controlled at a departmental level by budget managers and is monitored on a regular basis by the Senior Leadership Team and is overseen by the Management Committee.

## Balance sheet

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

Prior to 1 April 2008 the UK Commission had no assets or liabilities. On 1 April 2008, in accordance with the Business Transfer Agreement with the Sector Skills Development Agency, £0.3m of fixed assets and £3.8m of outstanding creditors and provisions in relation to Sector Skills Council funding contracts, along with the associated offsetting balances, were received by the UK Commission for no consideration. These figures exclude any liabilities which transferred to, and were settled by the UK Commission on an Agency basis on behalf of QCA.

As at 31 March 2009, the UK Commission is reporting negative reserves of £10.2m. This is because the UK Commission has accrued £10.2m of expenditure at the end of the period, but has recognised the associated Grant-In-Aid funding on a cash basis. This is in line with the standard accounting treatment in respect to Grant-In-Aid financing for NDPBs.

# Independent auditors' report to the members of the UK Commission for Employment and Skills (a company limited by guarantee)

**We have audited the financial statements of the UK Commission for Employment and Skills for the period ended 31 March 2009 which comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Remuneration Report that is described in that report as having been audited.**

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditors**

As described in the Accounting Officer's and Chairman's Responsibilities the company's directors, Chairman and Chief Executive are responsible for the preparation of the Annual Report, which includes the Remuneration Report, and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements and the part of the Remuneration Report to be audited, in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985 and HM Treasury directions made there under. We report to you whether, in our opinion, certain information given in the Directors' Report is consistent with the financial statements. We also report whether, in all material aspects, the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by HM Treasury regarding directors' remuneration and transactions is not disclosed.

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

We read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises only the Report of the Directors, Our Achievements and Performance, the Finance Review, Overview: Our 5 year Strategic Plan, What we do, In the Beginning and the part of the Remuneration Report not subject to audit. We consider the implications for our report if we become aware of any apparent misstatement or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

#### **Basis of audit opinion**

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

# Independent auditors' report to the members of the UK Commission for Employment and Skills (a company limited by guarantee)

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

## Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2009 and of the result for the period then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985 and HM Treasury directions made there under;
- the information given within Report of the Directors is consistent with the financial statements; and
- in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

*Mazars LLP.*

## Mazars LLP

Chartered Accountants and Registered Auditors  
The Atrium  
Park Street West  
Luton  
Bedfordshire  
LU1 3BE

**Date** 29 June 2009

# Principal accounting policies

## Basis of preparation

As a Non Departmental Public Body (NDPB), the UK Commission's financial statements have been prepared in accordance with the Accounts Direction given by the Department of Innovation, Universities and Skills (DIUS) which is the UK Commission's lead Sponsoring Department. So far as appropriate they meet the requirements of the Companies Act and of the Government Financial Reporting Manual (FReM). The accounting policies contained in the FReM follow UK generally accepted accounting practice for companies (UK GAAP) to the extent that it is meaningful and appropriate to the public sector. The particular accounting policies adopted are described below. They have been consistently applied in dealing with items considered material in relation to the accounts.

## Going concern

The accounts have been prepared on the going concern basis, which assumes that the UK Commission's activities will continue in operational existence for the foreseeable future. The validity of this assumption is dependent upon the continuation of support from the UK Commission's funder and in response to the progress made by the Commission in obtaining future funding confirmation. There is no impact on the going concern assessment following the change of lead sponsor department from DIUS to Department for Business, Innovation and Skills (BIS). In light of assurances received from Government regarding ongoing commitments for funding for 2009/10, the Directors are comfortable that it will have sufficient cash to pay its liabilities as they fall due.

## Income

The element of Grant-In-Aid to fund revenue expenditure is received by the UK Commission from its lead sponsoring department, the Department of Innovation, Universities and Skills (DIUS), and has been treated as financing as it is a government contribution from the organisation's controlling party, giving rise to a financial interest. It is credited to general reserves in the period in which it is received. Any Grant-In-Aid and grants received in respect of future periods are credited to and included within deferred income.

The element of Grant-In-Aid and grants relating to capital expenditure is credited to a deferred income account and is released to the income and expenditure account by equal instalments over the expected useful lives of the relevant assets.

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

Non Grant-In-Aid funding received, including the National Occupational Standard funding received from the Scottish Qualification Authority, is credited to income in the period to which it relates.

## National Occupational Standards (NOS) Levy Income

Prior to 30 September 2008 the UK Commission acted as agent for the Qualifications and Curriculum Authority (QCA) in administering the distribution of NOS Levy and related funds. As a result, up to that date, the funds received and paid are not reflected in the Income And Expenditure Account. From 30 September 2008, the Accounting Officer responsibility in respect of the NOS Levy transferred from QCA to the UK Commission and transactions have been reflected in the Income and Expenditure Account from this point onwards. The funding received from this date has been accounted for as financing within Grant-In-Aid, on the advice of DIUS.

# Principal accounting policies

## Cost recognition

Costs are recognised on the earlier of payment date or contracted delivery date.

## Foreign currencies

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

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

Exchange gains and losses arising at the point of payment are recognised in the Income and Expenditure account.

## Value Added Tax

The company is not registered for VAT purposes. Irrecoverable VAT is charged to the relevant expenditure account or included in the capitalised cost of fixed assets.

## Operating leases

Amounts in respect of operating leases are charged to the income and expenditure account in the period in which they become payable.

## Intangible fixed assets

Software licences are included at cost and amortised over their useful economic lives on a straight line basis over three years.

Expenditure on the acquisition of intangible fixed assets is capitalised where these costs exceed £1000 or where an asset forms part of a larger group that in total is more than £1000.

## Tangible fixed assets

Tangible fixed assets are valued at the lower of depreciated replacement cost and recoverable amount. Depreciated historical cost is used as a proxy for depreciated replacement cost as there is considered to be no significant difference between depreciated historical cost and replacement cost. Depreciation is provided to write off the cost of fixed assets over their estimated useful economic lives on a straight line basis over the following periods:

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

Expenditure on the acquisition of tangible fixed assets is capitalised where these costs exceed £1000 or where an asset forms part of a larger group that in total is more than £1000.

