

16 March 2012

Martin Donnelly CMG
Permanent Secretary

Michael Davis
Chief Executive Officer
UK Commission for Employment and Skills
Renaissance House
Adwick Park
Wath upon Dearne
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Dear Michael

**UK COMMISSION FOR EMPLOYMENT AND SKILLS (UK
COMMISSION) – 2012-2013 GRANT IN AID AND PRIORITIES
LETTER**

This letter sets out the UK Government's and the Devolved Administrations' (future references are to 'Governments' only) priorities for the UK Commission in 2012-13. The priorities reflect the UK Commission's remit set out in the 'High Level Responsibilities' letter of 5 May 2011 from the Rt Hon Dr Vince Cable, Secretary of State for Business, Innovation and Skills and the Rt Hon Iain Duncan Smith MP, Secretary of State for Work and Pensions to Charlie Mayfield, Chairman of the UK Commission.

The UK Commission's strategic priorities (as set out in the remit letter) are:

- *To provide world-class labour market intelligence which helps businesses and people make the best choices for them.*
- *To work with sectors and business leaders to develop and deliver the best solutions to generate greater employer investments in skills.*
- *To maximise the impact of changed employment and skills policies and employer behaviour to help drive jobs and growth.*

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To achieve these strategic objectives, and as set out in the UK Commission's 2012-13 Business Plan, the UK Commission's ambition is to transform the UK's approach to investing in the skills of people as an intrinsic part of securing jobs and growth. The key to this ambition is the need to encourage greater employer ownership of skills, working to secure sustainable partnerships for the long term. In 2012-13 the Commissioners will focus on four outcomes:

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

The Commissioner outcomes will be secured drawing upon five distinct assets:

- Commissioner Insights and Networks
- Research
- Investors in People
- Investment Funds
- National Occupational Standards

Under the Cabinet Office Review of Public Bodies in 2010, agreement was reached by Francis Maude (Minister for the Cabinet Office) and Vince Cable (Secretary of State for BIS) that the UK Commission would be retained as an NDPB of BIS for the duration of the spending review (up to financial year ending 2014-15). Going forward, the UK Commission should continue to explore with officials how the UK Commission might become less dependent on State funding for delivery of its role longer term.

The UK Commission will be accountable for implementing the changes to the way in which the Sector Skills Councils are funded from 2012-13 with the introduction of new investment based contestable funding arrangements through Universal Services and the Employer Investment Fund.

The UK Commission should continue to build on its strong foundations. As stated in the remit letter of 5 May 2011, at all times, the UK Commission will respect the responsibilities and policies of individual Governments and differing arrangements for employment and skills across the UK and reflect this in its work and approach. The skills strategy priorities of the four nations are as follows:

- England – Skills for Sustainable Growth – Strategy Document – Published November 2010 – The document sets out the English Government’s vision for reform of the Further Education and skills system in order to improve the skills of the workforce, the performance of the economy and engagement in learning.
- Northern Ireland – Success Through Skills – Transforming Futures – Published 25 May 2011 - The Strategy looks at the current skills base, examines the skills which Northern Ireland will need in the future to grow the Northern Ireland economy and highlights areas for action. The document is a ten year Strategy which sets out the long term direction of travel by highlighting four strategic goals.
- Scotland – Skills for Scotland; Accelerating the Recovery and Increasing Sustainable Economic Growth - Published October 2010 - in the context of the Scottish Government’s programme of transformational change of the post 16 education and training system. This document makes clear the Scottish Government’s commitment to training and skills and sets out a flexible, responsive, partnership approach to meeting Scotland’s skills needs at a crucial point in the economic recovery.
- Wales – Programme for Government 2011-2016 – Published May 2011 - sets out the specific actions Welsh Government are taking, how Welsh Government will be judged and whether actions are on track and how the Welsh Government assess progress in tackling the long-term challenges facing Wales. It is a working document. Annual updates will monitor progress in delivering the programme.

More generally, the Governments continue to consider wider growth strategies in the light of the emerging world economic position. The UK Commission will provide expert advice to BIS and other government departments on how skills policy can support economic development. In particular, the UK Commission could draw on its research capability and understanding of future skills demand to help build strong UK-based supply chains.

The 2012-13 Grant in Aid and Priorities letter provides the UK Commission with the authority to develop its 2012-13 Business Plan in line with the following:

- Objectives and priorities set out in the 'High Level Responsibilities' Remit Letter of 5 May 2010.

