



skillset
The Sector Skills Council for Creative Media

Skillset Sector Skills Council

FINANCIAL STATEMENTS

**For the year ended
31 March 2009**

**Company Registration No. 2576828
Charity Registration No. 1015324
Scottish Charity Registration No. SC039556**

Skillset Sector Skills Council

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1. Introduction

This Trustee's Report covers activity between April 2008 and March 2009 and is reported on by sector, nation or region, and also by cross-sector. Further in-depth reporting about Skillset activities can be found on the Skillset website at www.skillset.org

2. What is Skillset?

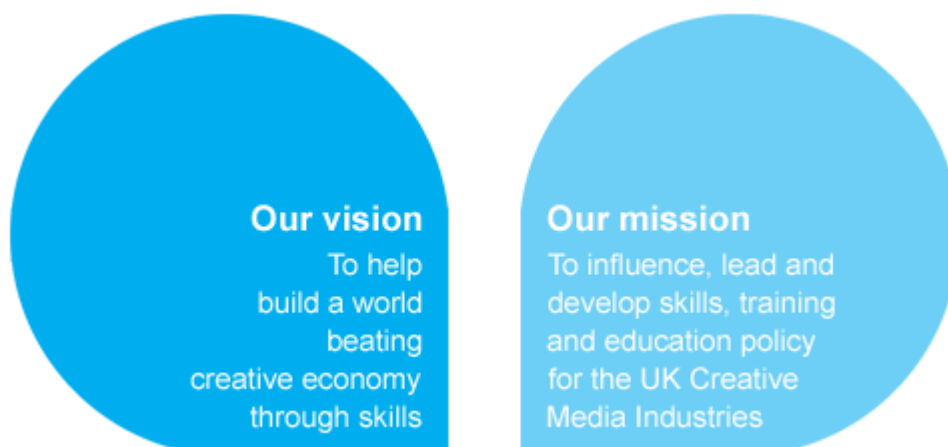
Skillset is the Sector Skills Council (SSC) for Creative Media which comprises TV, film, radio, interactive media, animation, computer games, facilities, photo imaging and publishing. It is an independent UK-wide organisation that is owned and managed by the creative media industries and works with both the industry and government to identify and tackle the skills and productivity needs of these industries throughout the UK.

Skillset's aim is to support the improvements to the **productivity** of our industry to ensure that it remains globally **competitive**. We do this by **influencing and leading; developing skills**, training and education **policy**; and through **opening up** the industries to the UK's pool of **diverse** talent.

We conduct **consultation** work with industry, publish **research** and **strategic** documents, run **funding** schemes and project work, and provide information about the challenges that face the industry and what we need to do to overcome them.

Vision & Mission

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



In striving to achieve our mission, we recognise that our industries present particular

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challenges. We are a fast moving sector which is constantly adjusting to new technologies and exploiting the opportunities they provide, requiring continued learning, training and development for all. In order to achieve progress we need to provide effective leadership. This is made all the more complex by the continued fragmentation of the market place and the high levels of freelancing and small companies.

Skillset's Guiding Principles

Skillset has developed a number of key principles that help shape our culture and organisational values and guide us in our work both internally and externally. They are principles that we hope will help stakeholders understand what they can expect from us and how we will work.

As an organisation Skillset strives to be **strategic, bold, enterprising and accountable**. These attributes reflect our core values as an organisation.



3. A Well Run Organisation: Reference & Administrative Information

Skillset is a company limited by guarantee and also a registered charity.

During 2008-09 we established, imbedded and operated under new board and governance arrangements. The previous Board of more than 28 representatives was reduced down to a new Board of 12 non-representative senior industry figures, eight of whom are completely new to Skillset.

We also created new Sectoral Skills Councils, National Boards in Scotland, Wales and Northern Ireland, created a new Finance & General Purposes and Research Committees and established Skillset North. All these groups had revised membership and terms of reference.

Our Memorandum and Articles of Association were amended to reflect the step change in our entire Governance structure and all necessary permissions and changes were registered with Companies House, the Charities Commission and the Office of the Scottish Charity Regulator.

The Trustees confirm that to the best of their knowledge and belief they have complied with Section 4 of the Charities Act 2006 in respect to having due regard to public benefit guidance published by the Charities Commission.

Re-licensing

Crucially, during 2008-09 we were required by Government, along with the 24 other Sector Skills Councils to go through a rigorous re-licensing process to confirm our fitness for purpose. In October 2008 we submitted evidence to National Audit Office against the UK Commission for Employment and Skills' approved re-licensing and assessment framework.

In early April 2009 we were informed by the UKCES that we had achieved the re-licensing standard and that we had been assessed as being in the upper part of the "good" category.

The National Audit Office report, which formed part of the evidence base and informed the decision, concluded that Skillset is a "well run SSC", which provides "a clear, credible and coherent voice for employers on the skills and qualification needs of the sector". It was also found that we "address sector skill priorities" and set "ambitious and realistic targets".

We were assessed as being "particularly strong" in two areas. Firstly, our partnership with the Higher Education sector to develop Screen and Media Academies, and secondly, the way we have worked across the four nations to achieve our objectives.

Staffing & Restructuring

We began the year knowing that the financial outlook ahead was uncertain due to delays in the re-licensing process and the huge amount of ambiguity around the future of SSC's

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finances, remit and role which we were aware would likely be clarified over the following 12-18 months. In close consultation with our Finance and Audit Committee and Board we developed a number of scenarios but agreed that our best option was for Skillset to try and sustain its effective organisational structure for as long as practicable by patching together funding streams and minimising expenditure where possible.

In October 2008 it became necessary to implement one of the developed scenarios in order to effect cost savings, and so in November 2008 we implemented a restructure which led to a number of redundancies resulting in a saving of around £570k on budgeted staff costs, £495k related directly to salaries.

4. Structure & Governance

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 overleaf shows Skillset's structure and functions and how these groups relate to each other.