## Contributions to pension fund

Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme which are described at Note 24. The defined benefit element of the scheme is unfunded and is non-contributory. The UK Commission recognises the expected cost of this element on a systematic and rational basis over the period during which it benefits from employees' services by payment to the Principal Civil Service Pension Scheme (PCSPS) of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS.

In addition there are also contributions to partnership pension plans in respect of two employees.

The costs of all employer pension contributions are charged to the Income and Expenditure Account when incurred.

## Cost of capital

In accordance with FReM, which requires NDPBs to disclose the full cost of their activities, a non cash capital charge, reflecting the cost of capital is included in the Income and Expenditure account. The charge is calculated at the government's standard rate of 3.5 per cent in real terms on total assets and liabilities and excludes the Paymaster General cash balance from the equation.

## Opening balances

The UK Commission agreed a business transfer agreement with a predecessor body, the Sector Skills Development Agency, to transfer fixed assets and certain current assets and liabilities relating to on-going funding contracts and funding provisions. In line with the FReM requirements, these assets have been accounted for in accordance with FRS15 and have not been accounted for as donated assets. The break down of the assets and liabilities transferred are shown in Note 1 of the Accounts.

## Pre-incorporation costs

The UK Commission does not recognise pre-incorporation costs.

## Period Covered By Financial Statements

This is the UK Commission's first set of Financial Statements and it covers the seventeen months period from the date of incorporation to 31 March 2009.

# Income and expenditure account

# Balance sheet

		For the seventeen months to 31 March 2009	
	Note	£	£
<b>Income</b>			
Other grants and income	2		<u>204,680</u>
<b>Expenditure</b>			
SSC Funding Costs	4	74,532,662	
Delivery Activity Costs	5	6,583,260	
Organisation Costs – Pay	6	6,052,203	
Organisation Costs – Non Pay	7	<u>2,719,659</u>	
			<u>89,887,784</u>
<b>Operating deficit before taxation, interest and cost of capital</b>	8		<b>(89,683,104)</b>
Taxation	9		(31,421)
Interest received	10		112,218
Notional cost of capital	12		<u>185,890</u>
			<b>(89,416,417)</b>
<b>Deficit after taxation, interest and cost of capital</b>			<b>(185,890)</b>
Reversal of cost of capital			<b>(185,890)</b>
<b>Result for the period</b>			<b>(89,602,307)</b>
General Reserves brought forward			–
Grant-In-Aid revenue funding	3		<u>79,429,059</u>
			<u>(10,173,248)</u>
<b>General Reserves carried forward</b>	17		<b><u>(10,173,248)</u></b>

There were no recognised gains or losses other than the result for the financial period.  
All operations were continuing.

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

	31 March 2009		
	Note	£	£
<b>Fixed assets</b>			
Intangible	13		34,096
Tangible	13		<u>622,202</u>
			<u>656,298</u>
<b>Current assets</b>			
Debtors	14	683,813	
Cash at bank and in hand	19	<u>82,612</u>	
			<u>766,425</u>
<b>Creditors: amounts falling due within one year</b>	15		<u>(11,159,683)</u>
<b>Net current liabilities</b>			<u>(10,393,258)</u>
<b>Total assets less current liabilities</b>			<u>(9,736,960)</u>
<b>Creditors: amounts falling due after one year</b>	16		<u>(436,288)</u>
<b>Net Liabilities</b>			<u>(10,173,248)</u>
<b>General Reserves</b>	17		<u>(10,173,248)</u>

The financial statements were approved and authorised for issue by the Board of Directors on 29 June 2009



**C. Humphries CBE**  
Chief Executive



**Sir Mike Rake**  
Chairman

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

# Cash flow statement

# Notes to the financial statements

	Note	For the seventeen months to 31 March 2009	
		£	£
<b>Net cash outflow from operating activities</b>	18		<b>(85,722,130)</b>
<b>Capital expenditure</b>			
Purchase of intangible fixed assets		(10,296)	
Purchase of tangible fixed assets		(428,731)	
<b>Net cash outflow from capital expenditure</b>			<b>(439,027)</b>
<b>Financing</b>			
Receipt of Grant-In-Aid funding		86,131,551	
Interest received		112,218	
<b>Net cash inflow from financing</b>			<b>86,243,769</b>
<b>Increase in cash</b>	19, 20		<b>82,612</b>

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

## 1. Transfer of activities

### Transfer from SSDA:

The following balances were transferred from the predecessor body, Sector Skills Development Agency (SSDA), under a business transfer agreement.

	Gross value transferred on 1 April 2008	Adjustment in respect of NOS Levy payments and receipts prior to NOS levy Accounting Officer transfer – treated on an Agency basis	Adjustment for release of provisions transferred that are no longer required	Adjustment for contracted outstanding milestone values that have been cancelled or amended since transfer date	Adjustment following review of fixed asset register of assets transferred	Fair valuation of assets and liabilities
	£	£	£	£	£	£
1 Fixed assets at net book value. This has been assessed as fair value	278,621				(17,346)	261,275
2 Provisions made in respect of funding commitments made but yet to be contracted as at 31 March 2008	(1,826,000)		432,250			(1,393,750)
3 Accrued liabilities in respect of Non NOS Levy Grant-In-Aid related funding contract milestones with a delivery date of prior to 1 April 2008 yet to be claimed as at 31 March 2008	(375,000)					(375,000)
4 Accrued liabilities in respect of NOS levy related funding contract milestones with a delivery date of prior to 1 April 2008 yet to be claimed as at 31 March 2008	(3,849,295)	2,118,244		56,433		(1,674,618)
5 Deferred Income in respect of fixed assets	(278,621)				17,346	(261,275)

# Notes to the financial statements

## 1. Transfer of activities (continued)

	<b>Gross value transferred on 1 April 2008</b>	<b>Adjustment in respect of NOS Levy payments and receipts prior to NOS levy</b>	<b>Adjustment for release of provisions transferred that are no longer required</b>	<b>Adjustment for contracted outstanding milestone values that have been cancelled or amended since transfer date</b>	<b>Adjustment following review of fixed asset register of assets transferred</b>	<b>Fair valuation of assets and liabilities</b>	
	£	£	£	£	£	£	
<b>6</b> Grant-In-Aid receivable from DIUS – received by 31 March 2009	5,683,873	(2,118,244)				3,565,629	
<b>7</b> Grant-In-Aid receivable from DIUS – yet to be received at 31 March 2009	366,422					366,422	
<b>Net impact of agency and fair value adjustments</b>			432,250	56,433		488,683	

The SSC Programme Expenditure has been credited with £488,683 and the deferred income has been reduced by £17,346 as a result of the adjustments arising from the fair value review noted above.

