

# **Skillset Sector Skills Council**

## **FINANCIAL STATEMENTS**

**For the year ended**

**31 March 2008**

# Skillset Sector Skills Council

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# Skillset Sector Skills Council

## TRUSTEES REPORT

### Introduction

The trustees submit their report and the financial statements of Skillset Sector Skills Council for the year ended 31 March 2008. This Trustees' Report covers activity by sector, nation or region, and also by cross-sector. Further in-depth reporting about Skillset activities can be found in the Annual Report on the Skillset website.

### Reference and Administrative Information

Skillset is a company limited by guarantee and also a registered charity. The charity is governed by its Memorandum and Articles of Association adopted by special resolution on 9 November 1992. Our Board guides our strategy and its membership is drawn from senior employment and stakeholder interests from across the industry. The Board meets three times a year and has a number of Standing Committees which report directly to it. These include an Organisation Performance and Review Committee and Finance and Audit Committee. Our Film Skills Strategy Committee guides investment through the Film Skills Fund and contributing members of the TV Skills Strategy Committee oversee investment through our TV Freelance Fund.

### Skillset Board of Patrons

Our Board of Patrons is made up of the industry's most senior and influential figures and is chaired by Baroness Morris of Yardley. The role of Skillset Patrons is to influence and champion the organisation and encourage and vocalise support for its work.

**Estelle Morris (Baroness Morris of Yardley)**  
President of Skillset Patrons

**Lord (David) Puttnam of Queensgate, CBE**

**Lord (Waheed) Alli**

**Dawn Airey**

**Charles Allen, CBE**

**Peter Bazalgette**

**Lord (Melvyn) Bragg of Wigton**

**Greg Dyke**

**Huw Edwards**

**Michael Grade, CBE**

**Huw Jones**

**Michael Kuhn**

**John McCormick**

# Skillset Sector Skills Council

## TRUSTEES' REPORT

**Denise O'Donoghue, OBE**

**Trevor Phillips**

**Lord (Chris) Smith of Finsbury**

**Joyce Taylor**

**Mark Thompson**

**Parminder Vir, OBE**

### **Skillset Board of Directors**

The Skillset Board of Directors (who are also the Trustees for Charities Act purposes) is made up of leading industry figures who guide every aspect of Skillset's work. The Board is chaired by Clive Jones CBE, Chairman of GMTV and Chairman of Two Way TV, with Stewart Till CBE, Chairman of UK Film Council, as Deputy Chair.

The Board is made up of representatives from:

- all the sectors we represent;
- large and small employers;
- SMEs;
- Trade Associations;
- Unions; and
- all the nations of the UK.

**Clive Jones, CBE** (Chair) Chairman of GMTV and Chairman of Two Way TV [*Chair of Organisation and Performance Review Committee*] [*Member of the Remuneration Committee*]

**Stewart Till, CBE** (Deputy Chair) Chairman of UK Film Council [*Member of Organisation and Performance Review Committee*] [*Member of the Remuneration Committee*]

**David Blaikley** Vice President Legal & Business Affairs Europe, Warner Bros Entertainment UK Ltd, representing the Motion Picture Association

**Paul Brown** Chairman, The Radio Centre (Formerly CRCA)

**Andrew Chitty** Managing Director, Illumina Digital, Chair of Interactive Media Skills Forum, [*Member of Organisation and Performance Review Committee*]

**Beryl Cook** People and Organisation Development, Sky [*Member of Organisation and Performance Review Committee*] [Resigned: 29/03/08]

**Gaynor Davenport** Chief Executive, UK Screen Association (Formally known as UK Post)

**Jeremy Dear** General Secretary, National Union of Journalists (NUJ) representing the Federation of Entertainment Unions

**Julia Dell** Head of HR and Facilities, five

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**Wayne Drew** Chief Executive, International Visual Communications Association (IVCA) [Resigned: 16/01/08]

**Marion Edwards** Managing Director, Red and Blue Productions, Chair of the Animation Forum, *[Member of Organisation and Performance Review Committee]*

**Donald Emslie** Former Chief Executive, Scottish Media Group, Chair of the Scottish Industry Skills Panel

**Michael Fegan** Commercial Director, ITV Consumer Division *[Chair of Finance and Audit Committee]* *[Member of Organisation and Performance Review Committee]*

**Diane Herbert** Director of Human Resources, Channel 4 *[Member of Finance and Audit Committee]* *[Member of Organisation and Performance Review Committee]*

**Philippa Hird** Group HR Director, ITV plc *[Member of Board Appointments Committee]* [Resigned 11/04/08]

**Marina Huey** HR & Development Manager, BBC Audio & Music, Chair of the Radio Skills Development Forum, *[Member of Organisation and Performance Review Committee]* [Resigned 01/04/08]

**Iona Jones** Chief Executive, S4C, Chair of Skillset Cymru Industry Skills Panel

**Ian Livingstone** Product Acquisitions Director, Eidos plc, Chair of the Computer Games Skills Forum, *[Member of Organisation and Performance Review Committee]*

**Nigel McNaught** Director of UK Operations, Photo Marketing Association International *[Member of Organisation and Performance Review Committee]*

**John McVay** Chief Executive, the Producers Alliance for Cinema and Television (PACT), Chair of the TV Skills Strategy Committee, *[Member of Finance and Audit Committee]* *[Member of Organisation and Performance Review Committee]*

**Ian Morrison** Chairman, Carlyle Media

**Niamh O'Connor** Head of Human Resources, Flextech Television [Resigned: 13/12/06]

**Christine Payne** General Secretary, Equity, representing the Federation of Entertainment Unions

**Dorothy Prior** Controller, Production Resource, BBC [appointed 20/11/07]

**Darren Poynton** Finance Director, National Geographic Channel *[Member of Finance and Audit Committee]* [Resigned 16/01/08]

**Caroline Prendergast** Head of BBC Training and Development, BBC [Appointed: 29/03/08]

**Mairéad Regan** Group Human Resources Manager, Ulster Television plc, Chair of the Northern Ireland Skills Panel

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**Martin Spence** Assistant General Secretary, BECTU representing the Federation of Entertainment Unions [Appointed 19/09/07]

**John Woodward** Chief Executive Officer, UK Film Council [*Member of Organisation and Performance Review Committee*] [*Member of Board Appointments Committee*]

**Petra Wikstrom** Executive Director, Satellite and Cable Broadcasters Group

Appointments to the Board are overseen by the **Board Appointments Committee**

### Executive Team

**Dinah Caine** - Chief Executive Officer [*Member of Finance and Audit Committee*] [*Member of Organisation and Performance Review Committee*] [*Member of Board Appointments Committee*] [*Member of the Remuneration Committee*]

**Kate O'Connor** - Executive Director - Policy and Development, Deputy CEO

**Gary Townsend** - Executive Director - Corporate Affairs & Organisational Development

**Natalie Furnell** - Executive Director – Finance and Contracts

### Company Secretary

**Natalie Furnell** – Executive Director – Finance & Contracts

### Registered Office

Focus Point  
21 Caledonian Road  
London  
N1 9GB

### Independent Auditor

Baker Tilly  
1<sup>st</sup> Floor  
46 Clarendon Road  
Watford, Hertfordshire  
WD17 1JJ

### Bankers

Adam & Company Plc  
22 Charlotte Square  
Edinburgh  
EH2 4DF

### Skillset Governance Structure

Skillset works with key industry partners as well as experts in particular fields to progress its work. We believe in listening to, and working with a wide range of partners in order to build and develop a consensus on what is best for the future of the industry.

To ensure the close involvement of industry in our work, we use a number of distinct formal groups. The diagram below shows Skillset's structure and functions and how these groups relate to each other: These groups include:

# Skillset Sector Skills Council

## TRUSTEES' REPORT

### **Committees and Fora**

The Sector Committees for film and television have a delegated authority from the Board to oversee and manage expenditure. In addition for most sectors, we have set up a Skillset Forum, bringing together groups of employers, trade unions and industry representatives. These groups represent the UK wide interests of the particular sector and meet on a regular and on-going basis. A member of the Skillset Board normally chairs our committees and fora.

### **National & Regional Panels**

In the Nations and Regions, Skillset's work is guided by national/regional panels, drawing their membership from leading employers as well as representatives from the unions, trade associations, further and higher education and public agencies. These are:

- Scottish Industry Skills Panel
- Northern Ireland Audio Visual Industries Skills Panel
- Skillset Cymru Skills Panel

Skills Panels meet in the English regions on an as needed basis.

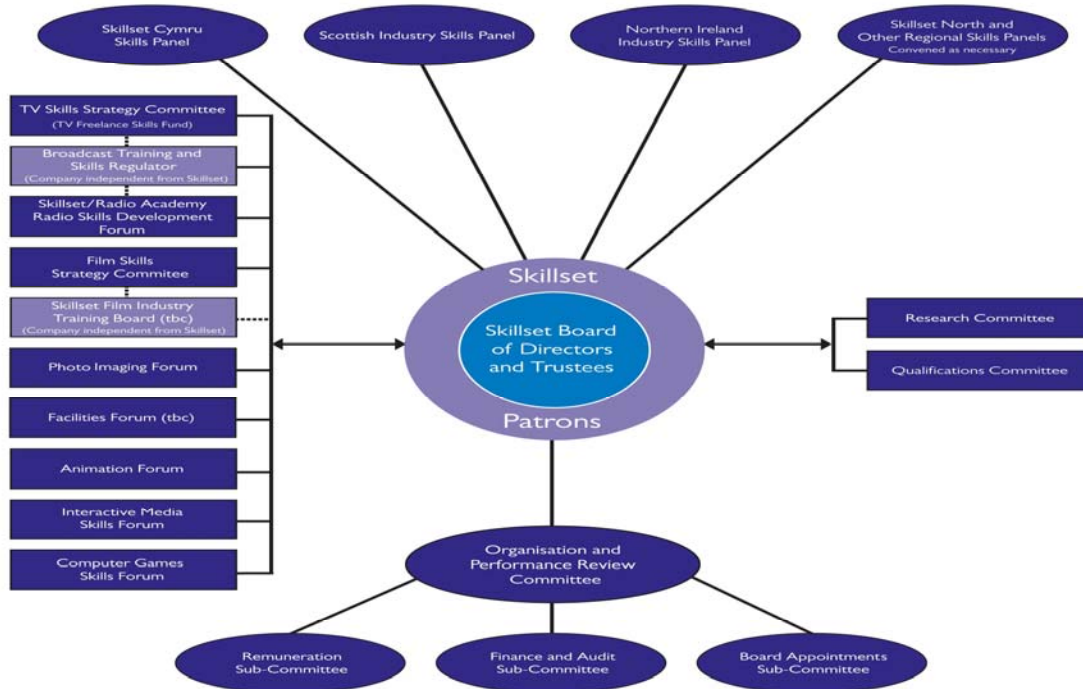
### **Steering, Task and Action Groups**

These are project specific groups that lead thinking and development on the implementation of new initiatives. They may meet on an ad hoc basis to help guide our work, sometimes on a time-limited basis.

# Skillset Sector Skills Council

## TRUSTEES' REPORT

Skillset Governance Structure



### What is Skillset?

During the course of this year Skillset, in conjunction with the publishing industry, began the process of integrating this key sector into its footprint. The publishing industry covers books and journals, directories and databases, magazines and newspapers. Until this time Skillset had been know as the Sector Skills Council for the Audio Visual Industries, but with the integration of publishing our strapline changed during this year. In recognition of our extended footprint Skillset is now the Sector Skills Council (SSC) for Creative Media, which comprises tv, film, radio, interactive media, animation, computer games, facilities, photo imaging and publishing.

Jointly funded by industry and government, our job is to support the UK creative media industries to have the right people, with the right skills, in the right place, at the right time.



# Skillset Sector Skills Council

## TRUSTEES' REPORT

Our aim is to support improvements to the productivity of our industry and ensure that it remains globally competitive. Skillset is industry managed and led and is licensed by government across the UK.

### **Vision and Mission**

Skillset is owned and managed by our industry and is licensed as a Sector Skills Council (SSC) by Government across the UK.

In order to provide clarity of purpose for us as an organisation we have developed a vision which will provide the focus we require to achieve our mission.



Our mission reflects our SSC role as a strategic organisation that works across the nations and regions of the UK with employers, trade associations, unions, learning and training providers, government and its public agencies and other key organisations to ensure that the UK's creative media industries have continued access now and in the future to the skills and talent they require.

In striving to achieve our mission, we recognise that our industries present particular challenges. We are a fast moving sector which is constantly adjusting to and exploiting the opportunities that new technologies provide, requiring continued learning, training and development for all. In order to achieve progress we need to provide effective leadership. This leadership must come first of all from the creative media industries themselves, underpinned by effective management of the day to day operation of the organisation.

### **Environmental Context**

In order for Skillset to fulfil its mission effectively it needs to understand and manage its position within its environment. That environment is made up of many stakeholders and we seek to work in

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partnership to achieve our objectives. Our two key stakeholder groups, and our primary customers, are the industry, and the UK government and its public agencies. Both are complex and sensitive in differing measures and at different times to political, economic, social and technological change. We are often positioned in a lobbying and brokerage role within those groups and between them.

There are several secondary but critically important stakeholder groups that impact on the industry. These include training partners and providers, further and higher education, the national/regional screen agencies and careers advice and business intermediaries.

Expanding our footprint into publishing will also have a major impact in our work and increase the size and level of engagement with our stakeholders in both categories. What follows is the analysis of the environmental context which applies to Audio Visual Industries but many of these drivers will also relate to publishing.

With the impact of technology on industry trends and dynamics, and the publication last year of the Leitch Review of Skills, the environment in which we operate is entering a period of unprecedented opportunity, challenge and uncertainty. In order to maximise our effectiveness in this context, and support the industry as best as possible, we have conducted an analysis of the key factors currently driving change in both the industry and policy context to provide the foundation stone for our strategy.

### **Engaging industry: Key Achievements and Performance**

At the heart of our role as an SSC is our responsibility to act as the voice of industry on skills issues, and to promote best practice and opportunities for greater investment in skills and skills development.

Skillset strives to keep industry at the heart of everything we do, which means that we must fully engage industry in driving change and articulating skills needs and solutions. We achieve this through partnership with a wide variety of stakeholders, both within industry, and with UK Government and its public agencies.

The following section outlines some of the key achievements and outcomes of our engagement with the various sectors of our industry during the past year.

### **Broadcast and Digital Media:**

#### **Television**

Throughout 2007-08, television has gone through a period of rapid and profound change, in the face of media convergence and globalisation. The UK industry is dominated by the major broadcasters, including the terrestrials, but also includes a large number of smaller cable and satellite broadcasters. The production sector is also increasingly characterized by a relatively small number of so called super-indies, plus around 1500 smaller independent companies. The majority of the workforce is employed by broadcasters and production companies but the industry also relies on a significant minority (34%) of freelancers.

The TV industry makes substantial contributions to Skillset's work via core funding and we would like to take this opportunity to thank the BBC, the ITV Network, Channel 4, Five, the Indie Training Fund (and its contributors) and the Welsh industry for their support in 2007-08.

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Skillset consulted industry throughout 2007-08 via its TV Skills Strategy Committee (TVSSC). The Committee is made up of representatives of all the UK broadcasters, independent producers, the Federation of Entertainment Unions and the International Association of Broadcasting Manufacturers (IABM), and chaired by John McVay CEO of PACT.