The 2012-13 Grant in Aid and Priorities letter is structured as follows:

- Covering letter from Martin Donnelly, Permanent Secretary of BIS to Michael Davis, Chief Executive Officer of the UK Commission.
- Annex A – Delivery Agenda - provides details on outcomes and performance measures.
- Annex B – Resources - provides formal budget delegated authority for expenditure for the areas for which you are responsible as Accounting Officer and sets out the conditions under which your budget is to be managed.

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

with best wishes

yours

Martin

MARTIN DONNELLY
Permanent Secretary – BIS
Principal Accounting Officer

On behalf of DWP as joint sponsor and co-sponsor Departments DfE, HMT, Department for Employment and Learning Northern Ireland, Scottish Government, Welsh Government.

Annex A – Delivery Agenda

1. This annex has been developed in agreement with the UK Commission, Co-sponsors and BIS policy leads and identifies the specifics of the delivery agenda.

The Needs of the Four Nations

2. As part of the 2012-13 Business Plan, the UK Commission is expected to demonstrate how the specific needs of the four nations will be addressed. As part of the 2012-13 business planning process, the UK Commission will be required to develop a set of critical success factors and key performance indicators that will clearly demonstrate impact against the Department's and their own strategic objectives. As part of their reporting arrangements, the UK Commission will be required to produce a quarterly performance scorecard that will be reviewed at their Quarterly Performance Review meetings.

3. The UK Commission have introduced an 'Assets' based approach to help delivery across their four Commissioner priorities. The five 'Assets' are Commissioner Insights and Networks, Research, Investors in People, Investment Funds and National Occupational Standards. When developing strategies in relation to these five 'Assets', the UK Commission should consult the four nations, to ensure that proposals are appropriate and do not conflict with Government policy. This should be done through the Sponsorship Management Group, or other relevant grouping, such as the Investors in People Policy Forum.

Scotland Agenda

4. The UK Commission should support the Scottish Government in its programme of transformational change of the post 16 education and training system, with particular emphasis on the needs of young people.

Wales Agenda

5. The UK Commission should support the Welsh Government in the delivery of its strategic objectives established in the Programme of Government. Specifically the UK Commission should work with the Welsh Government in preparing a Wales Skills Audit (2012). The UK Commission should also support the Welsh Government and Wales UK Commission Commissioner in developing a policy proposition for Apprenticeship funding and delivery from

2014 onward which supports employer engagement and ownership whilst reflecting Wales' current arrangement of effective partnership working with employers and providers.

6. More broadly, the UK Commission is invited to inform both the 14-19 Review of Qualifications in Wales and the Post-16 Planning and Funding System by commenting on consultation documents and ensuring the work is fully informed by relevant UK Commission research and analysis.

Delivery Agenda

Research and Evaluation Programme

7. High quality research and labour market intelligence is vital to inform policy, businesses, individuals and providers. The UK Skills Research Strategy has been developed to facilitate work with key UK partners on delivering a high quality evidence base and to guide core research activities for the UK Commission. This will be updated and agreed for 2012-13 with the sponsor bodies.

8. Key deliverables 2012-13:

- manage the Skills Research Advisory Group (SRAG), to steer forward the research programme, share evidence and policy insight;
- update the UK skills research strategy, which identifies the most pressing analytical priorities;
- delivery of the UK Commission research programme, as agreed with partner bodies at the SRAG and to provide timely analysis / synthesis of trends in output, employment, skills for quarterly intelligence briefing;
- design and manage the employers skills surveys series: the UK Employer Skills Survey (UKESS) and the Employer Perspectives Survey (EPS) to provide up to date and robust information on employers' skills needs and training investment; and the experience / impact of policy interventions on employers. The current assumption is that these surveys will be carried out on alternate years: EPS 2012 and UKESS in 2013. EPS 2012 - First Findings Report (executive summary) – Nov 2012, Main UK report – Jan 2013

- evaluation to inform understanding of Best Market Solutions and what works around the delivery of the Growth and Innovation Fund, the Employer Investment Fund and Investors in People.

Investors in People (IiP)

9. The UK Commission must continue the work started in 2011-12 to reposition and grow take up of the Investors in People standard. This means taking action on two fronts. First, it will be important that the standard is reinvigorated so that it has the kind of cachet and appeal that is attractive to large organisations. However, a balance needs to be reached which improves the cachet but also allows the gold/silver/bronze accreditation to measure impact on the brand embarking on further significant change. While the focus on SMEs remains, it is important that IiP is seen as an important and relevant brand amongst leading businesses and something that the best firms aspire to achieve.