The fair value assessment in respect of the provisions and creditors is based on the amount that was actually paid out, or contractually outstanding to be paid, in respect of these transferred liabilities as at 31 March 2009.

The fair value assessment in respect of the fixed assets transferred is based on a review to confirm that the assets still had a useful life to transfer to the UK Commission. As at the end of the period £366,422 of accruals transferred, and the corresponding funding receivable, remain outstanding.

NOS levy liabilities and receivables transferred from SSDA were funded and paid on an agency basis prior to 30 September 2008 and have therefore been stripped out of the fair valuation of the assets and liabilities transferred.

In addition, the lease of 3 Callflex Business Park was assigned to the UK Commission from SSDA on 4 April 2008.

## 2. Other grants and income

Scottish Qualification Authority (SQA) Levy

£	204,680
£	66,635,000
£	19,496,551
£	86,131,551
£	431,525
£	254,402
£	685,927
£	(532,554)
£	(3,290,236)
£	(3,565,629)
£	(7,388,419)
£	79,429,059

## 3. Grant-In-Aid

### Grant-In-Aid received:

From DIUS from 1 April 2008<sup>1</sup>  
NOS Levy funding<sup>2</sup>

### Add: Non-Cash Related Funding

Grant-In-Aid from DIUS, pre 1 April 2008<sup>3</sup>  
NOS Levy Funding receivable from QCA after 31 March 2009<sup>4</sup>

### Less: Grant-in-Aid Allocated to Finance Balance Sheet Items

Allocated to fund Capital Expenditure in the period to 31 March 2009  
Allocated to fund NOS levy payments on an agency basis in the period to 30 September 2008  
Allocated to fund the payment of liabilities transferred from SSDA for the period from 30 September 2008 to 31 March 2009<sup>5</sup>

Transfer to income and expenditure account

<sup>1</sup> Funding received from DIUS on behalf of all Co-Sponsors.

<sup>2</sup> Funding received from QCA, representing NOS Levy funds transferred to the UK Commission. The funding has been applied in the following manner:

	<b>£000's</b>
To support NOS related activity in the period on an agency basis, prior to taking on Accounting Officer responsibility.	3,290
To support NOS related activity in the period from taking on Accounting Officer responsibility on 30 September 2008.	6,649
To support other UK Commission costs in 2008-9. (Cash to be provided by sponsors in future years to support NOS related activity.)	9,558
<b>Total</b>	<b>19,497</b>

The NOS levy income accounting policy on page 37 provides further detail on accounting treatment of the NOS levy.

<sup>3</sup> Funding recognised by the UK Commission in respect of set-up costs incurred by DIUS on behalf of the UK Commission post incorporation but prior to the UK Commission becoming operational on 1 April 2008. The corresponding expenditure is reflected in the Income and Expenditure Account.

<sup>4</sup> Income due from QCA in respect of the NOS levy that was received by the UK Commission on 1 April 2009.

<sup>5</sup> Represents the value of funding received to cover payment of contract milestone liabilities transferred from the SSDA.

# Notes to the financial statements

## 4. SSC Funding Costs

Strategic Core Funding  
Project Funding  
Release of creditor balance following SSDA creditor fair value review (see Note 1)

£
49,406,957
25,614,388
(488,683)
<u>74,532,662</u>

## 5. Delivery Activity Costs

Due Diligence  
Quality Assurance  
IT Consultancy  
Research & Evaluation  
Marketing, Public Affairs & Events  
Publications  
Policy Development  
Project Management

£
66,407
200,288
1,902,812
1,563,933
1,373,610
273,873
645,504
556,833
<u>6,583,260</u>

## 6. Organisation Costs – Pay

Permanent Staff  
Temporary Staff

£
4,844,771
1,207,432
<u>6,052,203</u>

## 7. Organisation Costs – Non-Pay

Staff Development & Other Staff Costs  
Travel & Subsidence  
Meetings, Conferences & Events  
Printing, Stationery & Advertising  
Equipment & Systems  
Communication Charges  
Professional & Recruitment Fees  
Accommodation & Facilities  
Capital grant released  
Depreciation, Financing, Bank Charges & Fruitless Payments

£
110,884
585,332
151,392
127,787
236,204
139,431
879,224
483,217
(137,531)
143,719
<u>2,719,659</u>

## 8. Operating deficit before taxation, interest and cost of capital

The operating deficit before taxation, interest and cost of capital is stated after charging:

£
25,627
111,904
(137,531)
28,750
253,825
<u>11,844</u>

## 9. Taxation

Taxation charge on interest received

£
<u>31,421</u>

## 10. Interest Received

Interest received in relation to the NOS levy funds transferred from QCA

£
<u>112,218</u>

## 11. Directors and Employees

Staff costs during the period were as follows:

£
3,741,742
396,445
705,548
1,208,468
<u>6,052,203</u>

Average number of employees since the UK Commission became operational on 1 April 2008 were as follows:

Full time Equivalents
1.1
79.0
8.3
3.8
<u>92.2</u>

## Directors' Emoluments

Annual Cost	Cost for the period
£	£
90,000	117,000 <sup>1</sup>
167,000	208,750 <sup>2</sup>
41,750	52,187 <sup>2</sup>
5,287	5,287
4,500	4,500

Sir Mike Rake (Chairman)  
Chris Humphries CBE (Chief Executive) – Salary  
Chris Humphries CBE (Chief Executive) – Pension  
Liz Sayce OBE<sup>3</sup>  
Sarah Anderson CBE

<sup>1</sup> 17 months from 13 November 2007

<sup>2</sup> 15 months from 1 Jan 2008

<sup>3</sup> Paid to The Royal Association for Disability and Rehabilitation, not Liz Sayce directly.

# Notes to the financial statements

## 12 Cost of capital

	£
Cost of Capital	185,890

In accordance with FReM, NDPBs are required to disclose the full cost of their activities in their accounts.