Skillset Board of Directors – at 31st March 2009 and to date

Our Board is made up of senior figures representing interests from across our sector and the current membership is as follows:

- **Clive Jones, CBE**, Chair of Skillset; Chairman, GMTV
- **Stewart Till, CBE**, Deputy Chair, Skillset; Deputy Chairman, UK Film Council; President of Stadium International
- **Iona Jones**, Prif Weithredwr/Chief Executive, S4C
- **Christine Payne**, General Secretary, Equity (on behalf of the Federation of Entertainment Unions)

Appointed 30th January 2009

- **David Abraham**, Chief Executive, UKTV
- **Eileen Gallagher**, Chief Executive, Shed Media Productions
- **Andrew Harrison**, Chief Executive Officer, RadioCentre
- **Professor Stephen Heppell**, Founder, Heppell.net
- **Mary Teresa Rainey**, Founder, Rainey Kelly Campbell Roalfe and latterly Founder, The Horsemouth
- **Dame Gail Rebuck, CBE**, Chairman and CEO, The Random House Group, Veuve Clicquot Business Woman of the Year
- **Peter Salmon**, Director, BBC North; CEO, BBC Vision

Details of the previous Board can be found in Appendix 1

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National Boards

The National Boards are responsible for guiding Skillset's work in the nations, as authorised and delegated powers of the Skillset Board of Directors and Trustees. These Boards are also responsive to the changing needs of the industry within their respective nation. The three National Boards are:

- Skillset Scotland National Board
- Skillset Cymru National Board
- Skillset Northern Ireland National Board

Sectoral Skills Councils

The Sectoral Skills Council are responsible for delivering on the aims of Skillset in relation to the specific sectors, across the UK, as authorised by the delegated powers of the Skillset Board of Directors and Trustees, and are responsive to the changing needs of their respective sectors. The Councils are:

- Animation Skills Council
- Computer Games Skills Council
- Facilities Skills Council
- Film Skills Council
- Interactive Media Skills Council
- Photo Imaging Skills Council
- Publishing Skills Council
- Radio Skills Council
- Television Skills Council

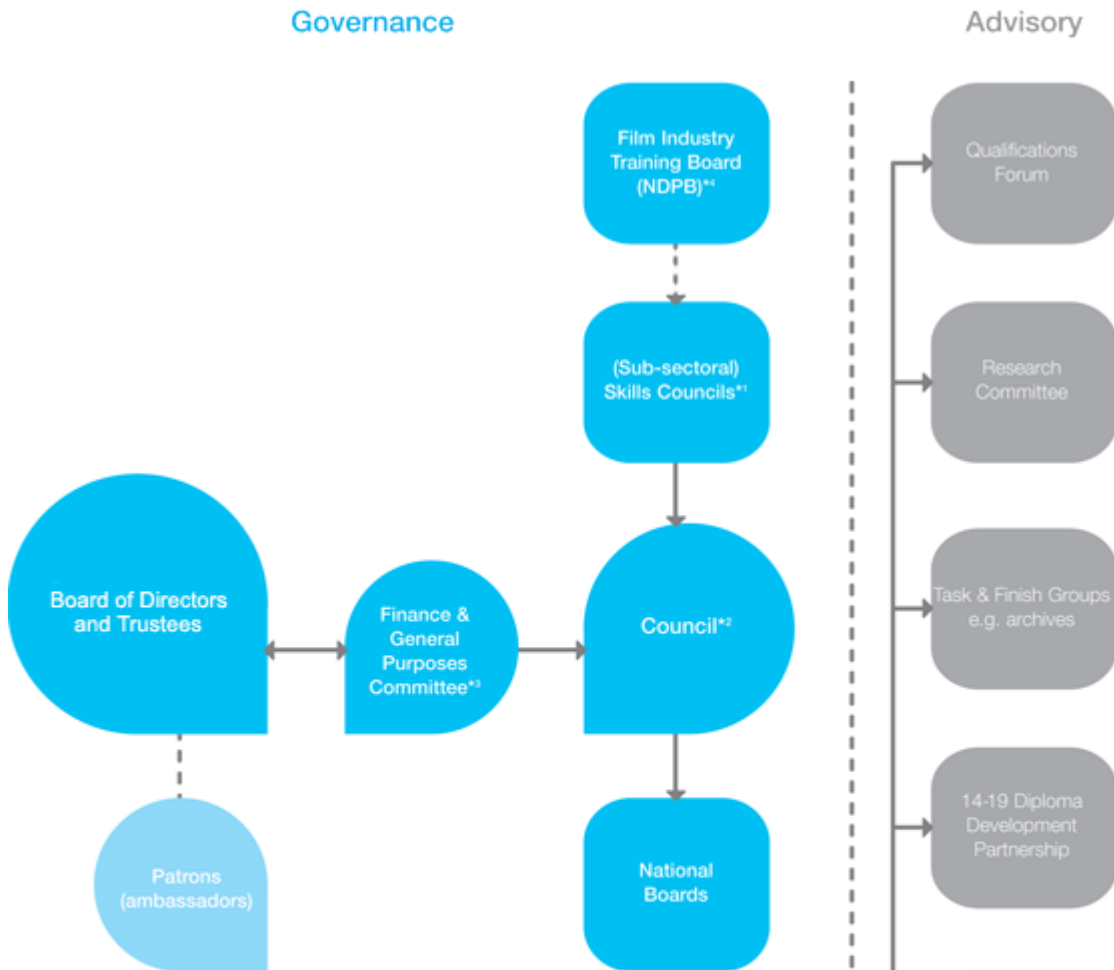
Skillset Finance & General Purposes Committee

This Committee provides guidance and assistance to the Chief Executive and Directors/ Trustees of Skillset to ensure compliance with its responsibilities as an SSC, Charity and Company Limited by Guarantee. It is responsible for advising on the day-to-day financial operations and controls and ensuring that our budget plan is in line with our Strategic Plan, advising on human resources systems. It is also responsible for ensuring that procedures and that Skillset's corporate governance systems and processes are in line with best practice and reviewed regularly.

Skillset Council

Skillset governance structure also includes a **Council** which comprises the Board and the Chairs and Deputy Chairs of the Skills Councils and the National Boards. The Council meets annually to advise on latest industry developments and cross-cutting issues. The Council receives and approves Skillset's annual Business Plan and receives progress reports on strategy and performance evaluation.