10. It also means developing a business delivery model that makes the standard even more relevant to private sector business in difficult economic times. The UK Commission needs to focus sharply on ensuring excellent delivery of the standard on the ground so that IiP is seen as a tool that really does help business across the UK to be successful and grow, improve their leadership and management capabilities, helping them to manage change more effectively in uncertain economic conditions. The UK Commission should be able to demonstrate the effectiveness of IiP in meeting this ambition and the impact IiP is having on growth.

11. The UK Commission should continue to explore the potential to further exploit the international market for IiP while ensuring that delivery of the standard in the UK remains its number one priority.

12. Funding: The UK Commission will determine the level of spend for IiP from within its overall budget, working closely with BIS and its Co-sponsors.

13. The UK Commission should discuss any key IiP implementation issues with all Co-sponsors. The delivery model in each country is different and consideration should be given in discussion with the four nations to how the UK Commission's licensing model and fee structure could reflect any necessary variations. The UK Commission should continue to consider how best to move IiP towards a full cost recovery model working closely with the Devolved Administrations.

Leadership and Management

14. UK businesses depend on the capability of leaders and managers for success and future growth. However, many UK businesses fall behind competitors in terms of the success of their management practices. The UK Commission will work with sectors to drive an improvement in leadership and management capability focused on smaller and medium sized businesses and family firms. This will be achieved through the influence of Commissioners, evidence supporting the investment in and use of management skills and the development of innovative approaches funded through the Employer Investment Fund across the UK and the Growth and Innovation Fund in England.

Guilds (England Only)

15. In addition to the UK Commission's 3 strategic priorities set out at the beginning of this letter, the Minister has requested that the UK Commission develops a sector specific approach to drive the management and funding of skills. This will include reaching agreement on defining what a Guild for the 21st Century might look like; including the role of the Guilds in relation to Awarding Bodies; Trade Associations; existing and emerging Guild like organisations; and Livery Companies. The UK Commission will also advise the Minister on if these new bodies should be set in statute and the implications for the current SSC licence. Co-sponsors should be consulted at an early stage as any fall out from Guilds on the SSC license has UK-wide implications.

Investment Funds

Employer Investment Fund (EIF)

16. The UK Commission will administer a total of £57m for phase 2 of EIF across 2012-13 and 2013-14 supporting 18 licensed Sector Skills Councils (SSCs) in stimulating employer investment in skills across the UK. This will drive employer led action leading to increased ambition, skills investment and better use of skills to achieve measurable increases in enterprise, employment opportunities and economic growth. The UK Commission will contract manage the successful delivery of the EIF fund with the SSCs. The UK Commission will track the combined impact of the Universal Services and EIF funding competitions on individual SSCs and report regularly to Co-sponsors on any adverse impacts on SSC delivery or financial health.

Growth and Innovation Fund (GIF) (England Only)

17. In 2012-13, the UK Commission will have the lead role (working in partnership with Skills Funding Agency and BIS) for the continuing implementation of the Growth and Innovation Fund (GIF). This will include:

- Promoting GIF among businesses and employer/sector bodies, within the wider context of the overall Employer Ownership agenda, to ensure a good flow of high-quality applications to the Fund.
- Managing the operation of – and any necessary adjustment to – the processes for GIF Board selection of suitable projects and for GIF Board analysis of the progress of the Fund as a whole.
- Effective contract and financial management of GIF projects which are funded through the UK Commission (but not those funded through Skills Funding Agency), so as to ensure timely delivery of outputs and outcomes and good value for money.
- Evaluation of GIF projects funded through the UK Commission.

18. The total GIF funding to be administered jointly by the Skills Funding Agency and the UK Commission is £34.1m. The initial allocation of GIF funding to be directly administered by the UK Commission through the 2012-13 Grant in Aid and Priorities letter is £12.4m. As agreed with Ministers in January 2011, funding within the overall GIF envelope will follow the proposals received, so the balance between the UK Commission and Skills Funding Agency funding is subject to adjustment in light of the appropriate funding channel for projects as they are approved by the GIF Board. The GIF Board is scheduled to convene in March, August and November 2012, so 2012-13 will see early work on contracting newly-selected projects as well as two subsequent GIF Board selection exercises.