This Committee informed the TV Skills Strategy and Action Plan published in 2006 and provided an agenda for Skillset's television related work in 2007. After a year of change and challenges across the TV industry, Skillset started 2008 with a debate on how it could help the industry "shape up". The discussion brought together 100 key TV practitioners to gauge opinion, debate the skills agenda and set Skillset's priorities within the TV industry for the year ahead.

As part of the strategy Skillset and Broadcast Training and Skills Regulator (BTSR) are finalising a joint Memorandum of Understanding (MoU) to ensure the industry is most effectively served by both organisations working in partnership within a co-regulatory system.

We've taken on board what the industry has told us and we're currently reshaping our TV strategy in response to a fast-changing industry with an emphasis on delivering content for a multi-platform world.

In 2007-08 all UK broadcasters and independent production contributed £1.5m to the Skillset TV Freelance Fund. We would like to thank the BBC, ITV, C4, Five, Sky, the Indie Training Fund (and its contributors) and Cable and Satellite broadcasters for their generous contributions which have been used to support over 100 new entrants for the TV industry, and around 1000 training places for experienced professionals.

A summary of some of the key fund achievements and activity in 2007/8 includes:

- Skillset responded quickly and flexibly to industry need for short industry courses for experienced professionals (CPD) in areas such as HD - high-definition (camera and other areas such as make-up), multi-platform content and archiving/metadata skills, alongside regularly supporting high demand courses in DV camera, broadcast technology, writing, multi-skilling and others
- Two Series Producer Schemes were developed to meet the expressed industry need across the UK in this key grade. Glasgow Research Centre in partnership with Channel 4 is providing 11 places, and DV Talent 10 places with £100K support from the TV Freelance Fund for the two schemes.
- New entrant schemes were supported such as: Top TV's new Researchers scheme, Screen Yorkshire's cross-border 'Northern Routes' scheme in partnership with Northern Film and Media and North West Vision and Media, South West Screen' Bright Sparks scheme for Production Assistants, Cyfle's diversity scheme 'Diversifying the Workforce'.
- About 60/40 per cent of funding was split between Continuing Professional Development and New Entrants schemes and 50/50 was split between spend in and out of London. Stretching diversity targets were set for all schemes.
- More than 140 bursaries were granted to individuals in TV since the launch of Skillset Screen Bursaries in 2007, from an investment to date of £50k.

In addition to these projects, a consultant was contracted to report on the cross-industry skills issues linked to ethics and compliance in TV, following last year's "annus horribilis". The main areas of controversy were issues around interactive phone in quizzes whereby participants and the wider audience were misled; issues around editing techniques whereby the meaning of the event or the contribution may have been changed or a misleading impression presented; broad issues around

## Skillset Sector Skills Council TRUSTEES' REPORT

ethics in the media i.e. dealing with the audience and with programme contributors, and with compliance to industry codes.

From early on in the trust in TV debate, it was suggested that a lack of training may have been a factor, although it was recognized that there were broader issues more to do with the competitive and commercial culture that TV now operates within. At a seminar held jointly by the BBC Trust and Ofcom on 26<sup>th</sup> November 2007, leading representatives of the public service broadcasters committed to "Develop proposals for industry-wide training that includes freelance workers, based on ethical standards and editorial best practice that encompasses compliance with regulation and work towards a system of accreditation."

Skillset was asked to coordinate this work in consultation with the TV Skills Strategy Committee, and the appointed consultant interviewed a wide range of industry representatives to ascertain the key skills gaps and propose solutions. In the meantime broadcasters had acted quickly to put their own measures in place, and the consultant's report recommended complementary initiatives such as specific ethics and compliance Standards and cross-industry training initiatives for freelancers, and work continues to develop in these areas.

Another major plank of our TV work, this time in partnership with interactive media, was to develop the Skillset Media Academy network of HE and FE institutions across the UK, who provide vocationally oriented courses in TV and interactive disciplines. The network and is made up of 17 Academies, drawing together creative education partnerships from 43 colleges and universities across the UK. The focus of the Network is on innovation and to work with industry to support their CPD needs as well as developing potential new entrants.

In July 2007, the BBC and Skillset signed a Memorandum of Understanding (MoU), setting a framework to promote education and learning across the audio visual industry in order to stimulate creativity and cultural excellence. The MOU evolved from the BBC's Charter and Agreement, and Skillset's Television Skills Strategy. The Charter outlines the BBC's training responsibilities to the wider industry and the need to further develop strategic partnerships to implement these objectives.

The first TV industry freelance apprenticeship was created by a partnership of Skillset, BBC, the Learning and Skills Council and North West Vision and Media. The Advanced Apprenticeship in Media Production was launched in September 2007 with 20 apprentices aged between 16 and 22 selected from almost 300 applicants.

<http://www.skillset.org/tv/>

### **Radio**

The Radio industry has been undergoing a period of significant change with the changeover from analogue to digital transmission well under way, and significant consolidation taking place in the commercial radio market. The radio industry's workforce continues to respond and react to technological developments within the industry, and the growth of 'multi-skills' and flexible working practices mean that the industry often seems to be in constant flux.

There are some 400 radio businesses in the UK and the vast majority are SMEs. At either extreme around two fifths are micro-businesses and just a handful of large groups.

Around a quarter of the industry's 22,800 strong workforce is freelance. The workforce is split mainly between publicly funded and commercial radio businesses, and a small number of around 2,000 people are based in community and voluntary radio businesses, radio's growth sector.

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The industry is highly qualified and seven in ten has a degree, two fifths of which are media related.

Building on the findings of four radio industry focus groups held in summer 2006, Skillset's priority during 2007-08 was to establish a definitive Radio Skills Strategy and Action Plan. This work was guided by the [Radio Skills Development Forum](#), a representative cross-industry group jointly operated by Skillset and the Radio Academy.

Key issues identified in strategy included:

- Lack of practical careers information, advice and guidance about full range of job opportunities in the industry.

The need to:

- 'open up' routes into the industry to access new talent.
- work with community radio sector to develop training opportunities. This sector is seen as potential pool of new and diverse talent for the wider industry.
- ensure that people have the core radio skills but can develop these skills in the new digital environment and foster a "multi-platform mindset"
- prioritise high level business management and talent management skills which were identified as a top priority for the sector if stations are to grow and develop in this vigorous market.
- gain better understanding of the independent production sector and freelancers working across the different sectors and groups.
- develop better understanding between the radio education sector and the industry.

Highlights for 2007-08 included:

- Our involvement in the 2007 Radio Festival provided the perfect opportunity for further consultation on the development of the industry's first ever radio skills strategy. This was then formally launched in January 2008.
- Route into Radio was launched on the back of the strategy in January 2008. 36 people from the South East of England fast-tracked into radio industry careers with a new £200,000 funded pilot scheme. The project was devised by industry to support the professional development of people wanting to enhance their career in the radio sector. Working across the BBC, commercial and community radio stations the project also provided opportunity for cross-sector collaboration and knowledge exchange. This scheme was designed by Skillset and is supported by the South East England Development Agency to improve the diversity and skills of the radio workforce.
- In addition to this work Skillset has raised its profile in the industry further by sponsoring events such as the Arqiva/Radio Centre Commercial Radio Awards Newcomer of the Year, and the Broadcast Conference Radio 3.0. Skillset was actively involved in the development and delivery of the Radio People event at the 2007 Radio Festival and also sponsored places at Radio People, Foot in the Door and Tech Con for students and community/voluntary radio workers. Attendance at these and other events has provided the opportunity to establish a strong group of contacts that will support Skillset's ongoing work in implementing the Radio Action Plan and establishing Skillset's Radio Skills Council in 2008/09.

For more information about radio, visit [www.skillset.org/radio](http://www.skillset.org/radio)

## Interactive Media

The Interactive Media sector is rapidly evolving with many overlaps and blurred distinctions between other sectors. In particular, as interactive media products become more sophisticated, their development increasingly has greater overlap with the software and IT sector. As convergence gathers pace and especially as television broadcasters look to multiplatform, '360' degree commissioning models, the boundaries between interactive media and other media become less clear.

There is a need to further define the sector, as interactive media is a vague and often misunderstood term, so we are also looking at the other sectors that operate in the grey area at its fringes, as well as considering those who use its products and services.

Interactive media requires a broad range of cross disciplinary skills. Practitioners typically need a combination of specialist skills drawn from at least two of the design, technical, content or business disciplines, and also a range of more general work-life skills. The interactive media workforce is generally very highly qualified; around 80% of the workforce are graduates.

The sector is broadly characterised by a small number of large companies and a large number of small companies, roughly half being micro-businesses, employing five or fewer people. In theory, the digital nature of interactive media means that location does not matter – production can be carried out anywhere. In reality this is not often the case, however – suppliers usually find they need to be reasonably close to their clients and other business development opportunities as well as pools of freelancers or other outsourced skills. The key interactive media hubs in the UK are based in London, the South East, Yorkshire and the Humber.

During 2007-08, the Interactive Media Skills Forum was chaired by Andrew Chitty, Managing Director of Illumina Digital and was made up of representatives from key employers and trade associations and unions. An update of the Interactive Media Action Plan was agreed and included a rolling programme of industry led initiatives identified, including:

- support for Skillset Media Academy Network (1), in collaboration with the TV industry. Focussing on developing talent, innovative programmes, competencies in 360 content production alongside the development of high quality core skills.
- Skillset/Industry endorsed approval of interactive media continuing professional development (CPD) and short course providers;
- targeted high level business support programmes to meet the needs of the sector; and,
- support for non-traditional preparatory based routes into industry;
- A Foundation Degree Framework was developed for interactive media, as well as a modular MA programme for high level business
- A new set of job profiles for the industry were developed as wikis and supported by a discussion forum for ongoing consultation and development by industry.

For more information about **interactive media**, visit [www.skillset.org/interactive/](http://www.skillset.org/interactive/)

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1 The Skillset Media Academy Network is a network of Higher and Further Education institutions across the UK, who provide vocationally oriented courses in TV and interactive disciplines. The Network is made up of 17 Academies, drawing together creative education partnerships from 43 colleges and universities across the UK.

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### Computer Games

2007-08 was a particularly successful year for the global computer games industry and the UK has shared in this success. With three new console platforms established on the market, and huge blockbuster games such as *Halo 3* setting new records after making £84m (\$170m) in just one day. This is the largest sum ever made by an entertainment product, surpassing *Spiderman 3*, despite the Hollywood movie being released earlier in the year.

Overall the UK's computer games industry comprises around 220 businesses and just under 9,000 people with the majority being classed as games developers. The industry is dominated by graduates, with over two thirds (68%) of the current workforce holding a degree level qualification or higher. This is highlighted further when looking at recent new entrants, with over 90% of those entering the games industry since 2000 holding a degree level qualification or higher.

In this context the Computer Games Skills Forum worked to update and refresh the sector's Skills Action Plan for computer games identifying three key initiatives. The forum committed to:

- improving the quality of graduates coming out of UK courses;
- maintaining a highly skilled workforce; and,
- promoting and developing provision for high level management and leadership skills.

With these initiatives in mind, Skillset's key achievements for 2007-08 included:

- continued to focus on creating work ready graduates. The four industry endorsed computer games degree courses in the UK continued to be hailed as the best education and training development for people wanting to pursue a career in computer games. Working closely with the London Games Festival, the Develop Conference and Games:Edu these courses have been widely supported by many in the industry.
- The Games industry has made repeated calls for more courses to be recognised and the extension of the course approval programme to post-graduate level has been developed by Skillset and approved by the Games Forum.
- Outside of the higher education space, Skillset furthered the development of the Apprenticeship in Quality Assurance and Games Production. Working with partners City College Brighton and NCSoft, six new trainees began the Modern Apprenticeship and are expected to complete their qualifications in January 2009.
- As part of the London Games Festival, Skillset developed and delivered a week long programme of events focused on skills and widening participation funded by the London Development Agency (LDA). This provided opportunities for 130 beneficiaries to find out more about using their skills for a career in computer games.
- In addition, the Games industry gave their approval for the suite of National Occupational Standards for interactive media and computer games. These standards provided the core of the qualification behind the QA Apprenticeship scheme.

For more information about computer games, visit [www.skillset.org/games](http://www.skillset.org/games)

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## TRUSTEES' REPORT

### Facilities

The facilities sector provides specialised technical equipment and services to every other audio visual sector. The Skillset Census (2006) estimated that over 45,000 people make up this workforce. Throughout 2007-08, the sector faced profound changes in technology and increased overseas competition. Those involved in the sector, directly and indirectly, have had to compete globally and find new opportunities in the global market places.

Skillset has seen significant developments in its work with, and for the facilities sector throughout 2007-08. For the first time Skillset worked with the sector to create a Strategy and Action Plan to meet their skills needs. This culminated with an online consultation where over 200 leading industry figures gave their views and provided detailed comments.

During 2007-08, the headline priorities and actions for the sector included:

- improving and recognising the skills of those already in the workplace by looking at continuing professional development and approval schemes for those already in work;
- addressing leadership and management skills in the industry by improving the short course provision available. We took advantage of other publicly available funding and schemes such as Train to Gain, and to bridge the gap between education and employment by focusing on “finishing schools” and new entrant schemes.
- Working in partnership with Further and Higher Education to improve provision, especially through working with the Skillset Media Academy network; and by informing aspiring entrants of the realities of the industry through professional careers information, advice and guidance.
- *First Post*, the structured new entrants scheme in post production, which was successfully piloted in London, was expanded in 2007 to support companies and individuals in the South West, the North West and Wales. Since its start, this scheme has supported nearly 100 individuals and over 40 companies.
- examining the issues surrounding engineering and the audio visual sector, and creating the Media Technology and Engineering Skills Taskforce (M-TEST). The Taskforce reported where the issues have arisen and identified available solutions.
- Continual professional development within the sector was boosted by significant investment from Skillset’s film and television sectors. Included in this support was an estimated £167k investment from the Skillset TV Freelance Fund and £1.4m via film supporting courses in the fields of 2D and 3D CGI, editing, High Definition and Broadcast Engineering.

For more information about facilities, visit [www.skillset.org/facilities](http://www.skillset.org/facilities)

### Animation

Throughout 2007-08, the animation industry responded to increase opportunities for creativity and innovation, and provided creative content across many different distribution platforms. In total, the global market for all forms of animation is currently estimated to be worth \$300billion per year.



## Skillset Sector Skills Council TRUSTEES' REPORT

The UK has a significant position in this market, but the UK's animation industry faces a number of challenges, most notably, the decline in commissions from commercial broadcasters and their advertisers. This presents a major threat to many companies.

Animation companies currently provide employment for around 4,700 people throughout the UK, of whom nearly two fifths are freelance or on short term contracts. Currently 78% of this workforce are graduates, and 53% have a degree in a media-related subject, the highest of any sector in the audio visual industries.

In this context Skillset has worked closely with the Animation Forum, Skillset's industry representative panel for this area, to develop the Animation Industry Skills Action Plan. The Action plan identified three key priorities for action and relevant interventions to support these:

- improving the quality of graduates from higher education;
- being responsive to the current skills demand within the existing workforce; and,
- improving on management and leadership skills within senior levels of the existing workforce.