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*1 The TV Skills Council has delegated responsibility for the management of the TV Freelance Fund. The Film Industry Training Board plus additional members also operate as the Film Skills Council.

*2 The Board of Directors and the Chair and Deputy Chair of the National Boards and eight Skills Councils make up the Council.

*3 Finance & General Purposes Committee has delegated responsibility from the Board. Its membership is not restricted to Board members.

* 4 NDPB – Non-Departmental Public Body reporting to the Secretary of State for Business, Innovation and Skills (BIS) During 2009 the Film Industry Training Board (FITB) will be established as an NDPB and will oversee the collection of our Skills Investment Fund for film which is moving from a voluntary into a mandatory levy. The FITB will be co-located within Skillset. The Chair of the Skillset Film Skills Council is also chair of the FITB.

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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**
- **Dawn Airey**
- **Charles Allen, CBE**
- **Lord (Waheed) Alli of Norbury**
- **Peter Bazalgette** Chairman, Endemol UK
- **Lord (Melvyn) Bragg of Wigton** Broadcaster
- **Greg Dyke**
- **Huw Edwards** BBC Newsreader and Broadcast Journalist
- **Michael Grade, CBE** Executive Chairman, ITV plc
- **Michael Kuhn** Qwerty Films
- **Roger Laughton, CBE** (Chair of the Audio Visual Industries Training Group, AVITG, 1999-2001)
- **John McCormick** Chair of Scottish Qualifications Authority, formerly head of BBC Scotland
- **Denise O'Donoghue, OBE** Managing Director, Hat Trick Productions
- **Trevor Phillips, OBE** Chair, Commission for Equality and Human Rights
- **Lord (Chris) Smith of Finsbury** Director of Clore Leadership Programme and former Secretary of State for Culture, Media and Sport
- **Joyce Taylor** Chair of Skillset/Ofcom Taskforce and Member of Ofcom Advisory Committee for Scotland
- **Mark Thompson** Director-General of the BBC
- **Parminder Vir, OBE** Producer and Diversity Consultant

Skillset Operational Structure

Skillset's Executive Team

Skillset is led and managed by its Executive Team who attend the Board. As we are a charity the CEO is accountable to the Board but does not have voting rights. The Executive Team consists of:

Dinah Caine OBE, Chief Executive Officer

Dinah is responsible for the strategic direction and overall leadership of Skillset's work. She is the organisation's principal spokesperson and takes the overall lead on lobbying and policy matters across the UK.

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

Kate is responsible for the policy and strategic direction of Skillset's UK-wide functions such as: research, standards and qualifications, FE/HE partnerships and policy, and careers IAG. Kate is also responsible for overseeing the sector strategy work and managing the teams responsible for employer engagement.

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Gary Townsend, Executive Director – Corporate & Business Affairs

Gary is responsible for the strategic overview and implementation of communications. This includes all corporate and public affairs, strategies, brand management, press, PR, marketing and events. Gary is also responsible for business planning, governance issues, organisational development and human resources.

Natalie Stanton-Furnell, Executive Director - Finance & Contracts

Natalie manages the financial affairs of Skillset, formulating and implementing its financial policies. Natalie develops with the rest of the Executive Team the overall strategic direction for Skillset, also ensuring that Skillset remains on a sound financial footing. Natalie has overall responsibility for Skillset's Finance Team.

Company Secretary

Natalie Stanton-Furnell – Executive Director – Finance & Contracts

Principal & Registered Office

Focus Point
21 Caledonian Road
London
N1 9GB

Bankers

Adam & Company Plc
22 Charlotte Square
Edinburgh

Independent Auditor

Baker Tilly UK Audit LLP
Chartered Accountants & Registered Auditor
1st Floor
46 Clarendon Road
Watford, Hertfordshire
WD17 1JJ

5. Environmental Context

Political environment

The Leitch Report *Prosperity for all in the global economy – World Class Skills* (December 2006) set out a vision that the UK should be a world leader in skills, in the top quartile of OECD countries by 2020. It identified a set of strategic objectives for the UK to reach by 2020, from basic literacy to apprenticeships, to further and higher education. The Leitch Review identified SSCs as the vehicle for articulating the skills needs of the industries and driving up demand for investment in skills as well as focusing and making more effective use of public investment. In order to support the achievement of these objectives a new UK Commission for Employment and Skills (UKCES) was established in April 2008, having the particular responsibility to fund and manage the performance of SSCs.

Recession

The context within which government, industry and Skillset are operating is now one of world-wide recession, which creates significant challenges for the economy as a whole, and is having a significant impact on the Creative Media Industries. Government across the UK is paying even more attention to skills as a key issue in their mix and there is an emerging emphasis on identifying growth sectors as part of a new agenda of 'industrial activism' supported by a new policy of 'skills activism'. *Creative Britain* and *Digital Britain* have identified the Creative Media Industries as a key growth area for the future and Skillset needs to ensure that this recognition translates into support for skills and talent development within the Creative Media Industries

Changes to the Creative Media Industries

Additionally, our industries continue to be challenged and faced with new opportunities, including the development of new market and business models, intellectual property (IP), regulation, the rules of competition, globalisation, impact of technology including convergence and new content generation and distribution – all of which have major impacts on the industry's size, demographics and skills requirements. Notwithstanding the effects of the immediate economic downturn, all forecasts currently point to continuing relative long term growth in demand for creative media content.

Industry engagement

In the context of the economic downturn, the ongoing technological changes affecting our industries and political advances, one key factor underpins Skillset's work – the involvement of industry in all our work at every stage. It is this commitment to driving forward a genuinely industry-led agenda for the development of skills that ensures the relevance, authority and credibility of Skillset's work.

Over the last year, Skillset has engaged with 988 industry employees and freelancers through various channels. In addition to our Skills Councils and National Boards as noted above, we consult and work with industry through Steering Groups for training programmes and providing work placements to beneficiaries. We have also undertaken consultations with industry for new strategies and in relation to National Occupational Standards.