The Commission has included in its accounts an amount for the cost of capital. The cost of capital has been arrived at by calculating a rate of 3.5 per cent of the average capital employed. The average capital employed is defined as an average of total assets less total liabilities at the start and end of the accounting period. As an NDPB which is also a company limited by guarantee, this cost of capital is then reversed out after the result for the period on the income and expenditure account.

## 13 Fixed assets

Intangible	Software licences	£
<b>Cost</b>		
Acquired from SSDA at net book value <sup>1</sup>	50,432	
Additions	11,428	
Fair value adjustment on transferred assets <sup>1</sup>	(2,137)	
At 31 March 2009	<u>59,723</u>	
<b>Amortisation</b>		
Provided in the period	25,627	
At 31 March 2009	<u>25,627</u>	
Closing Net Book Value	<b><u>34,096</u></b>	

## 13 Fixed assets (continued)

Tangible	Equipment	Assets Under Construction	Information Technology	Furniture and Fittings	Total
	£	£	£	£	£
<b>Cost</b>					
Acquired from SSDA at net book value <sup>1</sup>	373	–	164,399	63,417	228,189
Additions	3,657	260,661	115,843	140,965	521,126
Fair value adjustment on transferred assets <sup>1</sup>	–	–	(15,209)	–	(15,209)
At 31 March 2009	<u>4,030</u>	<u>260,661</u>	<u>265,033</u>	<u>204,382</u>	<u>734,106</u>
<b>Depreciation</b>					
Charge for the period	409	–	77,828	33,667	111,904
At 31 March 2009	<u>409</u>	<u>–</u>	<u>77,828</u>	<u>33,667</u>	<u>111,904</u>
Net book amount					
At 31 March 2009	<b><u>3,621</u></b>	<b><u>260,661</u></b>	<b><u>187,205</u></b>	<b><u>170,715</u></b>	<b><u>622,202</u></b>

<sup>1</sup>See Note 1

# Notes to the financial statements

## 14. Debtors

	£
Prepayments	62,989
Funding receivable in respect of SSDA transferred liabilities outstanding (see note 1)	366,422
Owing From Other Government Bodies	254,402
	<u>683,813</u>

## 15. Creditors: amounts falling due within one year

	£
Trade creditors	602,732
Deferred income	220,010
Owing To Other Government Bodies	100,330
Provision For Taxation	31,421
Accruals – Sector Skills Councils & Other Sector Skills Bodies <sup>1</sup>	7,046,845
Accruals – Sector Skills Councils & Other Sector Skills Bodies relating to outstanding SSDA transferred milestones <sup>2</sup>	366,422
Accruals – Other	2,791,923
	<u>11,159,683</u>

<sup>1</sup> Accruals in relation to Sector Skills Councils and Sector Skills Bodies are for contracted milestones with a delivery date on or before 31 March 2009.

<sup>2</sup> Outstanding liabilities yet to be paid in relation to the funding contract milestone liabilities with a delivery date on or before 31 March 2009 transferred from SSDA.

## 16. Creditors: amounts falling after one year

	£
Deferred Income	261,275
Transferred from SSDA at fair value (see note 1)	532,554
Capital grant received in period	(220,010)
Less depreciation expected to be incurred within 1 year	(137,531)
Depreciation & Amortisation charge	<u>436,288</u>

The deferred income relates to Grant-In-Aid that has been provided for capital purposes.

## 17. Reserves

	£
At Incorporation	–
Deficit for the period	(89,602,307)
Grant-In-Aid financing	79,429,059
At 31 March 2009	<u>(10,173,248)</u>

Clause 5 of the Memorandum of Association of the company requires that the income of the company be applied solely towards the promotion of the objectives of the company and prohibits its distribution directly or indirectly, by way of a dividend, bonus or otherwise by way of profit to the members of the company provided that nothing shall prevent the company from making payment in good faith at a reasonable proper rate to any member, officer or servant of the company in respect of remuneration for services rendered, interest on moneys lent, rent for premises demised or reimbursement of out-of-pocket expenses.

## 18. Net cash outflow from operating activities

	£
Operating deficit before taxation, interest and cost of capital	(89,683,104)
Amortisation	25,627
Depreciation	111,904
Release of funding to cover Depreciation & Amortisation charge	(137,531)
Increase in debtors excluding SSDA transferred debtor outstanding	(317,391)
Increase in creditors excluding capital & tax creditors & outstanding SSDA liability	10,046,407
Pre 1st April costs funded by DIUS on UK Commission's behalf	431,525
Increase in deferred income	656,298
Payments made in relation to SSDA liabilities transferred	(3,565,629)
Payments made on an agency basis	(3,290,236)
Net cash outflow from operating activities	<u>(85,722,130)</u>

## 19. Reconciliation of net cash flow to movement in net funds

	£
Increase in cash in the period	82,612
Net cash at 31 March 2009	<u>82,612</u>
All cash balances are held at the office of HM Paymaster General.	

## 20. Analysis of changes in net cash

	At incorporation	Cash flow	31 March 2009
	£	£	£
Cash at bank and in hand	–	82,612	<u>82,612</u>

## 21. Contingent liabilities

The company had no contingent liabilities at 31 March 2009.

# Notes to the financial statements

## 22. Financial instruments

As an NDPB with no borrowings and wholly funded by DIUS, the Commission confirms that it is not exposed to any liquidity risks. All material assets and liabilities are denominated in sterling so the Commission is not exposed to interest rate risk or currency risk. A review of all contracts were made for the period and no known derivative elements embedded were identified.

## 23. Capital commitments

£11,307 has been committed and contracted in respect of capital expenditure as at 31 March 2009.

## 24. Pension contributions

### Principal Civil Service Pension Scheme (PCSPS)

The PCSPS is an unfunded multi-employer defined benefit scheme. Contributions on a "pay as you go" basis are credited to the exchequer under arrangements governed by the Superannuation Act 1972. The company is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the company has accounted for its contributions as if it were a defined contribution scheme.

The pensions cost is assessed every four years in accordance with the advice of the government actuary.

The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows:

Latest actuarial valuation	31 March 2007
Investment returns per annum	6.0% per annum
Salary scale increases per annum	3.9% per annum

Further information can be obtained from [www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk).  
Total contributions to the scheme in the year were £641,481.