Key outcomes of these priorities in 2007-08 included:

- The network of Skillset Approved courses are endorsed and recognised by the animation industry as the most appropriate in the UK for their needs. These successfully passed their yearly monitoring visits and entered into their final year of the current approval scheme. In supporting the further development of these six courses Skillset arranged the annual showcase event enabling 100 graduates to meet and network with over 100 employers. We also arranged for course tutors to undertake studio tours with key employers enabling them to network and engage with key players such as Nickelodeon and Cartoon Network.
- In addition the animation industry also approved the development of a suite of National Occupational Standards for animation. These Standards provide a clear, up to date description of what an individual needs to be able do in order to perform a job successfully in the animation industry. The Standards were developed by both people who work in the industry and experts from each occupational area through a process of investigation, analysis and consultation with a wide range of people.

For more information about these highlights and more about animation, visit [www.skillset.org/animation](http://www.skillset.org/animation)

### **Film**

The UK's film industry is made up of four principal sub-sectors: production, facilities, distribution and exhibition. It is an industry with an occupationally diverse and highly skilled workforce characterised by very high levels of freelancers working in the production sector. There is a significant crossover in terms of skills and personnel between high end drama for television, film and commercials.

Skillset began delivery of *A Bigger Future* in 2004, a complete training and education strategy for the UK Film industry, developed in partnership with the UK Film Council and in consultation with the industry. Throughout 2007-08, the strategy provided support for people in the film industry at every stage of their career, ensuring that the UK maintains its reputation for world beating skills and remains competitive in the face of stiff competition in the overseas market where the UK is often undercut on the basis of cost. Skills are, and must remain, one of the UK's principle unique selling points.

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Key achievements from 2007-08 included:

- large numbers of individuals benefiting from appropriate and targeted training. Over £250k was allocated through the Screen Bursaries scheme to support 456 freelancers and employees to take training to update their skills and achieve industry-recognised qualifications. Under the Continuing Professional Development aspect of the strategy, grants totalling over £2.3m were made to organisations to deliver 64 film-specific training courses, creating a total of 3,638 training places for industry professionals.
- After a successful pilot scheme in partnership with the Equal Audio Visual Entrepreneurship programme, (which explored innovative approaches to supporting individuals from groups currently under-represented in the audio visual industries) the Graduate Fellowship Programme re-launched in 2008; the programme will provide 1-year paid placements in leading film businesses for 12 up-and-coming film professionals from Black and Asian minority ethnic backgrounds.
- Under *New Entrant Training*, grants totalling over £871k were made to organisations to deliver 10 film-specific training schemes, across grades such as, Grips, Technical & Design grades and Visual FX Production, ensuring the UK's world-class craft and technical skills are passed down to the next generation. A total of 89 trainees were trained in these schemes.
- After previously being open to one sector of the industry at a time, Skillset's HR Training Service was re-launched in mid-2007 to be made available to all independent companies across the entire film value chain simultaneously. Six companies were awarded up to £10k each in funding to develop the skills of their employees and achieve the HR Training Plan devised with Skillset's HR Training Consultant.
- The Screen Academy Network, established by Skillset in 2005, offered the very best the UK has to offer in film education and training. In August 2007 Skillset worked in partnership with Edinburgh International Film Festival (EIFF) to launch Trailblazers, promoting the work of new talent emerging from the Skillset Screen Academy Network at EIFF; in October 2007, the first Skillset Screen Academy Graduation Showcase screened over 28 short live and animation graduation films from the Network to an industry audience at the National Film Theatre in London; and in February 2008, 35 British filmmakers took part in the Berlin Talent Campus and enjoyed events such as Global Speed Matching, Meet the Experts and industry masterclasses.
- Skillset Careers provided film-specific advice and guidance to both new entrants and the existing workforce on how to get into, and how to progress in, the UK Film industry. In 2007-08, 211 individuals received 1-2-1 careers advice from industry professionals, and over 1700 e-mails and phone queries were answered.
- During the 2007-08 financial year, the *Skills Investment Fund (SIF)*, the voluntary levy on UK film production, collected contributions from 88 productions, totalling over £931k. Based on industry support, the levy is now moving to mandatory status with the establishment of a Film Industry Training Board (a Film ITB), which will work alongside Skillset to ensure that the quantity and quality of training delivered continues to meet the skills needs of the industry. It is anticipated the Film ITB will come into effect at the end of 2008.

For more information about film, the Film ITB, or to view a copy of *A Bigger Future*, visit [www.skillset.org/film](http://www.skillset.org/film)

# Skillset Sector Skills Council

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### Photo Imaging

The photo imaging industry is made up of nearly 14,000 companies, almost half of which are sole trading or freelance photographers. The industry has a highly skilled and well qualified workforce, compared to the entire UK population of working age. More than two fifths have a degree and over a fifth have a technical qualification, including a quarter of all photographers.

Skillset's Skills Strategy for Photo Imaging, published in 2006 after extensive industry consultation, contained a series of recommendations to support the sector and its workforce and has formed the focus of Skillset's work for the last two years.

The Skillset Photo Imaging Forum met regularly to guide, advise and input into Skillset's ongoing programme of work supporting the industries we represent. The forum was chaired by Nigel McNaught, Director of UK Operations for the Photo Marketing Association (PMA).

As excellent progress had been made in all the areas highlighted, the strategy was reviewed and updated and a new Action Plan developed. The updated Strategy and Action Plan for the Photo Imaging sector was published in April 2008.

During 2007-08, some of the key achievements were:

- Skillset carried out the first comprehensive workforce survey of photographers and the photo imaging industry. The results of this, supported by other information and intelligence gathered from our research and industry consultations have informed the new photo imaging Sector Profile. This is a short narrative document providing an overview of the sector, its size and shape, its education and training needs and its skills issues. [http://www.skillset.org/photo/article\\_6606\\_1.asp](http://www.skillset.org/photo/article_6606_1.asp)
- A comprehensive supply side mapping project also took place during this period, providing a comprehensive overview of all pre-entry and post-entry provision relevant to the photo imaging industry and the results are available on our website: [http://www.skillset.org/photo/skills/article\\_6180\\_1.asp](http://www.skillset.org/photo/skills/article_6180_1.asp)
- After a year long evaluation process, Skillset has approved six private training providers. These providers were awarded Skillset Approved status as they offer high class industry-relevant digital skills training to photo imaging professionals. For full details about these photo imaging training providers, visit: <http://www.skillset.org/photo/approved/>

For more information about photo imaging, visit [www.skillset.org/photo](http://www.skillset.org/photo)

### Publishing

The contract from the Sector Skills Development Agency (SSDA) to undertake work to develop the Sector Skills Agreement for publishing was issued in January and all information from the Publishing Skills Group websites was transferred to [www.skillset.org](http://www.skillset.org).

During the early part of 2008 the industry came together under the new arrangements having joined Skillset's footprint. One of the first practical actions was to review the most recent version of the

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pre-existing Skills Needs Analysis for the sector. It was agreed that this would be supplemented with new research gained through qualitative focus groups.

A new Publishing Sector Manager was appointed within Skillset and joined in early March, starting work on an analysis of the current supply of education and training provision for the sector and on planning the focus groups for supplementing the sector's skills needs analysis.

A range of industry contacts have been invited to sit on the Council. John Whitley, Chief Executive of The Publishing Training Centre (and formerly of the Publishing Skills Group) has been appointed Chair of the Publishing Skills Council.

Publishing will officially become part of Skillset's footprint on 1<sup>st</sup> April 2008 but work has already begun on developing a Sector Skills Agreement and on building industry contacts and support for our work going forward.

For more information about publishing, visit [www.skillset.org/publishing](http://www.skillset.org/publishing)

### **Industry engagement across the UK: Nations and Regions**

Our sector work is UK wide but we also deliver across all sectors within the context of the regions and nations. Our priorities are tailored to ensure they are appropriate to the specific and sometimes differing needs of the four UK nations and the nine English regions.

Skillset has offices in Glasgow, Belfast and Cardiff as well as a team of Regional Managers covering the nine English regions with regional offices in Leeds, Manchester, Birmingham, Nottingham, Bristol and Eastleigh.

### **Wales**

The TV industry in Wales comprises three main broadcasters: BBC Wales, ITV Wales and Welsh language broadcaster S4C, alongside a healthy independent production scene. The film industry is smaller, but has attracted a number of significant 'big-budget' features over the last few years. Wales has a vibrant and growing Interactive Media sector. Within the UK, only London and the South East have a larger employee base.

The Skillset Census estimates suggest that there are over 600 businesses operating within the audio visual sector in Wales, with a total turnover of £350m making it Wales' largest arts and cultural sub-sector. 35% of Wales' workforce operates on a freelance basis, and the largest sectors in Wales in terms of workforce are Independent Production, Television (terrestrial) and Web and Internet.

The Government Act of Wales 2006 granted the Welsh Assembly Government (WAG) enhanced legislative power, and the current ruling coalition between Plaid Cymru and Labour has created new possibilities in the political landscape with skills issues being identified as key to the future health of the Welsh Economy. Skillset Cymru has responded through consultations for the audio visual industries in Wales and WAG's *Skills That Work for Wales*.

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The Sector Skills Agreement (SSA) for the audio visual industries in Wales sets out how Skillset fulfils its remit of ensuring that the sector in Wales can access the skills and people that it needs to achieve its full potential. The agreement demonstrates how Skillset Cymru and its industry and public sector partners will deliver specific actions to meet priority needs that will in turn drive improved business performance throughout Wales.

The Skillset Cymru Industry Skills Panel guides and advises Skillset's work in Wales within the context of its UK wide remit as a Sector Skills Council. The Skillset Cymru Industry Skills Panel is chaired by Iona Jones, CEO of S4C and its role is to take forward Skillset's work in Wales, and to implement the Sector Skills Agreement for Wales.

Under the guidance of the SSA and Skills Panel, activity highlights for 2007-08 included:

- In January 2008, Skillset Cymru's Training Framework was launched. The Framework supported production companies and freelancers to enhance their skills and was developed in partnership with S4C and the Welsh Assembly Government. Applicants received a free training needs assessment from a Human Resource Development (HRD) advisor, as well as a chance to receive funding for recommended courses. A total of 32 companies and 127 freelancers were engaged with the framework and provided with training solutions as diverse as mentoring schemes, business skills, Welsh language skills, as well as craft, technical and editing training courses.

As part of the Framework, Skillset Cymru established a Training Taskforce, a panel of industry specialists who will provide a strategic overview of training for the industry. S4C and TAC valued and supported its proposal and channelled part of their training budgets into the framework.

- Skillset's Careers Service in Wales was launched in August of 2006. The service has proven to be extremely popular with both professionals and new entrants, and has provided free bilingual careers advice to over 270 clients through face-to-face, e-mail and telephone advice sessions. The service has also provided 27 workshops for students, tutors, new entrants and careers advisors in Wales covering getting on, and in to the industry, advice about CV's and self-marketing, and panel or speed-networking sessions with industry professionals. The service has been linked to the Skillset Screen Academy Wales, Careers Wales, Cyfle (the Skillset Approved training provider in Wales) and the Welsh Assembly Government's *Go Wales* scheme, and a Steering Group comprising of key partners guides the work of the careers service in Wales.
- We have continued to implement our Welsh Language Scheme, ensuring that all of Skillset's services are available through the medium of Welsh. We have also ensured that Skillset's staff across the UK are fully aware of the scheme and its implications on their work.
- The Skillset Screen Academy Wales (SSAW) has been successful in its application for re-license, and continues to grow its links to industry, recently creating two industry sub-committees to advice on film and animation. At the Fresh Festival Student Film Awards 2008, SSAW Academy students won 5 out of 9 categories. It is hoped to establish a Media Academy in Wales in the near future.
- In line with the National Assembly's emphasis on skills and learning, Skillset have developed a Sector Qualifications Strategy for Wales. It focuses on ensuring qualifications meet industry need, creating a greater offer of flexible training for individuals with enhanced

## Skillset Sector Skills Council TRUSTEES' REPORT

access to and expansion of industry training while encouraging entry to the workforce by people from more diverse backgrounds.

- Skillset Cymru collaborates closely with Cyfle to provide training that reflects the needs of the industry. Cyfle are the only training provider in Wales to have the Skillset 'Approved' tick quality mark. During 2007-08 we have collaborated on schemes for new entrants in film and television, a digital animation course and a gender specific course for women in unrepresented roles in the audio visual industries. In collaboration with BBC Wales, these individuals have undertaken work placements on Dr Who. Cyfle graduates are well received by the industry, with around 90% finding work within the audio visual sector on completion of their course.
- Skillset Cymru responded to an industry expressed need for experienced senior production staff in a number of innovative ways. Places have been secured for Welsh producers on prestigious schemes such as Leading Edge, Fast Track and European Audiovisual Entrepreneurs (EAVE), and the Production Talent Scheme looks to attract senior producers from outside the country in order to boost network production.

For more information about Wales, visit [www.skillset.org/uk/cymru](http://www.skillset.org/uk/cymru)

### **Scotland**

Nearly 10,000 people are employed in the sector in Scotland, in a broad range of occupations. In addition to the three main broadcasters; BBC Scotland, Scottish Media Group and Channel 4, there is a thriving independent production scene both in film and broadcast, while there is also significant facilities provision, a vibrant commercial and community radio sector and an internationally-acclaimed cluster of computer games developers.

The environment in Scotland has entered a new and challenging phase following the installation of the new minority SNP Government in May 2007. For the audio visual industries, which make such a significant contribution both economically and culturally to Scotland, this has heralded a renewed level of interest, particularly in broadcasting, but also across the creative industries more generally which the government has identified as a priority sector in its economic strategy.

The work of Skillset Scotland is guided by the Scottish Industry Skills Panel which has its membership drawn from leading employers as well as representatives from the trade unions, trade associations, further and higher education and public agencies. The panel acts as Skillset Scotland's formal advisory committee for the audio visual industries.

Skillset's strategy in Scotland is outlined in its Sector Skills Agreement, and in continuing to deliver on its key themes we work closely with government, employers and other key stakeholders in Scotland, including the Enterprise networks, the Funding Council, and the Scottish Qualifications Authority (SQA) to deliver our ambitions for the sector.

Skillset continues to deliver significant benefits to the industry and workforce in Scotland, and in 2007-08 highlights have included the following:

- Awarding over 100 bursaries to working freelancers through the Skillset Scotland Training Fund (SSTF) financed by the National Lottery through Scottish Screen, allowing them to access Continuing Professional Development (CPD) in a wide range of skills areas.

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- Again through the SSTF, we supported 15 small companies with a training needs analysis (in partnership with Scottish Enterprise) and directly invested in them to deliver their in-house training plans.
- The SSTF also enabled the development and delivery of a range of CPD opportunities that were delivered in and around Scotland to the workforce.
- Creative Loop, a consortium of colleges that Skillset supported to secure funding from the Scottish Funding Council, was successful in its bid to become a Skillset Media Academy.
- The Screen Academy Scotland at Napier University and Edinburgh College of Art (ECA) continued its development, with a number of its graduates being recognised in competitions and awards ceremonies around the world.
- The Skillset Careers service was re-launched with workshops for Careers Scotland advisors, one-to-one guidance sessions for working professionals, and attendance at events and festivals.
- Industry provided input into a number of the Scottish Qualifications Authority's Higher National Certificate (HNC) and Higher National Diploma (HND) developments in a number of key areas, including professional writing, audio-visual technician training, 3D animation and interactive media.
- Skillset continued to support Scottish Screen's established the New Entrants Training scheme, a multi tiered programme providing skills development, industry experience, support guidance and mentoring through on the job apprenticeships and tailored workshops.
- At policy level Skillset continued to contribute to the evolution of Creative Scotland, the new organisation taking over the functions of the two existing cultural development agencies, Scottish Screen and the Scottish Arts Council.