6. Key Achievements and Performance

Across our industry

Skillset's fundamental role as an SSC is to act as the voice of industry on skills issues and to be instrumental in encouraging better practice and opportunities for greater investment in skills and skills development.

Skillset aims 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 UK Government and its public agencies

At the start of the 2008-09 financial year we set ourselves the target of demonstrating a 5% increase in industry satisfaction for what we are doing and how we serving our industry. In 2006 77% of employers were either very or fairly satisfied with their engagement with Skillset. In 2008 this increased to 94%. (Source: Skillset Employer Surveys 2006 and 2008).

Television

The UK industry is dominated by the major broadcasters, including the 9 terrestrials, but also includes a large number of smaller cable and satellite broadcasters. The production sector is also increasingly characterised by a relatively small number of so called super-indies, plus around 1,500 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.

Skillset's work in television has been guided by the TV Skills Strategy, formulated after a lengthy and comprehensive industry consultation in 2006. However, recognising the pace of change, Skillset conducted some further consultation early in 2008 including at the TV Forum event, *Shaping Up for 2008*, attended by a wide cross-section of industry. The Strategy is continuously advised and updated by the TV Skills Council, with high level representation from across the industry.

Key highlights in relation to the Skillset TV Freelance Fund in 2008-09 include:

In 2008 the **Skillset TV Freelance Fund** distributed approximately **£1.5m** in grants to training providers to deliver subsidised training.

105 **New Entrants** were trained on 7 courses at a total cost of £602k including two new schemes not previously supported.

784 trainees attended 88 **Continuous Professional Development** courses through a subsidy of £787k.

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Additionally, 173 individuals were trained in skills relevant to TV production through receipt of a Screen Bursary.

For more information about Skillset's work in television, visit www.skillset.org/tv

Radio

There have been significant changes in the Radio industry over the last 12 months. Further consolidation in the commercial radio market included Global Radio buying GCap Media creating the largest commercial radio group in the UK. Bauer Radio bought EMAP Radio and The Times of India Group bought Virgin which was subsequently rebranded Absolute Radio.

The future of DAB looked more positive with the Digital Radio Working Group's recommendations for a digital migration plan that could see switchover for the medium completed by 2020. These technological developments and structural changes within the industry have created a growing demand for a multi-skilled and flexible workforce and therefore a need for relevant education, training and ongoing professional development to meet the requirements of these new working practices.

Key highlights in relation to our work in radio in 2008-09 include:

The **Route into Radio** pilot programme launched in January 2008 on the back of the Radio Skills Strategy completed in April 2009 with a high degree of success for the radio industry, the mentors and the participating interns.

Linked to the Route into Radio project Skillset held its **first ever national radio conference** in February 2009, with a focus on skills development, diversity and career progression in the digital age

Funding secured to develop an industry agreed set of standards reflecting the core and new skills required by the radio sector.

Job profiles have been developed on different roles in the industry, and a narrative map detailing progression routes into and through the industry to enhance our careers offer.

For more information about Skillset's work in radio, visit <http://www.skillset.org/radio>

Interactive Media

How we define the interactive media sector, the industries it consists of and its skills issues, is in a constant state of flux. Unlike other sectors within our remit, the sector is based around a non linear model of development, production and distribution which means overlap and interdependency with other sectors such as IT and platform providers.

Within creative media alone, the impact of digital developments and multi-platform production on the other industries across Skillset's footprint has produced a range of 'common' digital issues, particularly in Intellectual Property protection and exploitation, building sustainable business models and leadership and management.

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Key highlights in relation to our work in interactive media in 2008-09 include:

Skillset supported a number of innovative labs and 'Unconferences' to look at how to **build sustainable digital business models** and to bring creative and technical people together to learn how to collaborate.

With NESTA, Skillset ran a start up scheme for interactive media entrepreneurs called '**Insight Out**' providing sector specific business support and advice.

Aligned working with the TV Sector within Skillset, with joint working on multi-platform funding priorities and assessment of training programmes via the Skillset TV Freelance Fund.

For more information about Skillset's work in interactive media, visit <http://www.skillset.org/interactive>

Computer Games

Skillset has worked closely with key industry players including the trade associations: TIGA and ELSPA and also the employers directly, on a campaign entitled: Games Up. This campaign was aimed to raise the profile of the Games industry as a hugely important part of the UK economy and to promote the need for more support from government for this sector that faces government sponsored growth by international competitors namely: France and Canada. The need for high level skills was at the heart of this Games Up campaign and Skillset worked with all partners to raise the issues with all government partners including DIUS and BERR.

Key highlights in relation to our work in computer games in 2008-09 include:

Skillset has set up a **higher education course accreditation scheme**. Skillset has also developed and made available a new postgraduate course accreditation scheme.

The industry is clear that it also needs high quality STEM students to enter the industry – so we have agreed to **promote the course accreditation** not just to games development programmes but also to computer science programmes and to promote the need to STEM subjects in the industry. This essentially has been done through our careers service and through wider promotional work that we carry out.

The final area of development has been to **support a feasibility study** instigated by the North West Regional Development Agency. The feasibility was to identify need for and support for a new professional 'centre of excellence' potentially to be based in Salford in the North West.

For more information about Skillset's work in computer games, visit <http://www.skillset.org/games>

Facilities

The United Kingdom is recognised globally for its creative talent and in the field of television and moving image production and the facilities sector supports and underpins these sectors, and additionally supports a growing number of overseas producers who are attracted to the UK by the specialised technical services, technology and their associated skilled personnel.

The sector faces profound changes in its technology and one of the biggest challenges is being ready to compete globally and find new opportunities in the global market place. The lack of available financing due to the recent economic situation is causing increasing damage to the sector, with many companies unable to raise capital to invest in new equipment. The broadcast and media technology supply industry is feeling this pressure more than most, with large numbers of closures and redundancies already taking place.

Key highlights in relation to our work in facilities in 2008-09 include:

First Post, the new entrant scheme for junior post production staff continues to grow and a number of companies in the North West benefited from vastly subsidised training. The continuation of the pilot also led to the course content, which has always been written and improved by industry, be accredited by a Higher Education establishment.