### Partnership Pension Account

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 10 per cent and 25 per cent (depending on the terms of their employee contract agreements) into a stakeholder pension product chosen by the employee.

Total contributions to the scheme in the year were £64,067.

## 25. Insurance

With the exception of third party insurance required by the Road Traffic Acts and any others which are statutory or contractual obligations, the company follows the usual rules for public bodies of non-insurance.

The company is indemnified by DIUS in respect of the Employer's Liability insurance.

## 26. Leasing obligations

Operating lease payments amounting to £167,038 are due within one year.  
The leases to which these amounts relate expire as follows:

	Land and buildings £	Other £
In one year or less	—	—
Between one and five years	151,758	15,280
Greater than five years	—	—
	<u>151,758</u>	<u>15,280</u>

## 27. Liabilities of members

Under Clause 7 of the Memorandum of Association all members undertake to contribute to the assets of the company such an amount as may be required, not exceeding £1, in the event of it being wound up during the period of membership and within one year afterwards.

## 28. Transactions with related parties

The UK Commission is a NDPB funded by DIUS and is regarded as a related party.

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

# Notes to the financial statements

## 28. Transactions with related parties (continued)

Director	UK Commission Role/Relationship	Related Organisation Role/Relationship	Related Organisation	Transaction	Value included in accounts	Amount yet to be paid at 31 March 2009
					£	£
Sir Mike Rake	Chairman	Chairman	BT	Business Case Development proof of concept and Business Consultancy for talentmap™, phase 2 <sup>1</sup>	327,551	—
Sir Mike Rake	Chairman	Chairman	BT Landline	Telephone services <sup>2</sup>	27,155	—
Sir Mike Rake	Chairman	Chairman	BT Openworld	Internet service charges <sup>2</sup>	1,885	—
Chris Hyman	Director	Chief Executive	Serco	Strategic advice on talentmap™, long term plan <sup>3</sup>	56,427	56,427
Chris Hyman	Director	Chief Executive	Serco	talentmap™, phase 3 – project initiation & beta delivery and provision of website interim support services <sup>4</sup>	1,242,848	1,242,848
Jeremy Anderson	Director	Chief Executive	KPMG	KPMG provided internal audit services to the UK Commission <sup>5</sup>	24,208	—
Larry Hirst	Director	Chairman	e-skills UK	Funding for programme costs <sup>6</sup>	3,531,666	49,500

## 28. Transactions with related parties (continued)

The UK Commission sponsors the following Sector Skills Councils which are considered to be related parties. Details of the material transactions made with the related party Sector Skills Councils during the period to 31 March 2009 are shown below.

Related Sector Skills Council	Relationship	Transaction	Value	Amount yet to be paid at 31 March 2009
			£	£
Government Skills <sup>7</sup>	Government Body	Funding for programme delivery	1,936,162	200,000
Construction Skills <sup>8</sup>	Government Body	Funding for programme delivery	3,907,927	403,400
Skills For Health <sup>9</sup>	Government Body	Funding for programme delivery	3,191,719	311,176

The UK Commission's procurement process ensures there is no influence with Commissioners in the provision of the tender or in the delivery of the service.

<sup>1</sup> Awarded under OGC Catalyst Framework. Evaluated by two external consultants and the Head of IT to ensure transparency. Award was ratified by Project Steering group comprising talentmap™, sponsoring agencies.

<sup>2</sup> Awarded through OGC pan-Government framework.

<sup>3</sup> Awarded under an OGC multi-disciplinary framework. Approved by multi agency Project Steering Group.

<sup>4</sup> Award made under HMRC single framework as Serco is the only supplier with the security access to work on, and link to, other Government websites.

<sup>5</sup> Open advertised tender.

<sup>6</sup> e-skills UK is Sector Skills Council. Larry Hirst is excluded from any Commission decisions affecting Sector Skills Councils. Value includes £20 000 paid on an agency basis.

<sup>7</sup> Figure include £8,680 paid on an agency basis.

<sup>8</sup> Figure include £286,448 paid on an agency basis.

<sup>9</sup> Figure include £263,185 paid on an agency basis.

## 29. Losses and special payments

Value £
Losses and special payments total value
Transactions Included in the figure above exceeding £1,000:
Stolen IT equipment

## 30. Performance targets

For the period ended 31 March 2009 the company was not set any specific financial performance targets by Sponsors.

# Remuneration report

## Management Committee

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

Sir Mike Rake  
Philip Green (Chairman)  
Larry Hirst CBE  
Julie Kenny CBE DL  
Liz Sayce OBE

## Senior Leadership Team Remuneration Policy

On formation, the UK Commission adopted the SSDA pay strategy. The pay strategy is based on remuneration principles which are designed to:

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

The pay strategy for the Senior Leadership team is the same as for all permanent staff with the exception of the Chief Executive, whose pay arrangements are determined by DIUS with the input from the UK Commission Chairman and Management Committee within the context of government guidance.

The following information is subject to audit.

## Disclosure of Salary and Benefits in kind for the seventeen months ended 31 March 2009

Name	Salary including allowances, benefits in kind and performance pay, in pay bands for the period	Benefits in kind
	£000's	£000's
<b>Executive Directors<sup>1</sup></b>		
Sir Mike Rake	115-120 <sup>2</sup>	—
Chris Humphries CBE	205-210 <sup>2</sup>	—
<b>Senior Leadership Team</b>		
Cay Stratton CBE	120-125	—
Professor Mike Campbell OBE	90-95	—
Simon Perryman	85-90	—
Jerry Lloyd	85-90	—
Kay Dickinson	80-85	—
Geoff Fieldsend	80-85	—
Joshua Rey <sup>3</sup>	65-70	—
Michael Davis <sup>4</sup>	5-10	—
<b>Non Executive Directors<sup>1</sup></b>		
Liz Sayce OBE <sup>5</sup>	5-10	—
Sarah Anderson CBE	0-5	—

No other Non-Executive Directors received any compensation from the UK Commission.

Bonuses in respect of the period have not yet been agreed and are therefore not included here.