19. UK Commission should keep Co-sponsors advised of progress of GIF as there are likely to be cross-border implications of this work. Where this is a factor UK Commission should keep the relevant officials informed.

Universal Services

20. Universal Services is part of the SSC reform agenda. Under Universal Services SSCs put forward bids on a contestable basis to deliver products in the areas listed below that meet the needs of each nation in the UK through a

targeted, maintenance roles and continuing to make the process more efficient and effective.

- Labour Market Information (LMI);
- National Occupational Standards (NOS);
- Apprenticeships/Modern Apprenticeships/Apprenticeships Frameworks;
- Scottish Vocational Qualifications on behalf of Scotland only.

21. The new Universal Service model will go live from 1 April 2012. The UK Commission will monitor and report on progress against the key deliverables identified in the individual contracts awarded to their preferred suppliers. The Commissioning Board will meet twice a year. At the first meeting in March 2012 the Commissioning Board will make decisions about contracting for 12-13 and at the second meeting the Commissioning Board will review progress against contracts and begin the process of considering outputs to be delivered in 13-14. The UK Commission is responsible for ensuring four nation coverage of the strands of Universal Services activity, and ensuring compliance with the agreed quality assurance procedures such as the four nation NOS Strategy. The UK Commission will need to respond to emerging contracting issues in-year and contract management must ensure timely delivery and high quality outputs. If a preferred supplier fails to deliver it is the responsibility of the UK Commission to find an alternative delivery partner.

Employer Ownership (England Only)

22. The UK Commission will raise employer ambition, supporting the delivery of the Employer Ownership agenda and the planned Employer Ownership pilots in England. In particular, the UK Commission will be required to actively promote the agenda and pilot through its engagement with employers, employer bodies including Sector Skills Councils, Trade Associations and business representative bodies. Engagement will also need to be with a wider range of stakeholders, including the full range of provider types and their representative organisations and other relevant stakeholders as determined by sector, supply chain or locality.

23. To support the timely roll out of the pilot projects in England, the UK Commission will create and run the required Investment Board, with sufficient engagement from Commissioners to ensure robust and credible investment decisions. In addition to having the lead role in activity to promote the call for pilot project proposals, the UK Commission should support the bid selection process, including assessment of bids, in partnership with the Department for

Business, Innovation and Skills (BIS), Department for Education (DfE), Skills Funding Agency (SFA) and National Apprenticeships Service (NAS) colleagues.

24. UK Commission should support BIS in keeping other Co-sponsors advised of progress on the Employer Ownership agenda, and specifically the outcomes of pilot activity in England. Co-sponsors will have a particular interest in any cross-border implications of this work and where this is a factor UK Commission should keep the relevant officials informed. The UK Commission should also work with officials in Wales to develop and bring forward a policy proposition related to the future contracting and employer engagement (including Apprenticeships) in Wales.

Apprenticeships (England Only)

25. The UK Commission will enhance the value and accessibility of vocational training, especially Apprenticeships by ensuring fit-for-purpose standards, qualifications and frameworks, and by championing employers' take up of Apprenticeships including;

- Improving Employer Ownership and engagement with Apprenticeships - including through the Employer Ownership Pilot in England, and efforts to simplify the process and reduce bureaucracy.
- Encouraging take-up of the Apprenticeship programme - particularly at 16-24 years, for new employees, and at Advanced and Higher levels in England and Wales, and Technical and Professional Apprenticeships in Scotland.
- Helping to support quality improvements, so that all Apprenticeships deliver qualifications employers most value.
- Ensuring Apprenticeship frameworks continue to meet evolving employer and learner needs, and are reviewed and updated in a timely manner in light of employer and other feedback on content and delivery.
- Promoting engagements with SMEs to increase involvement in the programme.
- Supporting the expansion of Higher Level Apprenticeships.

26. We would look to the UK Commission to identify sectors across the UK with strongest growth potential for Apprenticeships, and where they could add the most value.

High Level Skills and Qualifications

27. The UK Commission will want to consider how to drive business investment in and utilisation of skills at all levels, including at graduate level. Over the next year, in England, the UK Commission will want to play a role in delivering the vision that has been set out by Sir Tim Wilson in his review of university-business collaboration.