Also during the year, Scotland's First Minister announced the establishment of the Scottish Broadcasting Commission to conduct an independent investigation into the current state of television production and broadcasting in Scotland and defined a strategic way forward for the industry. Skillset was invited to submit oral and written evidence to the commission's inquiry.

Finally, Skillset Scotland took a significant role in providing leadership to the network of Sector Skills Council throughout the year with Scotland and Northern Ireland Director chairing the network forum in Scotland from October 2006 to March 2008. The network's contributions to the development of the Scottish Government's new skills strategy helped secure Skillset's position within the policy landscape for the first time in our history in Scotland.

For more information about Scotland, visit [www.skillset.org/uk/scotland](http://www.skillset.org/uk/scotland)

### **Northern Ireland**

The industry in Northern Ireland (NI) is small, but nevertheless there is a thriving audio visual sector, with broadcasting represented through BBC NI and UTV, which also has many radio interests. Northern Ireland has also been successful in attracting a significant level of relatively high-budget feature film productions, which continue to provide good opportunities for developing the

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workforce. Across other areas there are notable levels of employment in independent production, interactive media and games.

In terms of size, Northern Ireland has a total workforce in the region of 3,200 (Skillset Census 2006), comprising 2,400 employees and 800 freelancers.

Devolution was restored to the Northern Ireland Assembly on Tuesday 8 May 2007. This marked an important turning point in the area, and an important milestone in the way the Government in Northern Ireland engaged with Sector Skills Councils (SSCs) taking forward the initiative from the launch of the first round of Northern Ireland Sector Skills Agreements in January 2007. With support from the Department for Employment and Learning (DEL), SSCs' role in helping to take forward *Success through Skills: the Skills Strategy for Northern Ireland* (originally published in February 2006), has been emphasised and Skillset is continuing to make good progress.

Skillset's work in Northern Ireland has focused on making progress with the Sector Skills Agreement, and in particular using this as a means of building an ever stronger relationship with industry through partnership with Northern Ireland Screen and our Northern Ireland Industry Skills Panel (NISP).

Excellent progress has been made, and some of the highlights of 2007-08 include:

- A Skillset Manager for Northern Ireland was appointed in early 2007 to oversee the implementation of the Sector Skills Agreement.
- 3 specialist industry careers advisors were recruited and trained. They provide information, advice and guidance based in Belfast. The service is funded as a pilot through the Department of Employment and Learning (DEL) and includes free one-to-one careers guidance or advice via the phone or e-mail as well as workshops and Labour Market Intelligence (LMI) sessions for careers advisers.
- Skillset worked closely with Invest Northern Ireland on their digital content strategy and are forming the Digital Content Skills Action Group to bring forward the skills element of the Northern Ireland Digital Content Strategy.
- Skillset was invited to be a member of the Department of Culture, Arts & Leisure's (DCAL) Creative Industries Working Group, which drives the provision of the Creative Seed Fund, and has attended and presented at that working group. Skillset will be consulted on the skills element of the Creativity Seed Fund that DCAL has been awarded by government and this working group will drive the priorities of the seed fund.
- The Northern Ireland Skillset Media Academy was awarded a license and Skillset is working closely with them on their development plan and the network of Academies across the UK.

For more information about Northern Ireland, visit [www.skillset.org/uk/ni](http://www.skillset.org/uk/ni)

### England

Including publishing, approximately 550,000 people are working across the audio visual sectors, the vast majority of them in England. 57% of the entire audio visual UK workforce is based in London and the South East; however this varies significantly across sectors. Film is the most London centric sector with 78% of the 17,800 strong workforce based in the capital. Four fifths of the 40,000



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interactive media workers are based in London and the South East with the remaining fifth distributed fairly evenly across the UK.

In radio the majority of the 22,000 strong workforce are again based in London but there are also major concentrations in the North West and the South East. The picture is similar for the 55,000 people working in TV but again there are important clusters for broadcast in the South East, South West and the North West with a major expansion of the BBC Manchester workforce planned for 2010.

Photo imaging is the second largest sector in our footprint with 50,000 people based in 12,000 companies. The South East and South West have the highest concentrations of activity with over 32% of the workforce, London with 14% and the rest evenly spread across the other regions. 87% of the total photo imaging workforce is located in England.

The games industry is more evenly distributed across the UK although 83% is based in England. In fact, only 14% the 9000 workers are based in London with noticeable clusters in the West Midlands, the North East, Yorkshire and Humber and South East.

In animation, 67% of the 4,700 workforce are based outside of London with highly successful centres of production in Bristol and Manchester.

So while our work in London inevitably has a major impact on much of the workforce, our work in many of the other key regions is also a very important component in our overall mission of responding to industry skills needs across all sectors.

2007 brought a series of new Government policies and structural changes which greatly affected Skillset's work. Two new departments were established which are principally serving the interests of learning and skills: the Department of Children, Schools and Families and the Department of Innovation, Universities and Skills. The new Department for Business, Enterprise and Regulatory Reform also has an interest in our activities.

A series of policy papers and consultations starting from *World Class Skills: Implementing the Leitch Review of Skills in England* has signaled the move to a more demand-led approach to developing learning provision. Following *World Class Skills*, further policies are being developed around Apprenticeships, Skills Funding delivery systems and Higher Level Skills. In addition, the Department of Culture, Media and Sports established skills as a major factor for the development of Creative Economy in *Creative Britain*, a new strategy document for the Creative Industries. Further consultation is also underway around the skills agenda on a regional basis, following the HM Treasury commissioned Review of Sub-national economic development and regeneration.

There has been major progress across all of Skillset's sectors since the publication in 2005 of the original Sector Skills Agreement and Regional Collaborative Action Plans (RCAPs). Developed through rigorous research and consultation with industry, each RCAP drew on the themes of national Sector Skills Agreement and identified the key skills issues that were a priority to the sector in that particular region. Throughout 2007-08, our team of Regional Managers covering the nine English regions have continued to engage with industry and Government.

Some key national highlights of 2007-08 included:

- Sector Skills Agreement (SSA) for England: The draft SSA update for England was completed by March 2008, including for the first time photo imaging, animation and radio. Major demand and supply side research led to the creation of action plans for all three

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sectors and updated plans have been developed for film, TV and interactive media. The SSA will be a key tool for leveraging investment from regional and national partners and will integrate closely with our Business Plan for 2008-09.

- The publication of *Creative Britain* by DCMS and DBERR outlined 26 commitments from Government to support the continuing growth of the creative industries including major initiatives focusing on skills. Both Regional Development Agencies (RDAs) and SSCs were featured heavily and Skillset gets over 22 mentions. Skillset is working with the RDAs on the reshaping of the creative industries support structure in the pilot areas of the South West and North West.
- Sector Compact: Skillset is developing an agreement with the Learning and Skills Council (LSC) and Department for Innovation, Universities and Skills (DIUS) that will build new flexibilities into the billion pound Train to Gain service (the government funded skills brokerage service for companies) to make it more relevant to our sector. This is a very significant development, as Train to Gain is set to become the main mechanism for routing public funding for skills by 2011/12.

The Sector Compact will build on sector based approaches that Skillset has already piloted in London, the Midlands and the South East with Train to Gain brokers (funded through the LSC).

- Skillset launched its network of Skillset Media Academies in December 2007. The approval and selection of these centres of excellence in television and interactive media was partly funded by DIUS as a demonstration project. DIUS were interested in ways in which Sector Skills Councils encourage collaboration between Further and Higher education and industry with the Sector Skills Council at the core.

Since the launch and the roll out of the Academies, Skillset has been in long discussion with Higher Education Funding Council for England (HEFCE) to look at ways in which the Skillset Academy Network can be developed and nourished to enhance the employer engagement programmes by running a number of joint projects with the Academies and industry.

### Regional

Skillset's regional teams provide an important interface between industry and the key strategic agencies that invest in skills, particularly the Regional Development Agencies (RDAs), and the LSC). In most regions the creative industries are regarded as an important sector, though the level of commitment to engage and invest can vary significantly.

- London has over 50% of industry based in the capital, and Skillset continues to work with all the key agencies and stakeholders to ensure that the audio visual sectors remain a priority and are supported. Much of the work described elsewhere in this document occurred in London, but highlights include:
  - Computer Games Festival Skills Week
  - London Film Festival Skills Week
  - Train to Gain where over 200 individual companies benefited from interaction with our trained and knowledgeable brokers

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- Skillset's CEO, Dinah Caine, also was appointed as an Advisor to the newly formed London Skills and Employment Board on behalf of the Alliance of Sector Skills Councils. Chaired by the Mayor of London, the board is employer-led to ensure that its work is driven by the needs of employers and that skills provision meets the existing and future needs of the London workforce.
- Skillset has unlocked significant investment on a regional basis during 2007-08: in South East (for computer games, interactive media, convergence, and radio); North West (computer games, TV and interactive media, facilities); South West (animation, facilities), London (Host Broadcast Olympics Programme).
- A new partnership approach was developed in the North of England, Skillset North, with significant investment from three Northern Regional Development Agencies (North East, Yorkshire & Humber and North West). The first stage of detailed research was in industry skills needs and the current supply of provision. A senior industry panel was established to lead our work, chaired by Tom Gutteridge of Standing Stone Productions.

The development of Skillset North will encourage the North West, Yorkshire and Humber, and the North East to collaborate on addressing cross regional priorities including high level industry specific management skills, optimising convergence and cross platform opportunities, and increasing the supply of locally available training aimed at the existing workforce. The four Skillset Media Academies in the North are now collaborating across the three regions.

The confirmed relocation of five departments of the BBC to Salford has had major impact on the skills landscape. Skillset has levered £2.8m to support provision through Northern Film and Media and to strengthen links between industry and education. Guided by Skillset, Higher Education funds are also supporting 6 industry programmes delivered through universities including First Post and a Post Graduate TV Production Management certificate. The BBC is piloting a new Apprenticeship programme for new entrants, in partnership with other regional audio visual companies, the LSC and Skillset.

- West Midlands LSC supported Skillset to bring in an industry specialist to work alongside their Train to Gain brokers, helping them to develop a better understanding of the sector and engage more effectively with businesses. Over 30 companies had a joint visit and skills diagnostic and the project evaluation has provided important evidence to inform our Sector Compact negotiations with National LSC. The Sector Compact will be a national agreement with the Department of Innovation Universities and Skills (DIUS) about how the Train to Gain Service will operate in our sector.
- In the South West, Skillset worked with South West Screen and Aardman Animation to look at the feasibility of developing a national animation academy. Higher education funds were also secured to support the training of police photographers in helicopter units and Skillset is closely involved in shaping structures that will take forward Creative Britain in this pilot region. The South West has been an exemplary region for Skillset Academies with one Skillset Screen Academy and three Skillset Media Academies.

For more information about England, visit [www.skillset.org/uk](http://www.skillset.org/uk)

**Across our footprint: Key achievements and performance**

# Skillset Sector Skills Council

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In addition to increasing engagement, demand and investment in skills and development across the UK, Skillset plays a lead role in collating and communicating sector labour market data, and in the development of standards and qualifications. These roles comprise Skillset's core functions and are a part of the work we do across every nation, region and sector.

### Research

Skillset is the leading authority on the audio visual industries' labour market intelligence. Undertaking a comprehensive programme of research about the industries and the training provision available to them, Skillset's research programme is endorsed by the industry.

### **The Big Picture (put this section in pullout box)** **Our industry at a glance**

- 550,000 people and more than 100,000 businesses make up the creative media industry.
- The vast majority of businesses are SMEs and 31% of the workforce is freelance.
- In the creative media industry 44% of the workforce is female, 7% BAME's and 8% disabled.
- Half the workforce is based in London and the South East, a tenth is shared between Scotland, Northern Ireland and Wales and the remainder is based throughout England.
- Compared with the wider economy the workforce in the creative media industries is highly qualified and more than half has a degree compared with less than a third.
- Two fifths of the workforce has a self-assessed need for training and development (excluding publishing), and four fifths who had tried to meet that need had experienced barriers (excludes publishing and performers). In publishing more than a tenth of businesses suffer with internal skill gaps.
- Just under three fifths of the workforce has received some formal or informal training in a given twelve month period (excluding publishing). A

Source:

Skillset Employment Census 2006.

Skillset 2005 Survey of the Audio Visual Industries' Workforce

Skillset/UK Film Council Feature Film Production Workforce Survey 2008

Skillset Photo Imaging Workforce Survey 2007

Skillset Performing Arts Industry Survey 2005

National Employer Skills Survey, 2005A

Labour Force Survey

ABI, 2005

- The creative industries as a whole contribute 7.3% of the UK's GVA, the majority of which is accounted for by Skillset's footprint (5.6%).
- Skillset's sectors account for over 60% of creative industry employment.
- Exports of services by the creative industries totalled £14.6 billion in 2005. Over half of this was contributed by the sectors in scope to Skillset's footprint.
- Skillset's sectors have grown at a much faster rate than the rest of the creative economy in the last decade. For example, the creative industries as a whole have grown at an average of 6% per year since 1997, but TV and radio 8% growth and software, computer games and electronic publishing 10%. By comparison, music, visual and performing arts have shown no growth at all during this time

Source: DCMS' Creative Industries Economic Estimates Statistical Bulletin (October 2007).

# Skillset Sector Skills Council

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Before the skills needs of the creative media industries can be addressed, they must first be identified. Throughout 2007-08, the research team conducted consultation work with industry, published research and strategic documents, ran funding schemes and project work, and provided information about the challenges that face the industry and what is needed to overcome them.

The research team provides the industry, through Skillset's sector teams, with vital skills intelligence to help ensure that it remains stable and competitive.

Highlights of this work in 2007-08 included:

- The development work for the 2008 Workforce Survey was completed, resulting in the most comprehensive survey of its kind to date, and the widest ever distribution of any Skillset survey.

The survey will hit tens of thousands of people working across the industry in spring 2008.

- Detailed research was completed at the sector level (for example in film production, photo-imaging and publishing) and at the regional level: an extensive analysis of demand and map of supply was conducted in the three regions of the North of England to underpin the new partnership arrangements under development in the establishment of Skillset North.
- Skillset engaged in a number of research projects on women in the industry including a qualitative study on retention of women and work-life balance issues and a project to identify characteristics of women who have succeeded in male-dominated roles, both conducted jointly with Women in Film and Television. Skillset also conducted 'Women Audio Visual Engineers', A European Social Fund funded study examining gender segregation in engineering roles in the audio visual industries, in partnership with industry and academic representatives.

For more information about Skillset's research programme, visit [www.skillset.org/research](http://www.skillset.org/research).

### **Qualifications & Education Partnerships**

As well as articulating and stimulating industry needs, Skillset is responsible for influencing the design and supply of skills. Skillset does this through the development of high quality demand-led qualifications and National Occupational Standards. Skillset works with a number of awarding bodies and the regulatory authorities to ensure that qualifications developed are valued by the sector and meet the needs of industry and individuals. Skillset also works with partners to provide industry-led solutions such as the development of the Diploma in Creative and Media for 14-19 year olds in England, the development of the Skillset Academy Network and the approval of top level training.