# Remuneration report

## Pension entitlements for the seventeen months to 31 March 2009

Name	Value as at 31/03/09 of the Accrued Pension and related lump sum at pension age in pay bands	Real increase in period	CETV as at beginning of period	Real increase in CETV during the period as funded by employer	CETV as at end of period	Employer contribution to Partnership Pension account
	£000's	£000's	£000's	£000's	£000's	£000's
<b>Executive Directors<sup>1</sup></b>						
Sir Mike Rake	–	–	–	–	–	–
Chris Humphries CBE	–	–	–	–	–	52 <sup>2</sup>
<b>Senior Leadership Team</b>						
Kay Dickinson	70-75 <sup>6</sup>	2.5-5	286	11	318	–
Simon Perryman	40-45	0-2.5	636	13	698	–
Geoff Fieldsend	25-30	0-2.5	378	17	426	–
Jerry Lloyd	15-20	0-2.5	254	15	289	–
Professor Mike Campbell OBE	5-10	0-2.5	72	26	106	–
Michael Davis <sup>2</sup>	0-5	0-2.5	0	1	1	–
Cay Stratton CBE	–	–	–	–	–	12
Joshua Rey <sup>3</sup>	–	–	–	–	–	–

<sup>1</sup> Statutory Directors. Chris Humphries was the only Statutory Director of the Company to receive any pension entitlements.

<sup>2</sup> Figure is for the 17 month period for Chairman and 15 month period for Chief Executive. Their annual salaries are £90,000 and £167,000 respectively.

<sup>3</sup> Joshua Rey – Director of Strategy & Performance was a secondment from Working Ventures UK and left the UK Commission on 30 September 2008. The figures shown above are the total cost of the secondment paid to Working Ventures UK including national insurance and pension contributions.

<sup>4</sup> Michael Davis – Director of Strategy & Performance, started on 1 March 2009.

<sup>5</sup> Represents the amount paid to RADAR for making available her services as a Non-Executive Director to the UK Commission.

<sup>6</sup> Figure includes a lump sum of £56,132.

## Unaudited Information

### Performance Pay Awards

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

- Exceptional
- Superior
- Good
- Performing below expectations in some areas
- Performing well below the standard expected

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

The performance levels awarded will determine the level of pay increase and/or bonus. The Senior Leadership Team pay awards are agreed by the Management Committee, subject to recommendation from the Chief Executive. The Chief Executive's pay award is agreed by DIUS on the recommendation of the Management Committee and the Chairman. If the performance level is assessed as below expectations then no bonus or pay increase is awarded.

# Remuneration report

# Legal and administrative details

## Senior Staff Employment Policy

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

## Senior Staff Service Contracts

Name	Start date of contract	End date of contract
Chris Humphries CBE	1 January 2008	31 December 2010
Kay Dickinson	1 April 2008 <sup>1</sup>	
Cay Stratton CBE	1 April 2008	
Geoff Fieldsend	1 April 2008 <sup>1</sup>	
Simon Perryman	1 April 2008 <sup>2</sup>	10 December 2009
Professor Mike	1 April 2008 <sup>1</sup>	
Campbell OBE		
Jerry Lloyd	1 April 2008 <sup>1</sup>	
Michael Davis	1 March 2009	

<sup>1</sup> Contract was transferred from SSDA under a COSOP arrangement from SSDA on 1 April 2008.

<sup>2</sup> On secondment from DIUS. Contract was transferred from SSDA under a COSOP arrangement from SSDA on 1 April 2008.

On behalf of the Board

**C Humphries CBE**  
Chief Executive

**Sir M Rake**  
Chairman

**29 June 2009**  
Date

**Company registration number:** 6425800

**Registered office:** 3 Callflex Business Park, Golden Smithies Lane, Wath-upon-Dearne, South Yorkshire S63 7ER

**Company secretary:** Kay Dickinson

**Bankers:** H M Paymaster General

**Auditors:** Mazars LLP  
Registered Auditors  
Chartered Accountants

## Register of Directors interests

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

## Directors

The directors in office since incorporation are listed below.

Name	Date of appointment	Actual resignation date
<b>Executive Directors</b>		
Sir Mike Rake	13/11/07	
Chris Humphries CBE	01/01/08	
<b>Non Executive Directors</b>		
Prof. Alan Gilbert	01/04/08	
Brendan Barber	01/04/08	
Charles Mayfield	01/04/08	
Chris Hyman	01/04/08	
David Brennan	01/04/08	
David Prentis	01/04/08	
Dr Bill McGinnis CBE	01/10/08	
Grahame Smith	01/04/08	
Ioan Morgan CBE	01/04/08	
Jeremy Anderson CBE	01/04/08	
James Wates	01/04/09	
Julie Kenny CBE, DL	01/04/08	
Larry Hirst CBE	01/04/08	
Liz Sayce OBE	01/04/08	
Lord Victor Adebowle	01/04/08	
Nigel Whitehead	01/04/09	
Philip Green	01/04/08	
Richard Lambert	01/04/08	
Sarah Anderson CBE	01/04/08	
Sir Adrian Webb	01/04/08	
Sir Robert Kerslake	01/04/08	
Valerie Todd	01/04/08	
Willy Roe	01/04/08	
Murray Coleman	01/04/08	10/12/08
PinSENT MASON Directors Limited	13/11/07	13/11/07

# Our Commissioners



**Lord Victor Adebawale**  
Chief Executive of Turning Point

Victor joined Turning Point as Chief Executive in September 2001. Turning Point is the UK's leading social care organisation, providing services for people with complex needs. Victor is Co-Chair of the Ministerial Advisory Group on Mental Health for black and minority ethnic groups, a member of the Advisory Council on the Misuse of Drugs and of the Offender Health Executive Steering Group. In 2000, Victor was awarded the CBE in the New Year's Honour List for services to the New Deal, the unemployed, and homeless young people. In 2001, Victor became one of the first group of people to be appointed as People's Peers.



**Jeremy Anderson CBE**  
Head of Financial Services for KPMG Europe LLP

Jeremy Anderson is Head of Financial Services for KPMG Europe LLP. He works extensively with global banks helping them to design and implement people, process and technology solutions as they deal with the challenges of a fast changing and expanding global market. Jeremy also held the post of Deputy Chairman of the Business Commission on Race Equality in the Workplace and is a member of the Ministerial Ethnic Minority Employment Task Force.