28. The UK Commission will work with, and support, employers, Sector Skills Councils and other bodies as they identify skills challenges and devise tailored, innovative, impactful solutions that would otherwise not get off the ground without an element of public funding. In responding to employer concepts the UK Commission will advance but by no means be restricted to, those solutions that have been identified as beneficial and which include Apprenticeships, occupational and professional standards and the raising of training levies.

Welfare (England Only)

29. The Government's Welfare Reform policies, Universal Credit and the Work Programme and the Pre-Work Programme aim to ensure that work pays and that everyone is better off in work and less dependent on benefit. The welfare to work programmes and the employment support delivered through Jobcentres and other partners are being reshaped to be more flexible and personalised to help benefit claimants to gain the skills and experience they need to obtain, retain and progress in work. DWP and Work Programme providers will work more closely with FE and skills providers and employers to ensure that the skills training and other support on offer is tailored to the needs of local labour markets. Employers will need to play a key part by making jobs and opportunities available for unemployed customers, particularly the most disadvantaged, both to continue to ensure a supply of appropriately prepared labour and to make a contribution to the cohesion and health of the wider community. The UK Commission should use its influence to drive that and to help DWP and BIS understand the perspective of employers and how the system can best meet their needs. In particular the UK Commission should:

- Promote effective practice in ways to maximise the impact of employment and skills policies on unemployed people, including in England, via sector based work academies and Apprenticeships in England, as well as the wider skills strategy, building on the programme of research and analysis developed to date;
- provide advice, guidance and leadership to employers to support increased business commitment to developing young people and the recruitment of the unemployed, the most disadvantaged and inactive;

- support the implementation in England of the young people Participation Strategy: Building Futures, Building Engagement by working to improve labour market information on careers and training and encouraging employers to offer jobs, Apprenticeships, work experience and mentoring for young people;
- support the achievement of “Every Business Commits” in England, and capitalise on social responsibility outcomes to help benefit claimants and disadvantaged people into work;
- use the influence of Commissioners to encourage SSC employers to support the Get Britain Working measures and the Youth Contract by; opening up their jobs, offering Apprenticeships or providing work experience and training opportunities for local unemployed people.

30. There are separate arrangements outside of work programmes for claimants in Scotland, Wales and Northern Ireland commissioned and administered by the Devolved Administrations. Additionally the skills and training policies in Scotland, Wales and Northern Ireland are the responsibility of the Devolved Administrations.

Young People (England Only)

31. Support the Government’s commitment to achieving full participation of young people aged 16-17 in education or training through working with employers to ensure that young people are able to access relevant training.

32. Support commitments made in the Wolf report on vocational education and reaffirmed in the Growth review and Participation Strategy, to increase young people’s access to high quality work experience and reduce barriers to employers offering placements.

33. DfE have proposed the following deliverables under priority outcome 2:

- More employers offer work experience to young people (16-19) because:
 - The benefits of doing so have been clearly communicated to them.
 - The process for offering work experience placements is less bureaucratic.
- More young people become work-ready by having direct experience of the work place.

Annex B – Resources

1. The UK Commission will utilise its resources within the parameters of its remit, as set out in the *UK Commission for Employment and Skills – High Level Responsibilities* remit letter dated 5 May 2010, to deliver its priorities, and to update Government's on progress in line with the reporting requirements set out below.

2. The total allocation of resources available to the UK Commission in 2012-13 is **£71,764,000. This figure is to be treated as a control total for resource-based expenditure and must not be exceeded without prior written approval from the BIS Sponsorship Team.** The total includes resources which Other Government Departments and the Devolved Administrations have agreed to make available and is dependent on payments from them. BIS will notify the UK Commission of any changes to their planned funding and payments. There may be further additions to the control total from other policy areas during the financial year. Allocations are made subject to the financial delegations. Please note some important points about this funding:

- The overall funding level has been set by BIS for each year of the Spending Review period (2011-12 to 2014-15). If this level of overall funding is decreased due to wider events or in order to cover other unavoidable financial pressures, BIS may, within the framework set by Parliament and the courts, seek to 'claw-back' funding from the UK Commission in order to meet budget reductions.
- BIS is committed to ensuring timely and adequate notice is provided in relation to whether any 'claw-back' is required and to discussing the wider implications of any such action. The UK Commission should provide an accurate profile of monthly expenditure at the start of the financial year, and regularly review this to ensure that if a material level of funding needs to be 'clawed-back' by BIS, the UK Commission will be able to manage its financial payments and supply chains accordingly. Of course if it became necessary to take such hypothetical decisions, BIS would continue to give priority to those funding streams which are judged to be most important in encouraging sustainable growth.
- BIS delegates financial risk management to Partner Organisations. This means that in delivering objectives the UK Commission will have to manage its own finances, commitments and risks within its allocation and ensure any unexpected costs can be accommodated from within its own

budgets. The UK Commission should continue to work closely with BIS on managing financial and other risk matters, taking account of the rules on delegated authority designed to promote the sound stewardship of public funds.