Work was undertaken with Apple, Soho Editors, Panasonic, Matrix Store and Channel Dynamics - leading companies in their field - to take an **industry-led roadshow** highlighting the issues and potential solutions of digital tapeless workflow to hundreds of individuals and workers in London, Manchester, Cardiff and Belfast.

Worked with the leading CGI training company, Escape Studios to pilot their innovative **online educational tools** with tutors and teachers in leading Skillset Screen and Media Academies and Accredited Courses.

Skillset continued to **filter industry funds** to help support the freelance workforce in facilities gain access to vital training and continuous professional development.

For more information about Skillset's work in facilities, visit <http://www.skillset.org/facilities>

Animation

There has been a reduction in Animation production during 2008/09 with redundancies and company closures in the last quarter and unfortunately this economic and commissioning downturn has framed most of the work in the sector this year.

Despite this, the sector has been clear that we need to build upon our international reputation for animation skills and talent by building an equally robust higher education sector that rivals the specialist schools in France and Germany. The focus therefore has been on our accreditation system and this year, we have launched a new postgraduate accreditation programme as well as opening the way for new applications at undergraduate level.

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Key highlights in relation to our work in animation in 2008-09 include:

Focus has been on ensuring that specialist skills that are lacking from the workforce are supported through **CPD programmes**.

Skillset has carried out a number of **feasibility studies** throughout the year to explore the possibility of establishing a centre of excellence for postgraduate education, continuing professional development, work-based training and other professional support programmes.

For more information about Skillset's work in animation, visit <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 2008-09, 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.

Key highlights in relation to our work in film in 2008-09 include:

Between April 2008 and March 2009 we invested £1,655k in 13 **New Entrants schemes** to provide 135 training places. Over the last year 59 participants have completed structured New Entrants training schemes.

11 apprentices began on the **Set Crafts Apprenticeship** scheme being run by the Skillset Screen Academy at London College of Communication (LCC) & Ealing Institute of Media (EIM).

In the last year, **401 Screen Bursaries** have been awarded to freelancers and employees to update their skills in priority areas of need, such as new technology, business skills and health & safety.

Skillset has awarded a total of £1,506k for **Continuing Professional Development (CPD)** programmes, providing 5,295 training places.

The vital importance of preserving screen heritage has been highlighted by the Strategy for UK Screen Heritage, and Skillset is working to ensure there are skilled professionals to carry out that work.

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For more information on Skillset's work in film, visit www.skillset.org/film

Photo Imaging

The photo imaging industry is made up of nearly 14,000 companies, almost half of which are sole trading or freelance photographers.

Key highlights in relation to our work in photo imaging in 2008-09 include:

7 new job profiles were produced to complement those already available on the website. Based on research and interviews with working industry professionals, these profiles provide a valuable resource for potential new entrants and careers advisers.

An **Apprenticeship for Staff Photographers** working in the Armed Forces was launched in September.

City & Islington College became the first provider to align to **Skillset's Foundation Degree Framework for Photo Imaging**.

The new City & Guilds **VRQs in Photo Imaging** have proved extremely popular, with over 50 centres applying to offer these qualifications.

The support and funding available through the Government's **Train to Gain** scheme offers good potential to help Photo Imaging companies meet the challenges they face at this time of economic uncertainty. Skillset has developed broker briefing materials that highlight the unique needs and make up of the sector and is running a variety of employer engagement events aimed at raising awareness about what is available.

For more information about Skillset's work in photo imaging, visit www.skillset.org/photo

Publishing

Publishing is an industry at the heart of the social, cultural, educational and political life of the country, comprising the book, database and directory, journal, magazine and business media, news agency and newspaper sectors. Publishing officially joined Skillset in April 2008.

As the recession took hold in the second half of 2008, the industry saw severe declines in advertising revenue. The regional and local press was hit hardest with some media owners reporting year on year figures down by 30% or more.

The publishing industry has over 7,000 organisations employing around 209,000 people. This represents approximately 43% of the Creative Media workforce. There is some reliance on freelancers with 17% registered as self-employed. Nearly half the workforce holds a degree or equivalent qualification and the age is notably younger than that of the whole of UK industry, with just over half aged between 20-39 years old.

Diversity and equality of opportunity are serious issues for publishing. 6% of the workforce comes from non-white ethnic groups. However, with such a large percentage of the

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industry based in London and the South East, this suggests the figure should be much higher. Concerns have also been raised about the socio-economic background of those entering the industry, although supporting data is difficult to access.

Key highlights in relation to our work in publishing in 2008-09 include:

The **skills needs analysis** was completed and published in the autumn.

A **survey of education and training supply** for the industry was completed and used to analyse which of the skills gaps and shortages should be prioritised for the skills strategy.

An **industry consultation launch** was held in March at the beginning of the month long consultation. Hosted by the All Party Parliamentary Group for Publishing and held at Westminster, over 80 parliamentarians, industry and stakeholder contacts attended to hear Gail Rebeck, CBE and Lord Heseltine speak on the importance of skills for publishing.

Funding was secured for 2 **National Occupations Standards scoping projects**.

For more information on Skillset's work in publishing, visit www.skillset.org/publishing

Across the UK

Skillset's sector work is UK wide but we also deliver across all sectors within the context of the regions and nations – an approach that was singled out as strength of our organisation by the NAO in their report on our re-licensing. Our priorities are tailored to ensure they are appropriate to the specific and sometimes differing needs of the four UK nations and regions.

Skillset has offices based 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

In Wales over 13,000 people make a living from the Creative Media Industries, working in highly skilled roles in both large and small organisations, and both as employees and freelancers. Wales is well placed to adapt and exploit a changing media landscape. We have a significant pool of creative talent that is continuously proving itself in domestic, national and international markets. We have major strengths in television, animation and interactive media which must be allowed to flourish. The profile of the Welsh creative media industries has never been stronger, with high profile productions such as 'Doctor Who', 'Torchwood' and 'The Edge of Love' proving that internationally successful content can be made in Wales.