**David Brennan**  
Chief Executive Officer of AstraZeneca

From 2001 until his appointment to CEO, David was President and Chief Executive Officer of AstraZeneca LP, the Company's North American subsidiary for the U.S. and Canada. He was appointed Executive Board Director of AstraZeneca in 2005. David is also Chairman of the Board of the Pharmaceutical Research and Manufacturers of America (PhRMA) and a member of the Executive Board of the European Federation of Pharmaceutical Industries and Associations (EFPIA). In addition, he is past Chairman of the Board of the Southeastern Pennsylvania Chapter of the American Heart Association, and Honorary Board member of the US CEO Roundtable on Cancer.



**Professor Alan Gilbert**  
President and Vice-Chancellor,  
The University of Manchester

Professor Alan Gilbert joined the University in February 2004 as President and Vice-Chancellor-elect to plan for the launch of the single University. He formally took up his duties as President and Vice-Chancellor on 1st October 2004. Professor Gilbert had previously been Vice-Chancellor of the University Melbourne where he initiated and led Universitas 21, an incorporated association of international universities drawn from 10 countries. He has served as a member of the Australian Higher Education Council (1991-95) and the Hong Kong University Grants Commission (1998-2000) and is currently a member of the Council for Science and Technology (CST).



**Sarah Anderson CBE**  
Director of Simple Solutions

Sarah previously ran her own employment agency, supplying catering staff for 19 years. In 2004 Sarah sold the business and continues to work as a consultant to the industry. Sarah's other roles have included a number of Non-Executive Director roles in the private sector, as well as being a member of many public sector committees, including, most recently a member of Women and Work Commission and the Small Business Council. In the voluntary sector, she is Director of London Samaritans. In 2000 Sarah was awarded CBE for services to training and enterprise.



**Brendan Barber**  
General Secretary of the TUC

Brendan joined the TUC in 1975, becoming Head of the Press Department in 1979 and the Industrial Relations Department in 1987 before being appointed Deputy General Secretary in 1993. He was elected General Secretary in 2003 and has served on a number of public bodies, including the ACAS Council. He is currently a Non-Executive Director of the Court of the Bank of England.



**Philip N Green**  
Chief Executive of United Utilities PLC

United Utilities is one of the largest utilities (water, gas, and electricity) companies in the UK, ranked mid-way in the FTSE100. Philip's previous positions have included CEO of P&O Nedlloyd Container Line Ltd., where in 2004 he led the company to its successful listing as Royal P&O Nedlloyd BV in Amsterdam. He also worked as Chief Operating Officer at Reuters Group plc. Philip is a Member of the London Business School Advisory Board and a Trustee of the Philharmonia Orchestra. He is also a non-executive Director of Lloyds Banking Group plc and a Director of Business in the Community.



**Larry Hirst CBE**  
Chairman of IBM Europe,  
Middle East and Africa (EMEA)

Previously, Larry was General Manager for IBM's operations in the UK, Ireland, the Netherlands and South Africa. In addition to his IBM responsibilities, Larry is an Advisor on the Presidential International Advisory Council on Information Society and Development (PIAC) for South Africa. In 2008 Larry was asked to take up the role of Chairman of the UK Trade and Investment Executive Board responsible for driving the UK's trade and investments objectives in the telecommunications and IT technology sectors. Other roles include Chairman of e-skills UK, the Sector Skills Council for IT, Telecoms and Contact Centres, and Chairman of the 'Transition to Teaching' Steering Committee. In 2006 Larry was awarded the CBE in recognition of his services to the IT industry.



**Chris Hyman**  
**Chief Executive, Serco Group PLC**

In addition to this role, Chris formed Serco's first global division, and implemented the first global practices across the company. Chris is also Non-Executive Director of United Business Media plc, the Prince of Wales' Charity In Kind Direct, Habitat for Humanity and the Borneo Tropical Rainforest Foundation. He is also a member of the UK Government's Honours Advisory Committee for Economy. Having been raised in South Africa he has a passion for the development and mentoring of underprivileged young people and he continues to further this cause.



**Julie A Kenny CBE, DL**  
**Managing Director, Pyronix Limited  
of Rotherham, South Yorkshire**

Julie is also a Board member of the Small Business Forum, Yorkshire Forward, Creative Sheffield and Vice-Chairman of the British Security Industry Association. Julie has been in public service to the Community since 1994 when she became a member of Rotherham Training and Enterprise Council and then Rotherham Chamber of Commerce Training and Enterprise. In recognition of her contribution to the region's business and industry, Julie was awarded a CBE in 2002.



**Charlie Mayfield**  
**Chairman, John Lewis Partnership**

Charlie Mayfield became the Partnership's fifth Chairman in March 2007. He joined the Partnership in 2000 as Head of Business Development, for both John Lewis and Waitrose. Charlie joined the Board as Development Director in 2001 and was responsible for developing the Partnership's online strategy. He became Managing Director of John Lewis in January 2005 prior to taking up his appointment as Chairman of the Partnership in March 2007.



**Dr Bill McGinnis CBE**  
**Northern Ireland Adviser on Employment  
and Skills**

Bill McGinnis is Chairman of the McAvoy Group Limited (off-site building solutions). He is currently a Board member of Tourism Ireland, Chairman of Air Route Development Ltd and Non-executive Director of a number of public limited companies. Bill has also been a Board member of a number of public and private organisations including, Invest Northern Ireland, the National Employment Panel and the Sector Skills Development Agency. He is a former President of the Northern Ireland Chamber of Commerce. He was awarded an OBE in 1997 for his services to Northern Ireland Industry and a CBE in the 2004.



**Sir Robert Kerslake Kt BSc (Hons)**  
**Chief Executive Designate,  
Homes & Communities Agency**

Prior to taking up the post of CEO of the Homes and Communities Agency, Sir Robert Kerslake was Chief Executive of Sheffield City Council. The Council was rated as a four-star authority and was Council of the Year in 2005. Bob was previously with the London Borough of Hounslow as Chief Executive. Prior to that he handled transport finance at the Greater London Council. He then worked with the Inner London Education Authority, where he was responsible for their main accounts with expenditure in excess of £1bn. Nationally, he is a non-executive Board member at the Department for Communities and local government and is a member of the Equalities Review Panel.