### **Qualifications**

A Sector Qualification Strategy (SQS) for the audio visual industries was developed and submitted to the UK Commission for Employment and Skills (UKCES) who have reported that it is exemplary. Through research and consultation activities, Skillset has outlined what is

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needed in terms of skills development for the sector. This dynamic strategy will be used to influence the design and development of a system of qualifications and other learning provision that is demand-led, high quality, coherent and accessible for the audio visual industries for all ages and across all levels.

An Action Plan will be published in July 2008 to communicate the priorities for developments for the next eighteen month period.

Skillset plays an important role in the development of qualifications for the audio visual industries. Qualifications include GCSEs, key and core skills, technical certificates, National/Scottish Vocational Qualifications (N/SVQs) and other vocational qualifications.

Highlights of Skillset's qualifications work during 2007-08 included:

- The development of new qualifications for Grips, and Lighting Electricians for Film.
- The development of new and existing qualifications to populate Skillset's Apprenticeship Frameworks, including NVQ in Media Production and NVQ in Set Craft.
- An amendment and inclusion of further units in the Level 3 Media Techniques Diploma.
- Amendment and inclusion of further units in the Level 3 Media Techniques Diploma.
- An upgrade of the Level 2 Audio Visual Industries Induction Certificate.

After a successful pilot phase, Skills Passport schemes are becoming increasingly popular with specific technical/safety critical grades across certain sectors that need to evidence competence in the workplace by detailing qualifications and training gained. The Skills Passport provides individuals with a validated record of the skills and qualifications they achieve. The scheme has been used for Grips and will be introduced for other roles such as Lighting Electricians and Stagehands.

For more information about Skillset's qualifications work, visit [www.skillset.org/qualifications](http://www.skillset.org/qualifications)

### **Apprenticeships**

Although Apprenticeships may not be an appropriate entry route for all sectors of the audio visual industries, recent research has identified a number of sectors and occupations where Apprenticeships can offer a viable entry route into employment. Skillset has begun work toward Apprenticeships in photo imaging, games testing, technical roles in film and TV, production roles in TV, and set crafts.

Highlights of 2007-08 include:

- Skillset successfully developed the first ever Apprenticeship for the Games Industry, the level 2 Quality Assurance (QA) in Games Testing Apprenticeship. After a successful pilot in 2006-07, the framework received approval in September 2007. Initial take up has been in the South East of England but plans to extend this recruitment more widely across the UK are in place.

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- The development of two more Apprenticeships Frameworks for England began. These sit alongside the accredited frameworks of the Scottish Modern Apprenticeship in photo imaging and the QA in Games Testing Apprenticeship Framework for England and Wales.
- An Advanced Apprenticeship in Media Production was launched in November in North West England, the first of its kind in the UK. The Advanced Apprenticeship in Media Production with the BBC and North West Vision and Media was originally regionally based at mediacity:uk but there is continued interest from other parts of the country to roll it out further.
- The Set Crafts Apprenticeship is now in early stages of a pilot at Pinewood studios.

For more information about apprenticeships, visit [www.skillset.org/qualifications/apprenticeships](http://www.skillset.org/qualifications/apprenticeships)

### Standards

One of Skillset's main roles is to develop and maintain National Occupational Standards (NOS) for all occupations across the audio visual industries. Standards define the skills, knowledge and experience required to work in specific occupations and job functions in the audio visual industries.

The Standards have many uses and can be a particularly useful HR and training tool for assisting employers in developing their workforce. Skillset continuously promotes these uses through the *Guides to Workforce Development*, for more information visit [www.skillset.org/standards/usestandards/article\\_4649\\_1.asp](http://www.skillset.org/standards/usestandards/article_4649_1.asp).

Key highlights of the work undertaken by the Standards team in 2007-08 included:

- Skillset has developed 25 suites of National Occupational Standards covering our footprint which were incrementally updated to reflect the changes in work practises.
- This year, 6 suites were reviewed by industry experts to reflect current work practices in Camera, Production Accounting, Broadcast Journalism, Interactive Media & Computer Games, Location Managers and Sound.
- Job Profiles are another tool developed from Standards. This year 42 Job Profiles were developed by industry experts to help industry newcomers understand the different job roles and the skills required in order to succeed. These covered 18 profiles in photo imaging, 23 profiles in interactive media and a new camera profile for script supervisors.

For more information about Standards, visit [www.skillset.org/standards](http://www.skillset.org/standards)

### Education Frameworks:

#### 14-19

The key delivery in this period was the development of content for the Diploma in Creative and Media in England, and supporting collaboration in preparation for its delivery. The Diploma in Creative and Media blends practical and academic learning in a broad, applied programme of study. The qualification, developed in partnership with industry, education and other key

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stakeholders, aims to develop students into creative practitioners, critical thinkers and effective communicators.

During 2007, Skillset continued to lead the Diploma Development Partnership on behalf of Creative and Cultural Skills and Skillsfast UK, specifically working closely with awarding bodies to develop the qualification to ensure its vision and aspirations are retained. The qualification will be taught for the first time in England in September 2008 and will become a national entitlement by 2013.

Highlights of 2007-08 in preparation for the Diploma's delivery:

- Skillset worked closely with industry, Higher Education and creative organisations in order to help establish engagement and encourage collaboration. This included exploring models of work related learning, in which industry engages with education to bring the learning experience closer to the world of work.
- Examples of work related learning, included opportunities offered by BBC, Channel 4 and Adobe, were showcased at an event called "Creating Futures" in November 2007, organised by Skillset on behalf of the Diploma Development Partnership.

Find out more about 14-19 on [www.skillset.org/qualifications/diploma](http://www.skillset.org/qualifications/diploma)

### **Approvals**

#### **Course Approval**

Skillset expanded its Approvals Scheme to ensure access to high quality, relevant, industry endorsed education and training to support progression into and within the audio visual industries.

One strand of the scheme is the approval of higher level courses that meet specific criteria defined by the sector. In 2007-08, Skillset's approval of courses in screen writing, animation and computer games continued by awarding approval to new courses that meet the published criteria. Approved courses were then supported by industry through masterclasses, graduate showcases and guest lectures.

#### **Approval of Training Providers**

Skillset continued to work closely with the audio visual industries to identify education institutions and industry training providers that provide the best professional development, learning and training opportunities for those wishing to enter the industry or those already working in it. Skillset awarded an industry endorsed approval to those providers that met this exceptional standard of delivery.

Education and training partners that have been awarded the Skillset Approval now include: 12 industry training providers, 6 training companies supporting photo imaging professionals, and a growing Academy Network of 17 Skillset Media Academies and 6 Skillset Screen Academies.

For more information about approvals, visit [www.skillset.org/training/approvals](http://www.skillset.org/training/approvals)

#### **Skillset Academy Network**

The Skillset Media and Screen Academy Networks enable education and industry to work together to produce the innovators and leaders of the future - those who will ensure the UK's creative industries remain globally competitive and at the forefront of productivity and business innovation.



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Together, the aim of the Skillset Academy Network is to ensure the UK has the most talented workforce in the world for film, television and interactive media, both now and in the future.

### **Skillset Media Academies:**

In 2007, Skillset established the Skillset Media Academy Network in response to the television and interactive media industries' desire to develop lasting partnerships with further and higher education institutions. The Academies provide an answer to industry's need for fresh talent and innovation and set new standards in higher education for the design and delivery of practice-based courses.

The 17 Skillset Media Academies were selected after a rigorous application and evaluation process. They were assessed by industry evaluators drawn from the education sector and the television, interactive media and post production industries. The final selection was made by a high level panel chaired by Skillset Patron Greg Dyke.

The Skillset Media Academy Network was launched in December 2007. The Rt Hon James Purnell, Secretary of State for Culture, Media and Sport and David Lammy MP, Minister for Skills, Department for Innovation, Universities and Skills were both present to award the licences to the 17 Media Academies.

The institutions in the Network are already centres of excellence in television and interactive media. The Network is made up of the following 17 Academies, drawing together creative education partnerships from 43 colleges and universities across the UK.

### **Skillset Screen Academies:**

The Skillset Screen Academy Network is a UK-wide group of 'centres of excellence' in film training and education. These institutions were identified by the UK Film industry as those already offering the highest quality of skills training but which need further support to continue to serve industry need. Their aim is to ensure the UK has the most talented and skilled workforce in the world, both now and in the future.

Within the Skillset Screen Academy Network all the necessary skills areas identified by the industry will be covered. This includes craft and technical grades through to design and management, both at a further and higher education level. Screen Academies will also offer short courses designed to support professionals already in the industry.

Highlights of 2007-08 included:

- 'Trailblazers' at the Edinburgh International Film Festival (EIFF) saw the best students from the Skillset Academy Network have their films screened and promoted at the Festival – with the plan to promote 'Trailblazers' further at the Tribeca Film Festival in New York next year.
- In October, Skillset held the first ever Skillset Screen Academy Graduation Showcase featuring the very best new filmmaking talent coming out of the Skillset Screen Academy Network.
- A Talent Scout was appointed in October to identify and recruit talent across the UK, feeding in to the whole network.

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- [www.talentportal.co.uk](http://www.talentportal.co.uk) was developed to direct film, television and related media industries to students graduating from the Network. The site provides students with the opportunity to publicise themselves and is a central networking resource.

The network is made up of six Skillset Screen Academies and the Skillset Film Business Academy at Cass Business School.

For information about the Skillset Academy Network, visit [www.skillset.org/training/san](http://www.skillset.org/training/san)

### Careers

Skillset Careers is the specialist careers information, advice and guidance (IAG) service for broadcast, film, video, interactive media, and photo imaging.

Skillset Careers offers free careers helplines for England and Northern Ireland, Wales, and Scotland, a free e-mail advice service and a dynamic careers website. Additionally, face-to-face guidance is available, and free UK-wide workshops on careers in the audio visual sector are offered to careers advisors and teachers. Career development workshops are held on a regular basis for new entrants and experienced practitioners on freelance skills, self-marketing and successful CVs.

In 2007-08, Skillset developed and delivered IAG products and services based on up-to-date labour market information and intelligence for the following audiences:

- New entrants and freelancers seeking careers help;
- Screen Academy students and staff;
- Careers advisors in publicly-funded careers agencies looking for assistance in answering their clients' queries about the audio visual industries.

In 2007-08, Skillset Careers helped thousands of learners to find the right training for them. 350 one-to-one career sessions were organised for people working or starting to work in the industry. 400 external careers advisors received training on labour market information relating to creative media careers at 'Getting 'Insider' industry info to your clients' – a series of Skillset workshops held around the UK.

Skillset ran 9 workshops and seminars on behalf of BECTU. In February 2008, Skillset Careers won the Trade Unions Congress' (TUC) unionlearn Quality Award.

In 2007-8, 4 industry professionals (3 in Northern Ireland) were recruited and trained as freelance industry professional careers advisors.

Visit the newly updated careers website on [www.skillset.org/careers](http://www.skillset.org/careers)

### Diversity

At the heart of our organisation and culture is our commitment to diversity. Promoting diversity runs core within all our activities, both in our outward facing role, and throughout our own organisation.

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Certain groups continue to be under-represented within the workforce of the audio visual industries. This was especially evident in the Skillset Employment Census 2006 which highlighted crucial information about gaps in the industries' demographic make-up.

Skillset supports, promotes and actively contributes to the work of industry diversity organisations and networks, such as the Broadcasting and Creative Industries Disability Network, Cultural Diversity Network and the UK Film Council Leadership on Diversity Forum.

We make sure that all our information on training and working in the media is accessible and open to all (via website, careers advice), and we promote diversity best practice and success stories to the industry, education and public partners.

We ensure that all of our bursaries, funding and training schemes such as the Skillset TV Freelance Fund and Skillset Film Skills Fund meet specific diversity targets for access and participation. We monitor and highlight diversity levels in our industries, we ensure our industry panels and contacts are appropriately diverse and representative and we actively support under-represented groups to enter and succeed in the industry through our funding and training structures.

Skillset aims to ensure that our internal practices reflect our stance on diversity. Skillset's diversity friendly recruitment processes have led to our award of the Disability User Symbol status by JobCentrePlus. Skillset is a member of the Stonewall Diversity Champions, has established a Lesbian, Gay, Bisexual and Transgender Staff Network Group and is benchmarked across all industries as in the top 100 of employers in the UK for our positive working and recruitment practices. Skillset has also held an Age Discrimination briefing for staff and Careers Advisors.

Skillset is an Investor in People, and was the first SSC to achieve the Matrix Award for the quality of our Careers Information, Advice and Guidance Service (IAG).

As well as making diversity inherent in all we do, we also run specific schemes to address diversity issues. The Audio Visual Entrepreneurship Project (AVE) was created by Skillset in partnership with the UK Film Council in 2005. The European Social Fund provided £1.6m (creating an overall combined funding of £3.3m). Since then 22 projects benefiting over 700 people from groups under-represented in the UK's audio visual industries have been run, aimed at developing entrepreneurship and increasing diversity in the audio visual industries.

This large-scale, multi-partner project has come to a close, and an event to celebrate the great successes of the project is planned for May 2008. A 3 minute film about the project is available on [http://www.skillset.org/skillset/diversity/article\\_6314\\_1.asp](http://www.skillset.org/skillset/diversity/article_6314_1.asp)

Find out more about Skillset's commitment to diversity on [www.skillset.org/skillset/diversity](http://www.skillset.org/skillset/diversity)

### **Financial Review**

#### **TV Industry**

Skillset currently receives around £1m contributions each year directly from the TV Industry to support our core activities, this in turn levers around £13.5m of public funds to invest in skills. The main contributors are BBC, ITV, Channel 4, Five, ITF and S4C. We conduct consultation, work with industry, publish research and strategic documents and provide information about the challenges that face the industry and what we need to do to overcome them. We also provide impartial media careers advice for aspiring new entrants and established industry professionals, online, face to face and over the phone.

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### **Core Funding**

Skillset have a 3 year 3 month contract with the UKCES (formally SSDA) running from January 2007 to March 2010 with a total value of £5.3m. Skillset is licensed by government to deliver four key goals:

- Reducing skills gaps and shortages;
- Improving productivity and business performance;
- Increasing opportunities to boost the skills and productivity of everyone in the sector's workforce, including action on equal opportunities;
- Improving learning supply, including apprenticeships, higher education and national occupational standards.

Targets are set for delivering the work related to this contract and all targets have been met to date, these funds are unrestricted and support our core activities.

### **Projects**

Skillset receives specific project funding from different sources such as the European Social Fund (ESF) and the Sector Skills Development Agency (SSDA), which helps support activities around specific charitable activities such as diversity, research, careers, standards and qualifications, approvals and action in the nations and regions as well as sector specific activity. Any European Social Funds form part of our restricted funds and currently being used to support diversity and cross sector activity.

### **The TV Freelance Fund (TVFF)**

The TVFF became operational in April 2006 and replaced the Freelance Training Fund (FTF). Funded by a small number of contributors and issued to fund the training of Freelancers in the TV sector, these funds form part of our restricted funds and specifically support the TV sector.