3. The framework within which BIS and its Partner Organisations have to operate in has changed as a result of the fiscal situation with factors such as the introduction of spending controls by the Cabinet Office, Clear Line of Sight and administrative cost limits.

4. Your delegated budget limits are subject to the conditions of delegation, and other requirements, set out in the Framework Document agreed in July 2009. The UK Commission should operate within the guidelines set out in Managing Public Money and HM Treasury's Consolidated Budgeting Guidance. The Remit Letter and Framework Document, along with this 2012-13 Grant in Aid and Priorities Letter, set out the requirements associated with the control total and cash Grant in Aid funding and the maximum limits of spend.

5. Your delegated budget limits for 2012-13 are set out in ***Annex B: Resource Budget Lines Table 1***. The funds are payable under sections 2 and 5 of the Employment and Training Act 1973 (as amended), under section 14 of the Education Act 2002, under sections 4 and 6 of the Further and Higher Education (Scotland) Act 1992 and under section 1 of the Employment and Training Act (Northern Ireland) 1950.

6. The UK Commission is required to report expenditure against the Budget Lines identified in ***Annex B: Resource Budget Lines Table 1***

7. The UK Commission's budget is broken down into Resource Departmental Expenditure Limit (DEL) and Capital DEL.

8. After allowing for the ring-fenced resource DEL non cash costs of **£469,000**, the resulting figure for cash Grant in Aid is **£71,295,000**. This figure is to be treated as a Cash Limit and must not be exceeded without prior written approval of the BIS Sponsorship Team. The UK Commission must supply the BIS Sponsorship Team with up to date forecasts of cash requirements to support any request to exceed the above figure or when otherwise requested.

Control

9. You have authority to spend within the limits set out above, and to utilise

funding to meet the aims and objectives of the UK Commission. As such you are accountable for both DEL and cash budgets.

10. Of course a proper level of control must be exercised. Government regulations for the payment of cash Grant in Aid specify that it may not be paid in advance of need, and payments are to be made in monthly instalments against an agreed business plan. Payments will reflect any existing bank balances to minimise cash surpluses. The UK Commission will provide detailed profiles for the financial year 2012-13 to ensure that payments can be claimed. The UK Commission will also need to provide profiles and expenditure returns for resource-budget expenditure. The BIS Sponsorship Team will confirm these and other reporting requirements separately.

11. The UK Commission shall obtain prior written approval from the BIS Sponsorship Team before:

- entering into any undertaking to incur any expenditure that falls outside the delegations or which is not provided for in the UK Commission's annual budget as approved by BIS, including any commitment to spending beyond the Comprehensive Spending Review period;
- incurring expenditure for any purpose that is or might be considered novel or contentious, or which has or could have significant future cost implications;
- making any significant change in the scale of operation or funding of any initiative or particular scheme previously approved by BIS;
- making any change of policy or practice which has wider financial implications that might prove repercussive or which might significantly affect the future level of resources required; or
- carrying out policies that go against the principles, rules, guidance and advice in Managing Public Money.

Reporting Arrangements

12. For the purposes of reporting to Parliament, the UK Commission will report to BIS, and its Principal Accounting Officer will be Martin Donnelly, BIS Permanent Secretary.

13. In 2012-13, the UK Commission will have the lead role (working in partnership with Skills Funding Agency and BIS) for the continuing implementation of the Growth and Innovation Fund (GIF). This will include:

- Promoting GIF among businesses and employer/sector bodies, within the wider context of the overall Employer Ownership agenda, to ensure a good flow of high-quality applications to the Fund.
- Managing the operation of – and any necessary adjustment to – the processes for GIF Board selection of suitable projects and for GIF Board analysis of the progress of the Fund as a whole.
- Effective contract and financial management of GIF projects which are funded through the UK Commission (but not those funded through Skills Funding Agency), so as to ensure timely delivery of outputs and outcomes and good value for money.
- Evaluation of GIF projects funded through the UK Commission.