**Richard Lambert**  
**Director-General, Confederation of British  
Industry (CBI)**

Richard became Financial Editor at the Financial Times in 1979. He became Editor in 1991 and during his 10 years in this role launched the US version of the newspaper. In 2002, Richard was asked to write the Lambert Review of Business Collaboration. In Spring 2003 Richard became a member of the Bank of England's Monetary Policy Committee, stepping down in April 2006. He has been Director-General of the CBI since 1 July 2006. Richard is a trustee of the British Museum and Chancellor of Warwick University.



**Ioan Morgan CBE**  
**Chair, The 157 Group**

Ioan has led three FE colleges and has worked in Japan, USA and South Africa on the economic development and inward investment strategies. In August 2005 he was invited to join Sir Andrew Foster on a study visit to New York as part of the review of FE in England. In 2006 Ioan worked with Dr. Scott Ralls, President of Craven County Community College, North Carolina, to develop the themes of good practice highlighted in Sir Andrew's Report. Ioan is founder Chairman of the 157 Group of larger colleges and is a Board member of the Quality Improvement Agency (QIA) and Board member of Qualification and Curriculum Authority (QCA). January 2007 Ioan was awarded the CBE for services to FE.



**Dave Prentis**  
**General Secretary, Unison**

Dave was UNISON's deputy general secretary from its formation in 1993 and drove through a strategic review of the union, aimed at delivering key reforms, to bring union services closer to the members. He is a member of the TUC general council, TUC executive committee and the Trade Union Labour Party Liaison Committee. He is a member of the Labour Party's Prosperity in Work and the Labour Party Joint Policy Committee and is also a member of various joint working parties with the Government and the CBI. Dave is a Director of the Institute of Public Policy Research (IPPR). He is also an adviser to the Warwick Institute of Governance and Public Management and a visiting fellow of Nuffield College, Oxford. Dave is a member of the ACAS Council and President of Unity Trust Bank.



**Willy Roe**  
Chair, Skills Development Scotland

Willy Roe is Chair of Skills Development Scotland, the Scottish Government's new agency serving employers, individuals and communities and acting as a catalyst for positive change in Scotland's skills performance. He is also Chair of Highlands and Islands Enterprise, the regional development agency promoting sustainable economic growth and community development in the north-western half of Scotland. Willy is a board member of the Pension, Disability and Carers Service of the DWP. He is a member of the Innovation Programmes Committee of NESTA, the National Endowment for Science Technology and the Arts.



**Liz Sayce OBE**  
Chief Executive, Radar

Liz Sayce is Chief Executive of RADAR, the UK's leading pan-disability organisation. She is a member of the Disability Committee of the Equality and Human Rights Commission and a trustee of Stonewall. From 2000-2007 she was Director, Policy and Communications, for the Disability Rights Commission. Previously she was Director of Lambeth, Southwark and Lewisham Health Action Zone. She spent 8 years as Policy Director of Mind, and one year as a Harkness Fellow in the USA, studying the impact of the Americans with Disabilities Act and related policy initiatives. She was a member of the UK Government's Disability Rights Task Force (1997-99).



**Sir Adrian Webb**  
Chair of the Wales Employment & Skills Board

Sir Adrian was First Vice-Chancellor, University of Glamorgan from 1992 to 2005 and previous to that was Deputy Vice-Chancellor and Director of the Centre for Research in Social Policy, Loughborough University. He began his academic career as a lecturer at London School of Economics. In addition to running large universities, in both Loughborough and Glamorgan, he was responsible for wholly owned companies involved in spin-out, knowledge transfer and training activities. He has also undertaken many public service roles in Wales and in Whitehall and Westminster. Sir Adrian is currently the Chair of the Wales Employment and Skills Board.



**James Wates**  
Deputy Chairman, Wates Construction Limited

James joined Wates Construction as a management trainee, he took on the role of General Manager in 1989. Since then he has progressed through the company to be Deputy Chairman of the main Group Board. Outside the Group, he is involved with several industry bodies. He is on the CBI Construction Council, a Board Member of CITB-Construction Skills, Vice President of the Chartered Institute of Building and he Chairs the UK Contractors Group. He is also a Board Member and Treasurer of the British Council for Offices. In addition he is a member of the London Skills and Employment Board and he also sits on the London Regional Council of The Prince's Trust. James became a Commissioner on April 1 2009.



**Grahame Smith**  
General Secretary,  
Scottish Trades Union Congress

Grahame was appointed as the STUC's Deputy General Secretary in 1996. In that role he headed the STUC's Policy and Campaigns Department and had specific responsibility for the STUC's work on lifelong learning and public services. He was appointed as General Secretary in December 2005. Grahame is a member of the Scottish Union Learning Fund Advisory Committee and of the Board of Scottish Union Learning. He is also a member of the National Workforce Plus Partnership Board and the Board of SCDI. He was appointed to the Board of Scottish Enterprise in December 2008.



**Valerie Todd**  
Director of Talent and Resources at Crossrail

Valerie has held a number of senior positions in local government. She is the founding President of the Women's Transportation Seminar (London), an organisation established in 2005 to be a voice for women in transport. She is also a Board member of the West London City Strategy Partnership and Brent (Fair Cities) both of which aim to improve the employment and skills prospects for people from disadvantaged backgrounds. In 2007 Valerie was highly commended by Opportunity Now for her work promoting gender equality.



**Nigel Whitehead**  
Group Managing Director Programmes  
& Support, BAE Systems

Nigel worked for Rolls-Royce for four years as a production engineering apprentice and graduated in mechanical engineering before joining British Aerospace as an aerodynamicist. With the exception of a brief period in charge of the BAE Systems team running the Astute Class Submarine development and production, Nigel has been active in military aircraft design, development, production and support programmes for 24 years, working in the UK, Sweden and Australia. Nigel's previous role was as Group Managing Director of the Military Air Solutions (MAS) business of BAE Systems. Nigel became a Commissioner on April 1 2009.

**Murray Coleman**  
(Resigned on 9 December 2008)

Murray was Chief Executive Officer of Bovis Lend Lease UK during his term as Commissioner and left to return to his native Australia.

## Notes: