

Chris Humphries
Chief Executive
UK Commission for Employment and Skills
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Dear Chris

UK Commission for Employment and Skills

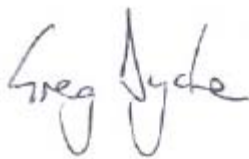
Second Revision to the 2009-10 Grant-in-Aid and Priorities Letter

On 31 March 2009, Ian Watmore issued the UK Commission for Employment and Skills (the UK Commission) with its 2009-10 Grant-in-Aid and Priorities Letter. In his letter, Ian explained that the Grant-in-Aid Letter builds on the priorities for skills, employment and productivity set out in the UK Commission's Remit Letter and sets out the indicative budget allocations for the UK Commission in 2009-10. I sent you a first revision to the 2009-10 Grant-in-Aid and Priorities Letter on 23 December 2009 setting out amendments to current funding and additional funding.

The purpose of this letter is to provide the UK Commission with a further update to Ian's letter of 31 March 2009 and my letter of 23 December 2009. These changes to the UK Commission's 2009-10 Grant-in-Aid and Priorities Letter have been discussed and agreed with Simon Renny and Kay Dickinson at the UK Commission.

Please find attached amendments and additions to the priorities for delivery in 2009-10 in Annex A and updated resources information including delegated budget limits and updates to budget allocations in Annex B. In summary, the total resource budget for the UK Commission in 09-10 has now been revised to **£89,557k**, including a non cash element of **£-25k**. The actual cash grant-in-aid figure has been revised to **£89,532k**.

Yours sincerely



GREG DYCHE

On behalf of the UKCES joint sponsors: BIS, DCSF, DWP, Scottish Government, Welsh Assembly Government, HMT and DELNI.

Additions and Changes to UK Commission for Employment and Skills 2009-10 Grant-in-Aid and Priorities Letter

Priorities for delivery in 2009-10

Paragraph 7 – UK Commission Strategic Priority One: Building a more demand-led and responsive employment and skills system.

Backing Young Britain (new bullet under paragraph 7)

DWP would like the UK Commission to undertake a Backing Young Britain media campaign and be advocates for actions that ensures young people can be supported and equipped properly for the future labour market.

Annex A: Further Detail on Co-sponsors Priorities for 2009-10

Project Priorities for 09-10

UK Vocational Qualifications Reform (Additional to paragraph 24)

The UK Commission should, through Skillsmart Retail, ensure the benefits of the reform of vocational qualifications are communicated to employers. Also by working with BIS officials, Skillsmart Retail will raise awareness of the benefits of vocational qualifications to all stakeholders.

14-19 Diplomas (Additional to paragraph 31)

The UK Commission takes a lead role in supporting employer facing communications – the additional funding for delivery of a project to harness employer support for the Diploma as an integral part of the wider 14-19 reforms.

Annex B – Resources

Resources – Table 1 – updated to reflect revised delegated budget totals in line with amendments detailed in Table 2A.

UK Commission Resource Budgets for 2009-10 – Table 2A - updates have been carried out as follows:

BIS Baseline

In the 23 December 2009 first revision, £75k was incorrectly moved within the BIS baseline to reflect the £75k move on the Women in Work funding line. Budget lines to be amended as follows (pay and non pay remain unchanged):

- Programme Recurrent UKCES £4,617k reduces to £4,542k.
- Programme Recurrent SSC £48,028k increases to £48,103k.

Backing Young Britain

New column added for DWP Backing Young Britain as follows:

- Programme Recurrent UKCES £100k.

DCSF 14-19

The total 09-10 budget for 14-19 has been increased from £5,776k to £5,826k. Breakdown revised as follows:

- Pay £357k reduces to £350k.
- Non Pay £137k reduces to £103k.

- Programme Recurrent UKCES £196k increases to £249k.
- Programme Recurrent SSC £5,086k increases to £5,124k.

Talent Map

Total 09-10 Talent Map budget increases from £1,053k to £1,120k as follows:

- Programme Recurrent UKCES £1,053k increases to £1,120k.

VQR Communications

New column added for VQR Communications for £47k as follows:

- Programme Recurrent SSC £47k.

Women in Work

1. In the 23 December 2009 first revision, the narrative under Annex B Resources showed incorrect Women in Work figures as follows:

- Programme Recurrent UKCES £126k reduces to £125k.
- Programme Recurrent SSC £4,624k increases to £4,625k.

Table 2A did show the correct figures of £125k and £4,625k and therefore no changes are required to the table 2A resources table.

2. £25k needs to move from Programme Recurrent UKCES to Programme Recurrent SSC as follows:

- Programme Recurrent UKCES £125k reduces to £100k.
- Programme Recurrent SSC £4,625k increases to £4,650k.

Sources of Funding Breakdown of UK Commission Resource Budgets 2009-10 – Table 2B – amendments to table setting out BIS, Other Government Departments and Devolved Administrations contributions to UK Commission funding.

UK Commission Resource Budgets for 2009-10 5% Efficiency Savings Calculations – Table 2C – amendments to table setting out the detail of the 5% efficiency savings across funding workstreams.

Annex C – Planned Outputs

Backing Young Britain

Media campaign on BYB and as agreed with DWP BYB team.

VQR Communications

Creating on the Business Link web content and links via common SSC landing pages. Case studies to share best practice. SSC employer newsletters. SSC-led press releases/articles, inserts. Postcard fliers to publicise the Business Link web content. Coverage in England.

Annex B: Resources

1. Your delegated budget limits for 2009-10 are set out in the attached tables. The amount of resources available to the UK Commission in 2009-10 is **£89,557,000** which includes non cash costs of **£-25,000**. **This figure is to be treated as a control total for resource-based expenditure and must not be exceeded without written approval from the Joint Sponsor Unit.** There may be additions to the control total from other policy areas during the year.

2. You are required to report your expenditure against the following Budget Lines.

Table 1:

UK Commission Resource Budgets		£x000	
Running/Organisational Costs	Pay	6378	
	Non Pay	2922	
			9300
Programme Recurrent	Own Capital	530	
			530
	UKCES SSC	6843 72909	
Non Cash Costs			79752
	Depreciation	300	
	Cost of Capital	-325	
			-25
			89,557

3. Your budget is broken down into the following elements:

- Resource Departmental Expenditure Limit (DEL) which includes near-cash and non-cash;
- Capital DEL

4 After allowing for non cash costs of **£-25,000** and accruals adjustments of **£2,848,009**, the resulting figure for Grant in Aid is **£92,405,009**.

This figure is to be treated as a Cash Limit and must not be exceeded without prior written approval from the Department.

UK COMMISSION RESOURCE BUDGETS FOR 2009-10 - TABLE 2A

(All figures
£000s)

(All figures £000s)	ONGOING FUNDING				PROJECT FUNDING																		TOTALS		
	BIS BASELINE	NOS (£4.5m part of BIS Baseline)	WOMEN IN WORK (part of BIS Baseline)	DWP	VQ EVALUATION	DCSF 14-19	DWP BACKING YOUNG BRITAIN	IAG	IIP DUE DILIGENCE	IIP TRANSITION	NAO	NVQ LEVY	RESEARCH INSTITUTE	APPRENTICESHIPS - SEMTA AND SSC PERFORMANCE	SIMPLIFICATION	STRATEGIC SKILLS	SKILLS FOR LIFE	TALENT MAP	THIRD SECTOR SKILLS BODY	VQ EVALUATION CAP GEMINI	VQR - ASSETSKILLS	VQR - COMMUNICATIONS	5% Efficiency savings	TOTAL GRANT FUNDING	
Running/ Organisation Costs 1																									
Pay	3628	508	174	898	132	350						280	110	128	158	139								-127	6378
Non Pay	1690	97	76	370	66	103						150	123	55	67	125									2922
Sub Total	5318	605	250	1268	198	453	0	0	0	0	0	430	233	183	225	264	0	0	0	0	0	0	-127	9300	
Own Capital	250									250			17			13									530
Programme Recurrent UKCES	4542	315	100	32	222	249	100	11	-59	275	-688	0		86	175	450				-87					6843
SSC	48103	4160	4650			5124		1460				7304		931			70		1120	1000	60	47			72909
Sub Total	52645	4475	4750	32	222	5373	100	1471	-59	275	-688	7304	0	1017	175	450	70	1120	1000	-87	60	47	0	79752	
Capital Charges																									
Depreciation	300																							300	
Cost of Capital	-325																							-325	
Sub Total	-25	0	0	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-25	
Total Budget	58188	5080	5000	1300	420	5826	100	1471	-59	525	-688	7734	250	1200	400	727	70	1120	1000	-87	60	47	-127	89557	

