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Chief Executive Officer  
UK Commission for Employment and Skills  
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London  
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Our ref  
Your ref

Date 27 March 2013

Dear Michael

**UK COMMISSION FOR EMPLOYMENT AND SKILLS (UK COMMISSION) GRANT IN AID AND PRIORITIES  
LETTER: 2012-13 FIRST REVISION**

1. On 16 March 2012, Martin Donnelly, BIS Permanent Secretary and Principal Accounting Officer, wrote to you to issue the UK Commission with its *2012-13 Grant in Aid and Priorities letter*. In this letter, Martin set out the UK Government's priorities for the UK Commission for 2012-13 reflecting the priorities set out in the 'High Level Responsibilities' letter of 5 May 2011.

2. The purpose of this first revision letter is to provide the UK Commission with details of funding changes as follows:

**Revisions to Budget Lines Based on Quarter 2 Forecasts**

- Admin Costs, BIS CSR Funding total of £8,195,000 (including £469k non cash depreciation) reduced to **£6,568,000** (£6,334k admin and £234k non cash depreciation).
- Programme Capital, BIS CSR Funding total of £242,000 reduced to **£200,000**.
- Programme Recurrent, BIS CSR Funding total of £49,881,000 reduced to **£49,231,000**.
- Programme Recurrent, Growth & Innovation Fund total of £12,426,000 increased to **£14,369,000**.
- Programme Recurrent, Project Funding total of £908,000 increased to **-£925,000** (including addition of £26k Wales Employer Perspectives Survey contribution and reduction from £20k to £11k on the Wales Employer Skills Survey contribution).
- Receipts, UK Commission Receipts total of -£500,000 reduced to **-£240,000**.

See table attached for detailed of breakdowns of the budget lines.

3. The UK Commission have a three year strategic agreement with Economic and Social Research Council (ESRC). In 2012-13 the UK Commission have transferred £200,000 to ESRC to undertake the following work:

- Investment in the ESRC Research Centre, the Centre for Learning and Life Chances in Knowledge Economies and Societies (LLAKES) specifically focused on Theme 2: Learning, Work and the Economy. It is expected this will involve further analysis of the Skills and Employment Survey (2012) and lead to additional published outputs.
- ESRC Student Internship Scheme – UKCES will fund a PhD student internship placement. Individuals are current ESRC funded PhD award holders and the internship will be an extension to their PhD. As such the relevant Research Organisation/ESRC will remain responsible for the PhD student and any payments. The focus for the internship would be secondary quantitative analysis of UKCES employer surveys.

- Research Seminars – investment in a series of research seminars which address UKCES concerns specifically focused on the policy of Employer Ownership, using academic debate to advance our understanding and thinking. These will also have international coverage.

4. In summary, the total resource budget for the UK Commission in 2012-13 has now been revised to **£70,128,000**, including depreciation non cash costs of **£234,000**. The actual cash grant in aid figure has been revised to **£69,894,000**.

5. The changes in this letter have been agreed with Simon Renny.

6. I am copying this letter to the UK Commission's Co-sponsor Departments.

*Chris Scully*

*Jan Dixon*

Jan Dixon

Deputy Director, Employer Investment and Demand Unit

On behalf of the joint sponsor DWP and co-sponsors DfE, HMT and the three Devolved Administrations (Northern Ireland, Scotland and Wales)

**2012-13 Delegated Budget Limits**

<u>Resource Description</u>	<u>Category</u>	<u>BIS CSR Funding</u>	<u>Project Funding</u> Economic and Social Research Council - £200k	<u>UK Commission Receipts</u>	<u>Growth &amp; Innovation Fund</u>	<u>Devolved Administrations Funding/Receipts</u> Universal Services DELNI - £200k Scotland - £500k Wales - £300k Wales Skills Audit - £11k Wales Employer Perspectives Survey - £26k	<u>TOTALS</u>
Admin Costs *	Ringfenced Resource DEL	6,456,000				112,000	6,568,000
Programme Capital	Capital DEL	200,000					200,000
Programme Recurrent Receipts	Resource DEL Resource DEL - Negative Expenditure	48,266,000 0	-200,000	240,000 -240,000	14,369,000	925,000	63,600,000 -240,000
<b>Resource Grant Total</b>		<b>56,199,000</b>	<b>-200,000</b>	<b>0</b>	<b>14,369,000</b>	<b>1,037,000</b>	<b>70,128,000</b>

<b>Resulting Grant in Aid Total (resource total minus non cash depreciation costs of £234k)</b>	<b>69,894,000</b>
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\* UK Commission breakdown of the £6,568,000 admin costs is against the following categories:

Pay - Permanent Staff	£4,091,000
Non Pay - Other Staff Costs (inc staff Development and T&S)	£826,000
Non Pay - Procurement (inc meetings/conferences, printing, equipment, communications and accommodation)	£1,008,000
Non Pay - Consultancy (inc professional fees and recruitment)	£409,000
<b>Sub Total</b>	<b>£6,334,000</b>
Non Cash Costs - Depreciation	£234,000
<b>Admin Costs Grand Total</b>	<b>£6,568,000</b>

Note 1 – The £6,568,000 total admin costs in the table above exclude the costs of the UK Commission's Voluntary Redundancy Scheme estimated at a maximum of £1,434,000. This additional pressure has been notified to BIS Finance, and the UK Commission will not be sanctioned for overspending in respect of payments under this Voluntary Redundancy Scheme.

Note 2 - pay and non pay categories are NOT ring-fenced and funding can be moved across the pay and non pay categories to suit operational need. Depreciation and impairments are ring-fenced and funding can only be moved between the depreciation and impairments categories to suit operational need.