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

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the largest sectors in Wales in terms of workforce are Independent Production, Television (terrestrial) and Web.

Key highlights in relation to our work in Wales in 2008-09 include:

The new **Sector Skills Agreement for Wales** was approved by the National Board and highly commended by the Welsh Assembly Government and other partners.

35 companies signed up to the **Workforce Development Programme** for Wales, offering skills and training advice and support. These companies have received over £500k towards their training needs.

160 Freelancers have benefited from our **Freelance Programme** which finances courses, mentoring schemes and bursaries.

Approximately 500 individuals have benefited from our **Careers Advice and Guidance** service via one-to-one guidance, telephone/email advice and workshops.

2008 was a year of delivering high level projects and having real impact on skills and training within the sector. We saw complex support structures such as our Training Framework come to fruition and large scale training schemes such as the Producer Training Programme being implemented.

There have been a number of key developments within government policy in Wales over the past year in terms of education, skills, training and broadcasting and we have collaborated closely with our partners to address our sector's needs within these.

For more information about Skillset's work in Wales, visit <http://www.skillset.org/uk/cymru/>

Scotland

Approaching 27,000 people make a living from the Creative Media Industries in Scotland in highly skilled roles in both large and small organisations, both as employees and freelancers

In addition to the three main broadcasters; BBC Scotland, Scottish Television 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, an internationally-acclaimed cluster of computer games developers and a broad range of publishing interests.

The SNP Government elected in May 2007 has taken a keen interest in the creative industries – identifying them as one of their economic priority sectors. It also took a particular interest in the future of Scottish broadcasting by establishing the Scottish Broadcasting Commission.

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Key highlights in relation to our work in Scotland in 2008-09 include:

Skillset contributed to the work of the Scottish Broadcasting Commission: skills issues and Skillset's role were highlighted in the commission's final recommendations published in September 2008.

Skillset continued the successful freelance bursary scheme (financed by the National Lottery through Scottish Screen). Since its inception this has now supported over 150 freelancers on **Continuing Professional Development** (CPD) courses in a wide range of skills areas.

Skillset established 2 new **Skillset Media Academies** at Edinburgh's Napier University with Edinburgh College of Art and at the University of Abertay. Together with the Creative Loop Skillset Media Academy and the Skillset Screen Academy at Napier/eca Skillset established a genuinely collaborative network of excellence.

Skillset secured **£5.8 million of funding** over 5 years to support the development and enhancement of the Scottish Network of Screen and Media Academies. This funding was announced by Scotland's Cabinet Secretary for Education and Lifelong Learning, Fiona Hyslop MSP.

The **Skillset Careers** service continued to operate successfully, with workshops for Careers Scotland advisors, enhanced provision for one-to-one guidance sessions for working professionals, and attendance at events and festivals.

Skillset's Film Skills Fund and TV Freelance Fund supported Scottish Screen's highly respected **New Entrants Training** scheme and its new Animation New Entrants scheme as well as eca's "Bridging the Gap" documentary programme.

For more information about Skillset's work in Scotland, visit <http://www.skillset.org/uk/scotland/>

Northern Ireland

In **Northern Ireland (NI)** over 8,500 people make a living from the creative media industries.

Broadcasting is represented by BBC NI and UTV, which also has many radio interests. There are also notable levels of employment in independent production, interactive media and games and over 4,000 people working in the many facets of publishing. **NI** 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 workforce.

Devolution was restored to the **Northern Ireland Assembly** in May 2007 and continued to strengthen during 2008-09. This marked an important turning point in the area, and the Government in Northern Ireland has continued to strengthen its relationships with Sector Skills Councils (SSCs).

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Key highlights in relation to our work in Northern Ireland in 2008-09 include:

Skillset ran a high profile industry showcase for the **Northern Ireland Skillset Media Academy** in BBC NI in Belfast.

Funding was secured from Department for Employment and Learning's (DEL) Sectoral Development Branch to support Skillset **Careers in NI**. This funding allowed us to deliver workshops for Careers advisors, enhanced provision for one-to-one guidance sessions for working professionals, and attendance at events and festivals.

The Skillset Film Skills Fund and TV Freelance Fund also supported for the first time a **new entrants' programme** in Belfast. Developed and managed by NI Screen, DEL also generously provided the necessary match funding.

Skillset continued to work with **Invest Northern Ireland** on their digital content strategy and have agreed a way forward with the industry group – **Digital Circle** – established to take forward its recommendations, ensuring that it is represented on Skillset NI board.

For more information about Skillset's work in Northern Ireland, visit www.skillset.org/uk/ni

England

The majority for the Creative Media Industries is concentrated in England; our work in this nation is a critical component in the successful delivery of our sector action plans. Developments such the BBC move to the North of England and the London 2012 Olympics and Paralympic Games require a coordinated approach on both regional and national level. It is vital that we continue to provide a strong voice for industry, so that public agencies have a clear vision of how their investment can support training that will make a real difference to businesses and the freelance workforce.

Across England, the Creative Media Industries are growing faster than the whole of the UK economy and feature as a priority sector in most regional economic strategies. In *Creative Britain, New Talents for the New Economy* published by DCMS, BERR and DIUS - the whole of the Creative Industries are recognised as a major economic contributor, a source of innovation and driver of regeneration throughout the UK. As the education and skills agenda is embedded in the heart of the strategy, Sector Skills Councils are recognised as key partners and Skillset is embedded into the two regional pilots in the North West and South West.

Digital Britain has identified the whole communications industry encompassing our footprint as one of the three key sectors in the UK economy. Skillset (along with e-Skills UK) are working with BERR to lead on the recommendations for the final report, focusing on education and skills, based on our research into the digital media industries.

London is the heart of the UK's Creative Media Industry. In total, almost two fifths (37%) of the UK's workforce operate in the capital. This equals a total working population of around 171,000. Many global media companies have offices here, sitting side-by-side with UK media headquarters. In 2012, a brand new centre for media will be unveiled in East London: 1.3 million square feet, (1.3 times the size of Canary Wharf towers) of

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International Broadcast and Press Centre

Key highlights in relation to our work in England in 2008-09 include:

Skillset's **Sector Compact** was agreed with National LSC and DIUS in October 2008 and is now undertaking a series of national and regional meetings to highlight the enhanced Train to Gain offer.