### **Skillset Film Skills Fund**

This fund has two income streams:

#### **UKFC Lottery Delegation Fund (UKFC)**

Activities are funded by a 3 year contract which commenced in April 2004 and has since been extended by 2 years. The UK Film Council provides Skillset with around £6.5 million of lottery funding a year and delegates to us the responsibility of investing it to help deliver the Film Skills strategy.

#### **The Skills Investment Fund (SIF)**

Made up of contributions from productions partially or wholly shot in the UK and which are due for theatrical release. Collected through a voluntary levy, the SIF receives 0.5% of the production budget (up to a maximum amount of £39,500). The fund is applied to giving out grants and supporting the development of the Film Skills strategy.

Both of these funds also form part of our restricted funds and specifically support the film sector.

### **Incoming Resources**

Total incoming resources remained consistent with last year at £16m of which £6.7m was unrestricted.

Restricted incoming resources were made up £1.5m from the TV Freelance Fund, £1m from the Skills Investment Fund, and £6.4m from the UK Film Council Delegation Fund with a further £0.4m from ESF match funded projects.

### **Investments**

Most of Skillset's funds are invested in deposit accounts held at Adam & Company Plc. All other funds are held in current bank accounts. Interest for the year was £0.5m.

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### Expenditure

Expenditure decreased from £17.8m to £15.3m this year. This decrease was predominantly due to a decrease in awards made from the UK Film Council delegation funds. Unrestricted expenditure decreased to £6.3m from £6.9m in 2007.

Restricted expenditure was made up £1.6m from the TV Freelance Fund, £1m from the Skills Investment Fund, £6m from the UK Film Council Delegation Fund and £0.4m from ESF match funded projects.

### Governance

The £43k costs of governance include the expenses associated with external audit and governance related legal fees.

### Surplus

The net incoming resources for the year were £0.7m compared with net outgoing resources of £1.9m in 2007.

The surplus/ (deficit) for the year after transfers is analysed between funds as follows:

Core Activities	£375k
TV Freelance Fund	(£170k)
Skills Investment Fund	£84k
UK Film Council Delegation Fund	£400k

### Grant-making Policy

The TV Freelance Fund and the Film Skills Fund exist to support freelancers (both new entrants and those already in the workforce) and training providers to access substantial training in priority areas of need for the audio visual Industries. Bids are received and a Committee meets and assesses those bids against those priority areas.

### Reserves policy

The finance and audit committee members reviewed our current reserves policy and believe that the minimum level of reserves should be the equivalent of three months' operating costs calculated and reviewed annually. These reserves should be built up to the desired level in stages consistent with Skillset's overall financial position and its need to maintain and develop its charitable activities.

Currently, Skillset holds about 1 month's equivalent operating costs in reserves and efforts to build it up will continue in line with the policy over time.

Unrestricted funds as at the end of March 2008 were £1m, however, actual free reserves are £434k as defined as unrestricted funds less amounts invested in fixed assets.

The Board has agreed to fund a deficit Core budget of £0.6m for 2008- 09 from these unrestricted funds.

### Risk management

Risk management is a structured approach to identify those opportunities that will produce the greatest benefit in return for our investment and, through a focused and effective management

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response, will have the greatest chance of success. It is also about making sure that as an organisation we manage ourselves well in meeting our legal, financial and ethical responsibilities.

Ensuring our success and the confidence that industry and other stakeholders have in us to deliver, and therefore how we manage risk, is the responsibility of all employees of Skillset. This strategy sets out our policies and main processes for ensuring that together we manage and respond to risk effectively.

All staff are required to comply with the Risk Management Strategy. The Board provides all necessary support to Executive Directors and staff to manage risk effectively.

The Finance and Audit Committee reviews proposed changes and refers these to the Board for agreement as necessary, as well formally reviewing the Risk Management Strategy each year.

### **Board Policy**

Skillset recognises the organisational benefits that effective risk management provides. The Board's formal policy, therefore, is that:

*Skillset is fully committed to delivering its strategic goals and in meeting its legal, financial and other obligations by managing risk efficiently and effectively. In doing this Skillset will adopt best practice in the identification, assessment and control of risk in making decisions and in implementing its strategic and operational plans.*

Skillset maintains, and keeps under review, a Risk Register containing all significant risks affecting Skillset and its work. The Executive Team review the Risk Register at its monthly meetings.

### **Corporate Risk Appetite**

The Board has agreed a statement of the scope of risks Skillset may accept (the 'Risk Appetite') and, within which, the Chief Executive will manage Skillset's business.

#### Scope of Work Undertaken

- Skillset will only undertake work that is consistent with its mission and contributes directly to meeting its strategic objectives;
- Skillset will only undertake work that adds the greatest value in meeting its priorities;
- Skillset may undertake speculative work that carries greater risk to take advantage of significant opportunities, provided there are reasonable controls in place and there is no disproportionate risk to Skillset's reputation.

#### Funding and Financial Control

- Skillset's Executive Directors will only commit to contracts up to the limit of £500k, unless explicitly agreed with the Board;
- Skillset will inform the Board of any newly agreed risk with a financial exposure of £500k or above irrespective of whether a contract has been entered into.

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The Chief Executive may delegate decision making to the Executive Directors and staff provided individual or cumulative decisions do not exceed the corporate risk appetite described above.

### **Conclusion**

The Board is satisfied that as a result of the policy and processes stated above it has identified the major risks faced by Skillset and taken appropriate mitigating actions where possible. It is aware that controls can only provide reasonable not absolute assurance that major risks have been adequately managed.

### **Plans for the Future**

Our strategic plan sets out the high level outcomes and objectives which we aim to achieve over a three year period. All of our programmes of work and activity directly map against these objectives and collectively our work will support our overall vision and ambitions.

The various sub-sectors within Skillset's footprint have differing needs. Where there are areas of commonality and cross-over we will ensure that best-practice is developed and shared. Where solutions are identified which work in one sector, region or nation the potential for application in another will be examined and exploited.

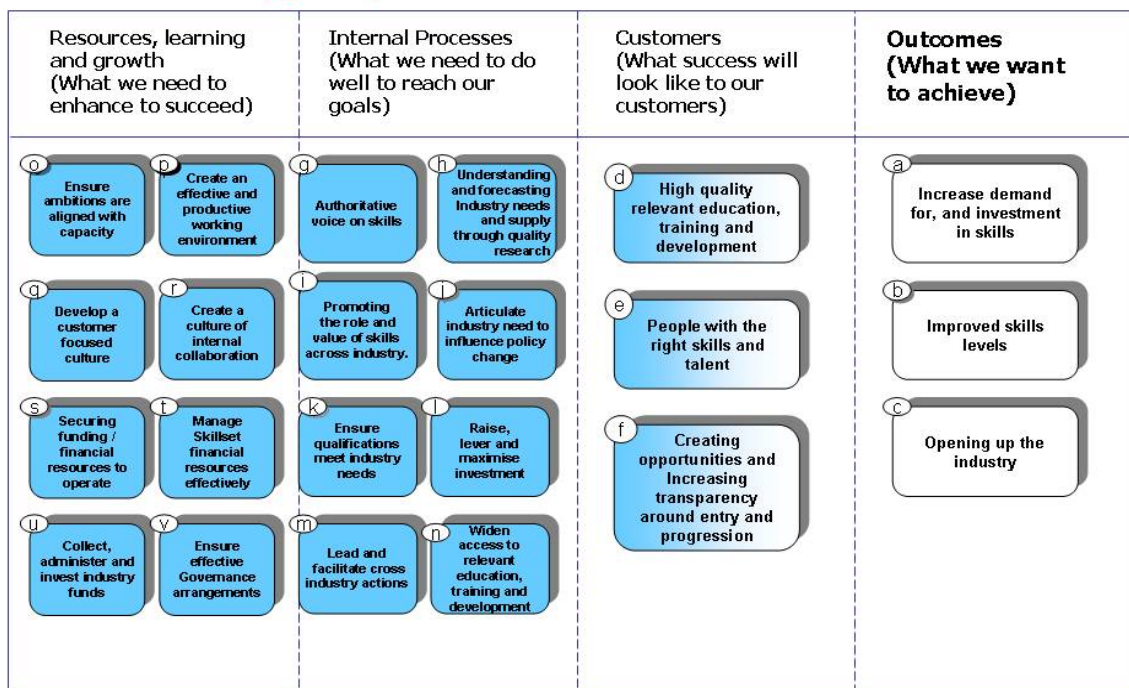
For each sub-sector in our footprint we also produce Sector Action Plans with specific objectives. These plans range in time from three to five years and are based on our research and consultation with the industry. The Sector Action Plans are agreed with our Sector Councils e.g. Radio, Computer Games, TV, Film, Interactive Media, Animation, Photo Imaging and Publishing.

We also produce Action Plans for each nation - Scotland, Wales, Northern Ireland and England again based on research and agreed by our National Skills Panels. These take the form of Sector Skills Agreements and set out objectives and agreements reached with our public sector partners. Supporting the national plans are Regional Collaborative Action Plans.

In addition to our sector and national / regional focus we have produced Action Plans for Research, Qualifications and Communications all of which provide the framing for these core functions of our work which span all sectors and the UK-wide policy context in which we work.

In any given year we will highlight the key initiatives from our longer term plans and present these as initiatives mapped against our overall strategic objectives.

## Skillset Strategy Map



For more information see our full strategic plan at [http://www.skillset.org/skillset/article\\_1830\\_1.asp](http://www.skillset.org/skillset/article_1830_1.asp)

The Leitch Review has recognised the centrality of the industry/ employer led approach and that funding needs to be demand led, but as yet, additional funding for the SSC's has not been quantified. DIUS aims to re-license all SSC's by the end of 2009. The re-licensing process is expected to open in autumn 2008 and the prospectus is expected to be released this spring.

The re-licensing programme focuses on individual SSC performance and to achieve re-licensed status each SSC must demonstrate the confidence, support and influence of employers within their sector. There is no intention of embarking on a wholesale re-structuring of the network although the Commission will welcome realistic proposals for greater collaboration or merger where employers feel this would enhance the influence and effectiveness of their SSC. Where structure is a barrier to performance the UKCES will consider options in dialogue with the SSC and employer interests. New licences will only be granted by Government to those SSCs who can realistically meet the challenge and are able to prove this through their track record and the level of ambition they are prepared to accept in adopting stretching but realistic objectives for the future.

The methodology for allocating strategic funding to re-licensed SSCs is being developed in partnership between the UKCES and the Alliance of Sector Skills Councils over the summer 2008. The work will need to start by looking at the key drivers of cost and incentives for promoting ambition and rewarding good performance so that clear output related contracts can be agreed with each SSC following successful re-licensing. In developing this work the assumption will be that the overall amount of core funding to the SSC network will not change going forward and that the size of the SSC network will not change significantly.



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The amount of baseline funding is expected to remain static at c£48m pa, although it will be supplemented by an additional c£5m pa to reflect the end of the NOS levy and the incorporation of NOS and SQS development and maintenance into the core remit of SSCs.

It is the Executive teams combined opinion that as there is a huge amount of ambiguity around the future of SSC's finances, remit and role which is likely to be clarified over the next 12-18 months, the preferred option for Skillset is to try and sustain its effective organisational structure in the short term by patching together funding streams and minimising expenditure where possible.

### **Funds held as Custodian**

The following funds are held as custodian:

LSSF	£3,931
David Fraser Fund	£37,801
ESF Equal Project	£134,559
Film Industry Training Board	£14,229

### **London Sector Skills Fund (LSSF)**

The London Sector Skills Forum is the organisation which brings together the skills for business network in London. (The skills for business network is the collective name for the 25 SSCs and the SSDA) Its purpose is to provide the Network with the opportunity to meet, share good practice, agree policy positions and secure influence and engender partnership working. The CEO of Skillset chairs the Forum and Skillset therefore, on behalf of the Network, manage the finance and contracts that relate to it.

### **David Fraser Bursary Fund**

David Fraser was a very well respected figure in the television industry who tragically died at a young age. He was very committed to skills and talent development in this industry and prior to that in the theatre. A Trust Fund has therefore been established in his memory, with contributions from organisations and individuals. Its purpose is to make bursaries available to support up and coming theatre directors in getting experience of working in television. Skillset's contribution to the Fund has been to manage its finances and administer it on behalf of the Trustees.

### **European Social Fund (ESF) Equal Project**

Skillset, in partnership with the UK Film Council, is leading the Audio Visual Entrepreneurship Development Partnership under the second round of Equal; the European Social Fund ("ESF") initiatives designed to test and promote new means of combating all forms of discrimination and inequality in the labour market. The Audio Visual Entrepreneurship Development Partnership has been awarded £1.4m through the European Social Fund's Equal programme, a transnational programme which tests new ways to reduce inequality in the labour market. The overall aim of the project is to explore innovative approaches to supporting individuals from groups currently under-represented in the audio visual industries (women, people with disabilities, ethnic minorities, older people and young people from economically disadvantaged areas) to develop the skills, knowledge and experience they need to develop successful businesses, including self-employment, in the sector. The project will be delivered by a partnership led by Skillset and UK Film Council.

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**Film Industry Training Board**

This fund has been set up in anticipation of the film levy becoming mandatory by the end of 2008.

**Connected Charities**

The company has no connected charities.

As far as the each of the trustees are aware at the time the report is approved

- (a) there is no relevant information of which the auditors are unaware; and
- (b) they have taken all the steps they ought to have taken to make themselves aware of any relevant information and to establish that the auditors are aware of that information.

**Auditor**

Baker Tilly UK Audit LLP has indicated its willingness to continue in office.

By order of the Board

Director.....

Date 21<sup>st</sup> July 2008

## Skillset Sector Skills Council

### TRUSTEES' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

The trustees are responsible for preparing the annual report and financial statements in accordance to applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under that law the trustees have elected to prepare the financial statements in accordance with United Kingdom generally accepted accounting practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that period. In preparing those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. state whether applicable United Kingdom accounting standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements; and
- d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the requirements of 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.

# Skillset Sector Skills Council

## INDEPENDENT AUDITOR'S REPORT

We have audited the financial statements on pages 42 to 60.

This report is made solely to the charitable 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 charitable company's members those matters we are required to state to them in an auditor's 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of trustees and auditors

The responsibilities of the trustees (who are also the directors of Skillset Sector Skills Council for the purposes of company law) for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Trustees' Responsibilities.

Our responsibility is to audit the financial statements 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 and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the Trustees' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the charitable 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 law regarding trustees' remuneration and other transactions is not disclosed.

We read the Trustees' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### 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 and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### 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 charitable company's affairs as at 31 March 2008 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended and have been properly prepared in accordance with the Companies Act 1985.
- the information given in the Trustees' Report is consistent with the financial statements.