14. The total GIF funding to be administered jointly by the Skills Funding Agency and the UK Commission is £34.1m. The initial allocation of GIF funding to be directly administered by the UK Commission through the 2012-13 Grant in Aid and Priorities letter is £12.4m. As agreed with Ministers in January 2011, funding within the overall GIF envelope will follow the proposals received, so the balance between the UK Commission and Skills Funding Agency funding is subject to adjustment in light of the appropriate funding channel for projects as they are approved by the GIF Board. The GIF Board is scheduled to convene in March, August and November 2012, so 2012-13 will see early work on contracting newly-selected projects as well as two subsequent GIF Board selection exercises.

15. The Secretaries of State from BIS and DWP, as the lead sponsor Departments, and Co-sponsor Ministers of DfE, HMT, Scottish Government, Department for Employment and Learning – Northern Ireland and Welsh Government will aim to conduct twice yearly Ministerial Performance Reviews (MPRs) with the Chair and Chief Executive Officer of the UK Commission to review strategy, progress against the UK Commission's remit, priorities and emerging issues. The Chief Executive Officer will meet with Ministers from the Devolved Administrations to discuss UK Commission activity in each of the Nations on at least an annual basis.

16. In addition, the UK Commission will have formal Quarterly Performance Reviews (QPRs) with co-sponsor officials to consider the full range of UK Commission business, including performance and finance of the UK Commission. These meetings will ensure an ongoing dialogue between the Co-sponsors, and the UK Commission, and will hold the UK Commission to account for activity, influence in-year priorities and monitor progress against outcomes.

17. The Commissioning Board will meet twice a year to make decisions and review progress on contracts and Universal Services products.

18. The UK Commission has a role to challenge Governments to make a reality of the importance of skills and employment in driving up productivity. The above meetings will provide an important forum to enable this. In addition the Co-sponsors will expect regular informal performance meetings, informed by monthly financial management reports, with reference to the UK Commission's 2012-13 Business Plan.

Equality and Diversity

19. The UK Commission must comply with the Equality Act 2010 and in particular the Public Sector Equality Duty. The general duty requires that Government departments and public authorities have 'due regard' (serious consideration) to the need to:

- Eliminate unlawful discrimination, harassment and victimisation
- Advance equality of opportunity between different groups
- Foster good relations between different groups

20. The law requires that public sector decisions are made in a fair, transparent and accountable way, considering the needs and the rights of different members of the community. Where decisions are found to have a disproportionate impact on a particular group, authorities must consider what actions can be taken to avoid or mitigate the unfair impact. It is therefore important that the UK Commission seize the opportunities afforded by engaging all individuals, communities and businesses in order to create the conditions for business success, promote innovation, enterprise and science and give everyone the skills and opportunities to succeed.

Efficiency

21. BIS expects the UK Commission to deliver value for money, to be efficient in its use of resources, to share services where appropriate, to make best use of IT and embrace new technology. It will need to create synergies and maintain effective relations with other organisations.

Annex B: Resource Budget Lines - Table 1 - 2012-13 Delegated Budget Limits

Resource Description	Category	BIS CSR Funding	UK Commission Receipts (Admin-Pay)	Growth & Innovation Fund	Project Funding Universal Services DELNI - £200k Scotland - £500k Wales - £300k Wales Skills Audit - £20k	TOTALS
Admin Costs *	Ringfenced Resource DEL	8,195,000	500,000		112,000	8,807,000
Programme Capital	Capital DEL	242,000				242,000
Programme Recurrent	Resource DEL	49,881,000		12,426,000	908,000	63,215,000
Receipts	Resource DEL - Negative Expenditure	0	-500,000			-500,000
Resource Grant Total		58,318,000	0	12,426,000	1,020,000	71,764,000
Resulting Grant in Aid Total (resource total minus non cash depreciation costs of £469k)		71,295,000				

* UK Commission breakdown of the £8,195,000 admin costs is against the following categories:

Pay - Permanent Staff	£6,437,000
Non Pay - Other Staff Costs (inc staff Development and T&S)	£723,000
Non Pay - Procurement (inc meetings/conferences, printing, equipment, communications and accommodation)	£1,148,000
Non Pay - Consultancy (inc professional fees and recruitment)	£30,000
Sub Total	£8,338,000
Non Cash Costs - Depreciation	£469,000
Admin Costs Grand Total	£8,807,000

Note - 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.