Southampton Solent Skillset Media Academy was identified as a centre of excellence in television and interactive media and joined the Skillset Media Academy Network in September 2009

The **Skillset Northern Media Skills Panel** attracted high level representation from a broad spectrum of creative media companies across the three regions of the North and is now well established and pressing forward with important cross regional initiatives focusing on higher level skills, particularly focusing on convergence, and management and leadership. The Panel is also steering the work of the Northern team in managing a £750k Higher level skills project in the NE (SUSTAIN).

The South East **pilot of Route into Radio** was completed in March 2009 and has been widely praised and actively supported by industry. In total, 32 interns benefited from the programme and there is keen interest in launching a similar scheme in other regions.

20 apprentices aged between 16 and 22 were recruited on the **North West's Media Production Apprenticeship** scheme in summer 2008.

The **Digital and Media Skills Programme** entered its second year. This is a £2.8m training partnership programme in the NW with the Regional Development Agency and North West Vision and Media which focuses on support to freelancers, employees of creative businesses, new entrants and leadership and management. The programme is the largest single investment in skills in a region and has so far created over 500 training opportunities.

Paul Abbott's Voicebox Studio in the North West received a grant from the Skillset TV Freelance Fund to help new writers develop scripts for commissioned TV dramas, providing an incredible opportunity for talent in the North of England.

Skillset led extensive consultation with industry on the skills needs and opportunities presented by the London 2012 Olympic and Paralympic Games and examined existing barriers to entry. The result was a **new Apprenticeship in Creative and Digital Media**.

Across our organisation

Research

Research is at the heart of all Skillset's work and we are the leading specialists in providing research for the Creative Media Industries. Skillset operates a comprehensive,

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industry endorsed programme of research about the industries which enables us to identify skills gaps and shortages within our industries and from there develop skills solutions and target resource where there is real need.

Our research programme involves measuring the size and shape of the industries, understanding the needs of employers and the workforce, investigating existing training provision and scoping out what the future holds.

Key highlights in relation to our research programme in 2008-09 include:

Skillset developed an **Occupational and Functional Map (OFM)** for the Creative Media Industries. The OFM identifies, defines and classifies all occupations, roles and functions within Skillset's footprint and maps these holistically, and within and across sectors, thus isolating areas of interface and overlap.

The fourth in the series of Skillset's largest **surveys of the workforce** has been completed with an overall response of 5,000, an increase in responses from sectors with a historically low involvement including interactive media with almost 300 responses up by 10% from the last in the series and responses for the first time from the workforce in cinema exhibition and film distribution.

A **Skills Needs Analysis (SNA)** has been completed for the publishing sector. Gaps in the SNA have been filled by data gathered from qualitative research including focus groups with each publishing sub-sector.

Analysis on the qualities and experiences of successful women in areas in which they are a minority has been conducted following one to one interviews. Skillset has worked closely with Women in Film and Television throughout this study.

A comprehensive **Evaluation Strategy** has been developed. The strategy draws together all Skillset's evaluation activity in order to demonstrate performance against Skillset's strategic objectives and is set within the UKCES' Performance Framework as far as is possible with the information available from the UKCES.

For more information on Skillset's research programme, visit www.skillset.org/research

Qualifications

Skillset's Sector Qualifications Strategy (SQS) is being implemented across the UK, delivered through SQS Action Plans for each of the four nations. The SQS Action Plans set out the priorities for the development and review of qualifications and other learning provision for the Creative Media industries. The Action Plans were published in August 2008 and will be 'refreshed' by June 2009 to ensure they continue to reflect the priorities and needs of industry.

The SQS Action Plans are an important tool to support Skillset's work with awarding bodies, funding agencies and qualifications regulators. Their implementation is a vital strand in the Vocational Qualification Reform Programme (VQRP), which places Sector

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Skills Councils in the driving seat, on behalf of the industries they represent, on the reform of sector qualifications.

Key highlights in relation to our qualifications work in 2008-09 include:

An industry-led **Qualifications Forum** has been established, comprising representatives from most of the sectors in Skillset's footprint. The purpose of the Forum is to inform and steer qualification development through the implementation of the SQS Action Plans.

Skillset has developed an **Occupational and Functional Map** of the Creative Media industries. The OFM will provide a platform and evidence-based resource to inform the activity across the organisation, including the development of cross-sector skills solutions.

Skillset has **developed new competence qualifications** for Focus Pullers and Clapper Loaders.

Existing NVQ units have been developed into **QCF units**, which are levelled and credit-rated, ready for transition on to the QCF – the new Qualification and Credit Framework for England, Wales and Northern Ireland.

For more information on Skillset's work in qualifications, visit <http://www.skillset.org/qualifications>

Apprenticeships & other work based training

Where research has identified industry support for work-based training, Skillset has responded by exploring Apprenticeships and other potential skills solutions to meet the identified need. This evidence base informed Skillset's Sector Qualification Strategy, in which Apprenticeships and work-based training are in scope.

Key highlights in relation to our Apprenticeships and work based training work in 2008-09 include:

The **Set Crafts Apprenticeship** has been approved and there are now Apprentices registered on the framework and training on the job.

An **Apprenticeship for Staff Photographers** has been developed and approved. There are currently 30 Apprentices registered and receiving on the job training.

Skillset has begun development of a **Creative and Digital Media Apprenticeship**. This development draws on a number of linked initiatives which seek to address work-based training needs and progression opportunities, focusing in particular on cross-platform working, convergence, digital skills development and digital content creation. This Apprenticeship is being developed and tested as part of Skillset's 2012 project activity; it also links with activity in the North West around the Media Production Apprenticeship and in the South West around plans to pilot an Apprenticeship Training Association delivery model in 2010.

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For more information on Skillset's work in apprenticeships, visit <http://www.skillset.org/qualifications/apprenticeships>

Education & Training Partnerships (including Academies)

During our previous business year, the emphasis was very much on setting up a new network of Skillset Media Academies and finalising the stages of accreditation for Computer Games and Animation and also supporting the roll-out of the Skillset Screen Academy Network. 2008/09, therefore has been very much a year of implementation.