*Baker Tilly UK Audit LLP*  
BAKER TILLY UK AUDIT LLP  
Registered Auditor  
Chartered Accountants  
1st Floor, 46 Clarendon Road,  
Watford, Herts, WD17 1JJ

..... *5 August* ..... ~~2008~~ 2008

Skillset Sector Skills Council  
STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE  
ACCOUNT)  
As at 31 March 2008

	Notes	Unrestricted Funds £	Restricted Funds £	Total 2008 £	As Restated Total 2007 £
<b>Incoming resources</b>					
Incoming resources from generated funds					
		3,175,162	-	3,175,162	2,815,004
		71,180	438,469	509,649	338,171
Incoming resources from charitable activities					
		-	1,450,439	1,450,439	1,352,000
		-	-	-	93,613
		20,000	-	20,000	42,600
		-	6,975,094	6,975,094	6,493,321
		11,750	-	11,750	-
		756,131	-	756,131	241,276
		1,070,202	-	1,070,202	1,676,901
		5,875	-	5,875	80,643
		1,226,845	-	1,226,845	938,402
		65,000	-	65,000	101,570
		237,782	-	237,782	852,237
		39,651	426,544	466,195	582,360
		-	-	-	280,128
<b>Total incoming resources</b>		<b>6,679,578</b>	<b>9,290,546</b>	<b>15,970,124</b>	<b>15,888,226</b>
<b>Resources expended</b>					
Charitable activities					
		334,216	1,620,464	1,954,680	1,273,543
		33,392	-	33,392	115,197
		216,516	-	216,516	220,307
		-	6,584,323	6,584,323	8,645,684
		201,352	-	201,352	187,887
		8,950	-	8,950	-
		1,194,435	-	1,194,435	589,751
		1,589,704	-	1,589,704	2,099,119
		379,204	-	379,204	449,034
		1,059,768	1,726	1,061,494	1,240,370
		532,798	256,931	789,729	750,198
		485,483	87,192	572,675	1,219,161
		225,745	426,544	652,289	706,803
		-	-	-	290,380
		42,798	-	42,798	39,749
<b>Total resources expended</b>	<b>1</b>	<b>6,304,361</b>	<b>8,977,180</b>	<b>15,281,541</b>	<b>17,827,183</b>
<b>Net incoming/ (outgoing) resources</b>	<b>2</b>	<b>375,217</b>	<b>313,366</b>	<b>688,583</b>	<b>(1,938,957)</b>
<b>Total funds b/fwd 1 April 2007</b>		<b>656,880</b>	<b>4,365,829</b>	<b>5,022,709</b>	<b>6,961,666</b>
<b>Total funds c/fwd 31 March 2008</b>		<b>1,032,097</b>	<b>4,679,195</b>	<b>5,711,292</b>	<b>5,022,709</b>

TVFF, SIF and UKFC voluntary income in restricted funds has been restated into TV and Film charitable activities' income as it was felt to be a more appropriate allocation. All activities are classified as continuing.

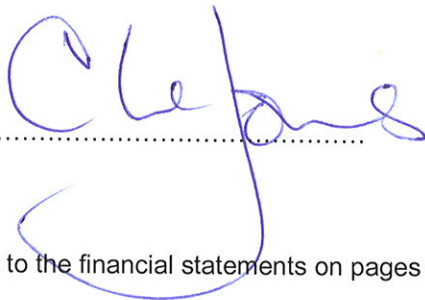
The 'notes to the financial statements', on pages 45 to 60 form part of these accounts.

Skillset Sector Skills Council  
BALANCE SHEET  
As at 31 March 2008

	Notes	2008 £	2007 £
<b>Fixed Assets</b>			
Tangible Assets	4	598,428	101,289
<b>Current Assets</b>			
Debtors	5	1,763,551	2,068,001
Cash at bank and in hand		11,494,957	10,085,431
		13,258,508	12,153,432
<b>Creditors: Amounts falling due within one year</b>	6	(8,145,644)	(7,208,613)
<b>Net Current Assets</b>		5,112,864	4,944,819
<b>Total Assets less Current Liabilities</b>		5,711,292	5,046,108
<b>Creditors: Amounts due after more than one year</b>	7	-	(23,399)
<b>TOTAL ASSETS</b>		<b>5,711,292</b>	<b>5,022,709</b>
<b>RESERVES</b>			
Unrestricted funds		1,032,097	656,880
Restricted funds	12	4,679,195	4,365,829
		<b>5,711,292</b>	<b>5,022,709</b>

Approved by the Board and authorised for issue 21<sup>st</sup> July 2008

Director .....



The notes to the financial statements on pages 45 to 60 form part of these accounts.

Skillset Sector Skills Council  
 CASH FLOW STATEMENT  
 For the year ended 31 March 2008

	Notes	2008 £	2007 £
Net cash inflow/ (outflow) from operating activities	11a	1,499,653	(958,374)
Returns on investments and servicing of finance	11b	509,649	336,639
Capital expenditure	11b	(599,776)	(85,312)
<b>Cash inflow/ (outflow) in the year</b>		<b>1,409,526</b>	<b>(707,047)</b>
<b>RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS</b>			
		2008 £	2007 £
Increase/ (Decrease) in cash in the year		1,409,526	(707,047)
<b>MOVEMENT IN NET FUNDS IN THE YEAR</b>		<b>1,409,526</b>	<b>(707,047)</b>
NET FUNDS AT 1 APRIL 2007		10,085,431	10,792,478
NET FUNDS AT 31 MARCH 2008	11c	<b>11,494,957</b>	<b>10,085,431</b>

The 'notes to the financial statements', on pages 45 to 60 form part of these accounts.

## **ACCOUNTING POLICIES**

### **BASIS OF ACCOUNTING**

The financial statements have been prepared in accordance with the Companies Act 1985, the Charities (Accounts & Reports) Regulations 2005, the Statement of Recommended Practice "Accounting and Reporting by Charities" published in 2005 and under the historical cost convention in accordance with applicable United Kingdom accounting standards.

### **INCOME**

Income represents the value excluding value added tax of contributions received from organisations in the United Kingdom.

Charitable and voluntary income is recognised when entitlement has been established and as soon as the amount and receipt can be adequately measured and is known with certainty. Performance related grants are recognised as services are performed. Contractual income is recognised based on the level of activity carried out. All other income is recognised on an accruals basis.

### **TANGIBLE FIXED ASSETS**

Fixed assets are stated at historical cost. Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:-

Office equipment	over 3 years
Fixtures and fittings	over 3 years
IT Equipment	over 3 years
Leasehold Improvements	over 5 years

All assets over a value of £1000 are capitalised.

### **RESTRICTED FUNDS**

Restricted funds are used for specific purposes as laid down by the donor or grant making body. Expenditure which meets the necessary criteria is allocated against the funds, together with a fair allocation of support costs.

The individual assets and liabilities of each fund are shown in the notes to the balance sheet.

### **PENSIONS**

The company pays a fixed percentage of salary into defined contribution personal pension plans of all employees of the company providing that the employees make the relevant contribution.

### **GRANTS PAYABLE**

The TV Freelance, Skills Investment and UK Film Council Delegation Funds commit grants to be paid once the conditions of the grant have been successfully completed. For the TV Freelance and Skills Investment funds, grants are made available for a period of 12 months after which time the offer of the grant is withdrawn.



**Skillset Sector Skills Council**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 March 2008

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Grants offered from the Lottery fund are reviewed after six months. Amounts committed at the end of the period but not taken up are shown in “financial commitments” in note 9 to the financial statements.

**EXPENDITURE**

Liabilities are recognised as resources expended as soon as there is a legal or constructive obligation committing the charity to the expenditure. All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Resources expended are allocated to the particular activity where the cost relates to that activity. The costs of governing the charity and supporting the charitable activities are based on specific costs and overheads apportioned on an estimated basis of the amount of the costs attributable to each activity. See note **1(b)** for allocations and the apportionment basis used.

**GOVERNANCE COSTS**

Governance costs comprise all costs involving the public accountability of the charity and its compliance with regulation and good practice. These costs include costs related to statutory audit and legal fees.

**SUPPORT COSTS**

Support costs comprise all costs relating to accommodation and overheads, communications and indirect staff costs for the CEO office, sector development, policy development, office team, communications and finance.

**LEASED ASSETS AND OBLIGATIONS**

Where assets are financed by leasing agreements that give rights approximating to ownership (“finance leases”), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor.

Lease payments are treated as consisting of capital and interest elements, and the interest is charged to the profit and loss account in proportion to the remaining balance outstanding. All other leases are “operating leases” and the annual rentals are charged to the Statement of Financial Activities on a straight line basis over the lease term.

Skillset Sector Skills Council  
 NOTES TO THE FINANCIAL STATEMENTS  
 For the year ended 31 March 2008

**1 Total resources expended**

(a) Breakdown of costs	Direct Costs	Grants	Support Costs	Total 2008	Total 2007
	£	£	£	£	£
<b>Charitable activities</b>					
Television	65,387	1,555,077	334,216	1,954,680	1,273,543
Other Sectors	5,562	-	27,830	33,392	-
Interactive Media & Animation	10,434	-	206,082	216,516	220,307
Film	1,294,408	5,289,915	-	6,584,323	8,645,684
Photo imaging	7,782	-	193,570	201,352	187,887
Publishing	8,950	-	-	8,950	115,197
Nations	385,452	303,872	505,111	1,194,435	589,751
Regions	706,477	-	883,227	1,589,704	2,099,119
Research	83,713	-	295,491	379,204	449,034
Standards & Qualifications	535,888	-	525,606	1,061,494	1,240,370
Approvals	457,780	-	331,949	789,729	750,198
Careers	231,007	-	341,668	572,675	1,219,161
Diversity	485,309	-	166,980	652,289	706,803
Company Development	-	-	-	-	290,380
Governance Costs	42,798	-	-	42,798	39,749
<b>Total charitable activity costs 2008</b>	<b>4,320,947</b>	<b>7,148,864</b>	<b>3,811,730</b>	<b>15,281,541</b>	
Total charitable activity costs 2007	<b>6,040,192</b>	<b>8,258,836</b>	<b>3,488,406</b>		<b>17,827,183</b>

**(b) Analysis of support costs**

	Staff costs			Accommodation	Other	Communication	Total 2008	Total 2007
	Activity Based salaries	Support salaries	Other staff costs					
	£	£	£	£	£	£	£	£
<b>Charitable activities:</b>								
Television	158,265	80,272	11,505	33,215	50,959	-	334,216	256,082
Other Sectors	-	11,467	1,644	4,745	7,280	2,694	27,830	25,591
IM & Animation	94,763	45,870	6,574	18,980	29,119	10,776	206,082	177,707
Photo imaging	82,251	45,870	6,574	18,980	29,119	10,776	193,570	180,680
Publishing	-	-	-	-	-	-	-	-
Nations	252,232	183,479	26,297	-	-	43,103	505,111	337,044
Regions	456,492	309,621	44,377	-	-	72,737	883,227	808,111
Research	128,511	68,805	9,862	28,470	43,679	16,164	295,491	267,371
Standards & Quals	163,820	149,077	21,367	61,684	94,637	35,021	525,606	570,188
Approvals	109,310	91,740	13,149	37,960	58,238	21,552	331,949	238,607
Careers	63,370	114,675	16,436	47,449	72,798	26,940	341,668	473,480
Diversity	-	68,805	9,862	28,470	43,679	16,164	166,980	153,545
<b>Total support costs</b>	<b>1,509,014</b>	<b>1,169,681</b>	<b>167,647</b>	<b>279,953</b>	<b>429,508</b>	<b>255,927</b>	<b>3,811,730</b>	<b>3,488,406</b>

Support costs are all allocated on the basis of the number of people employed within an activity.

Skillset Sector Skills Council  
 NOTES TO THE FINANCIAL STATEMENTS  
 For the year ended 31 March 2008

Prior year information

Total resources expended

(a) Breakdown of costs of charitable activities	Direct Costs	Grants	Support Costs	Total 2007
	£	£	£	£
<b>Charitable activities</b>				
Research	181,663	-	267,371	<b>449,034</b>
Careers	745,681	-	473,480	<b>1,219,161</b>
Standards & Qualifications	670,182	-	570,188	<b>1,240,370</b>
Approvals	511,591	-	238,607	<b>750,198</b>
Diversity	553,258	-	153,545	<b>706,803</b>
Nations	252,707	-	337,044	<b>589,751</b>
Regions	1,291,008	-	808,111	<b>2,099,119</b>
Company Development	290,380	-	-	<b>290,380</b>
Television	165,990	851,471	256,082	<b>1,273,543</b>
Film	1,238,319	7,407,365	-	<b>8,645,684</b>
Interactive Media & Animation	42,600	-	177,707	<b>220,307</b>
Photo imaging	7,207	-	180,680	<b>187,887</b>
Other Sectors	89,606	-	25,591	<b>115,197</b>
Governance Costs	39,749	-	-	<b>39,749</b>
<b>Total charitable activity costs 2007</b>	<b>6,079,941</b>	<b>8,258,836</b>	<b>3,488,406</b>	<b>17,827,183</b>
Total charitable activity costs 2006	3,764,966	3,963,854	3,328,600	

(b) Analysis of support costs	Staff costs			Accommodation	Other	Communication	Total 2007
	Activity Based salaries	Support salaries	Other staff costs				
	£	£	£	£	£	£	£
<b>Charitable activities:</b>							
Research	113,826	62,443	10,275	23,320	37,973	19,534	<b>267,371</b>
Careers	64,026	166,515	27,398	62,187	101,263	52,091	<b>473,480</b>
Standards & Quals	160,734	166,515	27,398	62,187	101,263	52,091	<b>570,188</b>
Approvals	85,061	62,443	10,276	23,320	37,973	19,534	<b>238,607</b>
Diversity	-	62,443	10,275	23,320	37,973	19,534	<b>153,545</b>
Nations	183,291	104,072	17,124	-	-	32,557	<b>337,044</b>
Regions	423,729	260,179	42,811	-	-	81,392	<b>808,111</b>
Television	122,071	62,443	10,275	23,320	37,973	-	<b>256,082</b>
IM & Animation	75,344	41,627	6,850	15,547	25,316	13,023	<b>177,707</b>
Photo imaging	78,316	41,629	6,849	15,547	25,316	13,023	<b>180,680</b>
Other Sectors	-	10,407	1,712	3,887	6,329	3,256	<b>25,591</b>
<b>Total support costs</b>	<b>1,306,398</b>	<b>1,040,716</b>	<b>171,243</b>	<b>252,635</b>	<b>411,379</b>	<b>306,035</b>	<b>3,488,406</b>

Support costs are all allocated on the basis of the number of people employed within an activity.

Skillset Sector Skills Council  
 NOTES TO THE FINANCIAL STATEMENTS  
 For the year ended 31 March 2008

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**1 Total resources expended (continued)**

**(c) Analysis of governance costs**

**As Restated**

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Board of Director Expenses	85	12
Legal and professional fees	5,395	5,987
Fees paid to auditors - Financial statements	29,258	31,725
Other services	5,122	-
– Prior year	2,938	2,025
<b>Total governance costs</b>	<b>42,798</b>	<b>39,749</b>

**2 Net incoming/ (outgoing) resources**

**As Restated**

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
<b>Net incoming/ (outgoing) resources is stated after charging:</b>		
Depreciation and amounts written off tangible fixed assets:-		
owned assets	39,582	16,666
leased assets	63,055	9,189
Auditors' remuneration		
- for external audit	29,258	31,725
- prior year external audit	2,938	2,025
- other services	5,122	-
Operating leases		
- Other	15,505	15,715

**Skillset Sector Skills Council**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 March 2008

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**3 Employees**

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Staff costs:		
Wages and salaries	3,163,170	3,121,416
Social security costs	339,993	333,829
Other pension costs	161,473	148,423
	<u>3,664,636</u>	<u>3,603,668</u>

The above figure includes £395,957 paid to project contract staff.  
(2007: £665,814)

**As Restated**

	<b>2008</b>	<b>2007</b>
	<b>No.</b>	<b>No.</b>
The average number of employees (excluding directors) calculated on a full time equivalent basis, analysed by function was:		
Support Staff	24	24
Activity Staff	51	43
Project Staff	15	23
	<u>90</u>	<u>90</u>

The 2007 employee numbers have been restated as the staff split has been reassessed.