SOURCES OF FUNDING BREAKDOWN OF UK COMMISSION RESOURCE BUDGETS FOR 2009-10 - TABLE 2B

Receipts to BIS from Other Government Departments and Devolved Administrations for UKCES GIA (£000s)	BIS BASELINE	NOS	WOMEN TO WORK (part of BIS baseline)	DWP	VQ EVALUATION	DCSF 14-19	DWP (Backing Young Britain)	IAG	IIP Due Diligence	IIP Transition	NAO	NVQ LEVY	RESEARCH INSTITUTE	SEMTA APPRENTICESHIPS	SIMPLIFICATION	STRATEGIC SKILLS	SKILLS FOR LIFE	TALENT MAP	THIRD SECTOR SKILLS BODY	VQ EVALUATION (including £87k Cap Gemini)	VQR - ASSETSKILLS	VQR - COMMUNICATIONS	5% Efficiency savings (Workstreams TBC)	TOTALS
BIS	58188	4140	5000		420			1471	-59	525	-688		250	1200	400	727	70	300	750	-87	60	47	-127	72587
DWP				1300			100																	1400
BIS/DCSF NOS Levy												7734												7734
NOS - Northern Ireland		200																						200
NOS - Scottish Government		440																						440
NOS - WAG		300																						300
DCSF 14-19						5826																		5826
Talent Map - WAG																		73						73
Talent Map - Scottish Government																		152						152
Talent Map - Northern Ireland																		43						43
Talent Map - DCSF																		552						552
Third Sector Skills Body - Cabinet Office																			250					250
	58188	5080	5000	1300	420	5826	100	1471	-59	525	-688	7734	250	1200	400	727	70	1120	1000	-87	60	47	-127	89557

UK COMMISSION RESOURCE BUDGETS FOR 2009-10 5% EFFICIENCY SAVINGS CALCULATIONS - TABLE 2C

(All figures £000s)	ONGOING FUNDING				PROJECT FUNDING															TOTALS	
	BIS BASELINE (includes £5m for Women in Work)	DWP	NOS	VQ EVALUATION	DCSF 14-19	IAG	IIP DUE DILIGENCE	NAO	NOS LEVY	RESEARCH INSTITUTE	SEMTA - APPRENTICESHIPS	SIMPLIFICATION	STRATEGIC SKILLS	SKILLS FOR LIFE	TALENT MAP	THIRD SECTOR SKILLS BODY	VQR - ASSETSKILLS	WOMEN IN WORK	5% EFFICIENCY SAVINGS	TOTAL GRANT FUNDING	5% EFFICIENCY SAVING CONTROL TOTAL
Running/ Organisation Costs																					
Pay	3628	898	508	132	350				280	110	128	158	139					174	-127	6378	
Non Pay	1690	370	97	66	103				150	123	55	67	125					76		2922	
Totals	5318	1268	605	198	453	0	0	0	430	233	183	225	264	0	0	0	0	250	-127	9300	
5% Efficiency Saving Calculations																					
Subject to 5% Efficiency Savings	5318	1268	605		453				430									250	-127	8197	8197
Exempt from 5% Efficiency Savings				198		0	0	0		233	183	225	264	0	0		0			1103	
Totals	5318	1268	605	198	453	0	0	0	430	233	183	225	264	0	0	0	0	250	-127	9300	
Comments	Subject to 09-10 5% efficiency savings.	Subject to 09-10 5% efficiency savings.	Subject to 09-10 5% efficiency savings.		Subject to 09-10 5% efficiency savings.				Subject to 09-10 5% efficiency savings.		New remit/activity in 09-10.	Temporary activity.	New remit/activity in 09-10.			Temporary activity.		Subject to 09-10 5% efficiency savings.			

As part of the BIS CSR 07 Value for Money programme, NDPBs were expected to make a 5% real terms year-on-year reduction to administration costs. 08-09 was a baseline year for UKCES as a new organisation and therefore savings would be made in 09-10 and 10-11. In 09-10 several time-limited new remit projects are exempt from the 5% efficiency savings (see above).