	<b>2008</b>	<b>2007</b>
	<b>No.</b>	<b>No.</b>
The number of employees whose emoluments as defined for taxation purposes amounted to over £60,000 in the period was as follows:		
£ 60,001 - £ 70,000	1	-
£ 70,001 - £ 80,000	2	2
£ 80,001 - £ 90,000	1	1
£ 90,001 - £100,000	1	-
£100,001 - £110,000	-	-
£110,001 - £120,000	1	1
£120,001 - £130,000	1	-
£130,001 - £140,000	-	1
	<u>-</u>	<u>1</u>

All employees earning over £60,000 were members of the group personal pension scheme with Scottish Widows. They benefit from an employer contribution of 7% with the exception of the two highest paid employees for whom Skillset contributes 10% of salary.

The aggregate total of employer's pension contributions made on behalf of the employees earning over £60,000 was £56,626. (2007: £33,943).

Skillset Sector Skills Council  
 NOTES TO THE FINANCIAL STATEMENTS  
 For the year ended 31 March 2008

**3 Employees (continued)**

**DIRECTORS' REMUNERATION**

No remuneration was paid to any director in the year (2007: £nil) and there was reimbursed travel expenses of £85 paid to one director. (2007: one director, £12).

**4 Tangible Fixed Assets**

	Office equipment £	Fixtures and fittings £	IT Equipment £	Leasehold Improvements	Total £
Cost:					
1 April 2007	233,961	121,262	77,280	-	432,503
Additions	19,465	-	23,152	557,159	599,776
31 March 2008	253,426	121,262	100,432	557,159	1,032,279
Depreciation					
1 April 2007	216,924	106,970	7,320	-	331,214
Charged in the year	11,734	5,415	22,433	63,055	102,637
31 March 2008	228,658	112,385	29,753	63,055	433,851
Net book value 31 March 2008	24,768	8,877	70,679	494,104	598,428
31 March 2007	17,037	14,292	69,960	-	101,289

**5 Debtors**

	2008 £	2007 £
Due within one year:		
Trade debtors	1,088,113	1,061,511
Other debtors	33,002	9,829
Prepayments and accrued income	642,436	996,661
	1,763,551	2,068,001

Skillset Sector Skills Council  
 NOTES TO THE FINANCIAL STATEMENTS  
 For the year ended 31 March 2008

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**6 Creditors: Amounts falling due within one year**

	<b>2008</b>	<b>2007</b>
	£	£
Obligations under finance leases	-	3,890
Trade creditors	1,401,175	782,170
Other creditors	62,179	7,448
Other taxation and social security costs	100,460	109,202
Funds held in trust for third parties (see note 16)	190,521	184,903
Accruals	749,061	824,450
Deferred income (see note 17)	690,444	817,925
UKFC Lottery grants payable	4,951,804	4,478,625
	<u>8,145,644</u>	<u>7,208,613</u>

**7 Creditors : Amounts falling due in more than one year**

	<b>2008</b>	<b>2007</b>
	£	£
UKFC Lottery grants payable	-	23,399
	<u>-</u>	<u>23,399</u>
Amounts repayable by instalments falling due: In more than one but not more than two years	-	23,399
	<u>-</u>	<u>23,399</u>

**8 Capital**

The company is limited by guarantee and, as such, does not have any authorised share capital.

**Skillset Sector Skills Council**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 March 2008

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**9 Financial commitments**

The TV Freelance Fund and Skills Investment Fund were ongoing funding programmes. Committed monies relate to projects which must be completed within 6-12 months.

With the Lottery Delegated Fund, committed monies relate to programmes with duration periods of up to 2 years. The commitment is treated as a hard commitment once the offer letter has been signed by the awardees and the conditions of the offer are met. Hard commitments are included in the Balance Sheet as UKFC Lottery Grants payable. Soft commitments arise at the point the award is approved by Skillset. Soft commitments are not treated as financial liabilities but as financial commitments and are disclosed in the accounts, as set out below:

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
TV Freelance Fund:		
Grants committed but not yet taken up	274,900	504,417
Skills Investment Fund:		
Grants committed but not yet taken up	36,000	287,574
UKFC Lottery Delegation Fund:		
Commitments	2,685,256	547,240

**10 Operating lease commitments**

At 31 March 2008 the charitable company had annual commitments under non-cancellable operating leases as follows:

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Land and buildings:		
Less than 1 year	378,330	67,487
Expiring between 1 and 2 years	378,330	-



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**11 Cash flow**

<b>(a) Reconciliation of net incoming resources to net cash inflow from operating activities</b>	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Net incoming/ (outgoing) resources	688,583	(1,938,957)
Net interest received	(509,649)	(336,639)
Depreciation charges	102,637	25,855
Decrease / (Increase) in debtors	304,450	(285,561)
Increase in creditors	913,632	1,576,928
<b>Net cash flow from operating activities</b>	<b>1,499,653</b>	<b>(958,374)</b>

<b>(b) Analysis of cash flows for headings netted in the cash flow</b>	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
<b>Returns on investments and servicing of finance</b>		
Bank interest received	509,649	338,171
Lease interest paid	-	(1,532)
<b>Net cash inflow from returns on investments and servicing of finance</b>	<b>509,649</b>	<b>336,639</b>

<b>Capital expenditure</b>		
Purchase of tangible fixed assets	599,776	85,312
<b>Net cash outflow from capital expenditure</b>	<b>599,776</b>	<b>85,312</b>

<b>(c) Analysis of changes in net funds</b>	<b>At 1 April 2007 £</b>	<b>Cash flow £</b>	<b>At 31 March 2008 £</b>
Cash in hand and at bank	10,085,431	1,409,526	11,494,957

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**12 Restricted funds**

Funding is received from various bodies under strict terms, which determine how the monies can be used. Such funding is ring fenced as restricted funds and specific expenditure and a reasonable proportion of overheads are allocated against the income, as follows:

	<b>Balance b/f 1 April 2007 £</b>	<b>Incoming resources £</b>	<b>Outgoing resources £</b>	<b>Balance c/f 31 March 2008 £</b>
ESF Equal Project	-	426,544	(426,544)	-
TV Freelance Fund (TVFF)	611,212	1,450,439	(1,620,465)	441,186
Film Skills Fund:				
Skills Investment Fund (SIF)	1,579,158	1,038,921	(955,217)	1,662,862
UKFC Lottery Delegation Fund	2,175,459	6,374,642	(5,974,954)	2,575,147
	<b>4,365,829</b>	<b>9,290,546</b>	<b>(8,977,180)</b>	<b>4,679,195</b>

**ESF Equal Project**

The overall aim of the project was to explore innovative approaches to supporting individuals from groups currently under-represented in the audio visual industries (women, people with disabilities, ethnic minorities, older people and young people from economically disadvantaged areas) to develop the skills, knowledge and experience they needed to develop successful businesses, including self-employment, in the sector. The project was delivered by a partnership led by Skillset and UK Film Council and closed at the end of March 2008.

**TV Freelance Fund (TVFF)**

The TV Freelance Fund started in April 2006 funded by a small number of contributors and issued to fund the training of Freelancers in the TV sector. The overall consolidated reserves of £441k will be carried forward to next year.

**The Skills Investment Fund (SIF)**

Made up of contributions from all productions partially or wholly shot in the UK and which are due for theatrical release. The fund is applied to giving out grants and supporting the development of the Film Skills strategy. £1,663k was unspent at the end of March 2008 and will be used in furtherance of the objectives of the Film Skills Strategy.

**The UKFC Lottery Delegation Fund (including bank interest and other miscellaneous income)**

Activities are funded by a 3 year contract which commenced in April 2004 and was extended by 2 years in April 2007. The UK Film Council paid funds to Skillset to disburse as lottery grants and pay for the management and administration of the fund. £2,575k of the amount received was unspent, all of which has been released to schemes at the end of March 2008 (soft commitments).

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**13 Analysis of net assets between funds**

	Unrestricted Funds £	Restricted Funds £	Total £
Fixed assets	598,428	-	598,428
Cash at bank and in hand	424,946	11,070,011	11,494,957
Other net assets / (liabilities)	8,723	(6,390,816)	(6,382,093)
	<b>1,032,097</b>	<b>4,679,195</b>	<b>5,711,292</b>

**14 UK Film Council**

Details of the lottery grants from the UK Film Council to Skillset for the period; 1 April 2007 to 31 March 2008 are as follows:

	£	£
Grants received in the year 2007/08		6,043,707
Bank interest receivable		330,935
<b>Restricted Fund - incoming resources</b>		<b>6,374,642</b>
Hard commitments made in the year 2007/08	4,889,556	
Contribution from other parties	(10,000)	
Overheads released by Skillset	1,095,398	
<b>Restricted Fund - outgoing resources</b>		<b>5,974,954</b>
<b>Restricted Fund movement for year</b>		<b>399,688</b>
<b>Restricted Fund balance b/fwd</b>		<b>2,175,459</b>
<b>Restricted Fund balance c/fwd</b>		<b>2,575,147</b>

In addition to the Award payments released and grants payable, as noted above, Skillset have also made soft commitments of £2,685,256, as set out in note 9 to the financial statements.

Combining these items means that Skillset has made total commitments of £7,574,813 in the year 2007/08 this can be broken down into £547,240 soft commitments 2006/07; new commitments of £7,033,216 2007/08, fall-ins were £5,644.

These grants fell within the legitimate scope of Skillset's activities, and have been offered in accordance with plans put forward by Skillset to its funding bodies.

**15 Grants payable in furtherance of the charity's objects**

- (a) The aggregate value of bursaries payable to individuals for the year ended 31 March 2008 was £355,296 [2007: £219,319].
- (b) The aggregate value of grants payable for the year ended 31 March 2008 was £6,793,568 [2007: £8,039,517].

The grants listed below are an aggregate of the grants payable to the organisation and may represent funding for more than one project.

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**Organisation**

**Grants to organisations in England**

**London & South East**

NFTS (National Film & Television School)	1,435,137
FT2 (Film & Television Freelance Training Ltd)	597,477
The Production Guild	330,503
London Film School	246,374
Diversity in Visual Arts (DiVA)	200,000
Magic Light Pictures Limited	200,000
The Script Factory	195,500
Top TV Academy	172,580
Escape Studios Ltd	147,164
TAPS (Training and Performance Showcase)	112,940
Soho Editors Training	99,400
Film London	96,424
IWC Media Ltd	72,613
FDI (Film Design International)	66,000
B3 Media	49,950
The Times bfi London Film Festival	48,513
LCC, University of the Arts, London	40,651
The Actors Professional Centre Ltd.	39,947
VET Ltd	39,925
PAL (Performing Arts Labs Ltd)	31,000
Ravensbourne College of Design and Communication	27,492
Personal Managers' Association Ltd	21,950
01zero-one	19,776
Initialize Films	19,500
Hannonmedia Ltd	19,327
Lighthouse Arts and Training Ltd	18,519
Bill Curtis Associates	16,279
DV Talent	15,682
Ahead Training c/o VET	15,566
PACT	10,804
Praxis Films Ltd.	10,736
City Screen Limited	10,000
Metrodome Group Plc	8,179
Stellar Network Ltd	6,610
School of Sound	5,000
The Guild of Location Managers	5,000
The National Film Theatre	5,000
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	<b>4,457,518</b>

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**Other Regions**

The Arts Institute at Bournemouth	315,780
Northwest Vision and Media	142,150
Screen Yorkshire	137,829
South West Screen	121,875
BBC Training & Development	52,482
The Digital Film Factory	47,425
Bournemouth University	45,000
The University of Bolton	29,000
Sheffield Doc/Fest	28,949
Profile Media Services	18,520
Northern Film & Media	12,874
Leeds Metropolitan University	10,934
Cornerhouse; Greater Manchester Arts Centre Ltd	10,000
University of East Anglia (UEA)	10,000
Sheffield Media & Exhibition Centre Limited	9,943
Avril Rowlands Television Training	8,675
Screen West Midlands	8,500
Simon Pummell	5,000
High Definition and Digital Cinema Ltd	5,000
Institute of Broadcast Sound	4,500
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	<b>1,024,436</b>

**Grants to Organisations in the Devolved Administrations**

Napier University	407,912
Cyfle	296,297
International Film School Wales	222,400
Scottish Screen	160,570
Scottish Documentary Institute at Screen Academy Edinburgh	
College of Art	60,000
Glasgow Media Access Centre	30,000
Bona Broadcasting Ltd	11,312
55 Degrees Ltd	10,000
AVC Media Enterprises	10,000
Clarity Productions Ltd	10,000
Hopscotch Films Limited	10,000
Synchronicity	10,000
La Bellee Allee Production	10,000
Tern Television Productions Ltd	10,000
Fluid Eye Productions	9,866
The Glasgow Film Theatre (Margaret Mona	9,800
The ISO Organisation Ltd	9,310
Viscom Aberdeen Ltd	9,053
Brocken Spectre	5,000

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The Research Centre	5,000
	<u>1,306,520</u>

**Grants to International organisations**

Berlinale Talent Campus	75,000
ACE	58,000
	<u>133,000</u>

<b>Total Grants to Organisations</b>	<b><u>6,921,474</u></b>
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**Rescinded Grants (grants not utilised)**

International Film School Wales	-39,000
2020 Productions Ltd	-33,847
Leeds Metropolitan University	-15,400
Cinesite (Europe) Ltd	-15,380
Boydf cyf	-10,000
Capitol Films Productions	-5,580
Arista Development	-4,725
The Times bfi London Film Festival	-2,590
Media Training North West (North West Vision and Media)	-1,000
FT2 (Film & Television Freelance Training Ltd)	-384
	<u>-127,906</u>

<b>Total Grants to Individuals</b>	355,296
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7,148,864

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**16 Resources held for a third party**

The following reflects the movement in resources held for a third party which have not been included in the statement of financial activities:

	<b>LSSF</b> £	<b>David Fraser Fund</b> £	<b>ESF Equal Project</b> £	<b>Film Industry Training Board</b> £	<b>Total</b> £
Brought forward	4,849	25,967	139,912	14,175	184,903
Funds received	153	14,908	1,714,754	54	1,729,869
Funds expended	(1,070)	(3,074)	(1,720,107)	-	(1,724,251)
<b>Carried forward</b>	<b>3,932</b>	<b>37,801</b>	<b>134,559</b>	<b>14,229</b>	<b>190,521</b>

Amounts held at the year end are reflected in the creditors balance per note 6.

**17 Incoming resources deferred**

The following reflects the movement in the deferral of incoming resources:

	<b>Other</b> £	<b>TV Freelance Fund</b> £	<b>Total</b> £
Brought forward	817,925	-	817,925
Released to income	(857,677)	-	(857,677)
Income deferred	689,696	40,500	730,196
<b>Carried forward</b>	<b>649,944</b>	<b>40,500</b>	<b>690,444</b>

**18 Related Party Transactions**

Included in the Board of Trustees and members of the steering committees are several individuals who are also directors or employees of organisations that fund Skillset's activities. Further details about these relationships are given in the Trustees' report and can be found on the Skillset website at [www.skillset.org](http://www.skillset.org).