Key highlights in relation to our work with further and higher education partners in 2008-09 include:

The focus on **Screen Academies** has been on continuing to ensure that outreach through talent pipelines and through talent scout and summer schools are developed and that the Screen Academies can attract the brightest and the best through to the Network of centres of excellence.

The new **Skillset Media Academy Network** has been the focus for much of the work throughout 2008/09.

Skillset has been very active in **feeding into the higher education strategy and policy** that has been discussed throughout the year. In particular, we were selected to provide a case study for the higher level consultation meetings that DIUS held last summer to talk about high level skills in the role of higher education and delivering these.

For more information on Skillset's work in education and training partnerships, visit <http://www.skillset.org/training/>

Careers IAG

Skillset Careers is the specialist careers information, advice and guidance (IAG) service for the Creative Media Industries.

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 Creative Media Industries are offered to careers advisors and teachers.

Key highlights in relation to Skillset Careers work in 2008-09 include:

Delivered **443 face-to-face careers guidance**

Skillset delivered **15 career development workshops** across the UK.

Developed the careers offer to the trade unions, including offering a discounted rate for services to union members, and providing training to Unionlearn representatives at the National Union of Journalists.

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From April 2008 – February 2009, there was a total of **181,202 visits to the careers section of the website**.

1765 emails were answered by Skillset careers advisors throughout the year and on the England/NI careers line, over 5000 calls were taken.

Delivered **20 training days** on careers in the creative media to support careers advisors across the UK (in Connexions, FE, HE, Careers Scotland etc).

For more information on Skillset's work in apprenticeships, visit <http://www.skillset.org/careers>

Diversity

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

Skillset supports, promotes and contributes to the work of industry diversity organisations and networks, such as the Broadcasting and Creative Industries Disability Network and Cultural Diversity Network.

We make sure that all our information on training and working in the creative 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, and we actively support under-represented groups to enter and succeed in the industry through our funding and training structures.

During 2008-09 we set ourselves the target of achieving a 5% increase in the take up of our services from groups currently under-represented in our sector. This target was met and exceeded with actual percentage increases in uptake at 20% for total beneficiaries; 16% for women; 12% for BAME; 50% for disability.

Skillset also devised and undertook comprehensive diversity refresher and specific disability awareness training for all staff which was extremely enthusiastically and positively received.

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.

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For more information on Skillset's commitment to diversity, visit <http://www.skillset.org/skillset/diversity/>

7. Financial Review

TV Industry

Skillset currently receives around £900k contributions each year directly from the TV Industry to support our core activities, this in turn levers around £11.7m 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.

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. 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 regional Development Agencies and the UKCES 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.

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 £13.9m of which £6.3m was unrestricted.

Restricted incoming resources were made up £1.5m from the TV Freelance Fund, £754K from the Skills Investment Fund and £5.4m from the UK Film Council Delegation Fund.

Investments / Treasury Management

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 £378K

Expenditure

Expenditure increased from £15.3m to £17.5m this year. This increase was predominantly due to an increase in awards made from the UK Film Council delegation funds. Unrestricted expenditure increased to £6.8m in 2009 from £6.3m in 2008.

Restricted expenditure was made up £1.6m from the TV Freelance Fund, £2m from the Skills Investment Fund and £7m from the UK Film Council Delegation.

Governance

The £56k costs of governance include the expenses associated with external audit and governance related legal fees.

Surplus

The net outgoing resources for the year were (£3.6m) compared with net incoming resources of £0.7m in 2008.

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

Core Activities	(£500k)
TV Freelance Fund	(£165k)
Skills Investment Fund	(£1.2m)
UK Film Council Delegation Fund	(£1.7m)

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 general purpose 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 2009 were £531K, however, actual free reserves are £44k as defined as unrestricted funds less amounts invested in fixed assets.

The Board has agreed a breakeven unrestricted forecast for 09/10.

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 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 & General Purposes 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.

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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.

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.

Skillset's Principal Risks

- Lack of resources and short-term contracts resulting in loss of staff
- Unrealistic expectations imposed by "government"
- Inability to raise appropriate finance to deliver core functions
- Failure to measure long-term impact of outputs (resulting in a failure to learn)
- Overall UK downturn impacting on funding
- Recession's impact on industry leading to less engagement and investment in skills

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.

8. Plans for the future

Skillset will continue to be a powerful voice for our industry on skills, influencing the investment of national and regional agencies. We want to make sure they spend their money on programmes that industry values - to grow and nurture talent.

Skillset is committed to serving and reflecting the needs of the Creative Media Industries in all its work; that it is adding real value to the dynamic companies of the Creative Media Industries, especially during the difficult and turbulent times of this economic downturn. Whilst challenging, the recession does provide opportunities. During the last major recession our industries continued to grow through the downturn. At the end of this recession many of the jobs and skills which existed when we entered the downturn will not exist when we leave it. The kinds of jobs and skills required during the upturn will be different.

Skillset's plans for the next three years are set out in its Strategic Plan, and as such our strategic objectives remain unchanged. That said, our Business Plan for 2009-10 outlines the practical work that Skillset will be undertaking - how and where we will focus energy and resources over the coming year.

Highlights for 2009-10

For each of our sectors and nation/region, we have identified one key "spotlight" priority. These are:

- In our work within the **television** sector there will be a focus on the Skillset TV Freelance Fund and subsidised training opportunities for the mobile and freelance workforce in industry-identified areas. Priorities for the Fund in the coming year include Compliance in the context of both editorial and Intellectual Property; as well as developing skills in multi-platform content creation and higher level management skills, increasing diversity and access to training throughout the UK.
- Within the **radio** sector we will explore the potential for the introduction of a National Radio Week, to open up the industry and make people aware of the range of job roles the industry offers, how different aspects of the industry work, and what skills are required to make great radio.
- The focus for the **interactive media** sector will be to develop a framework of continuing professional development for professionals within the industry.
- Higher Education and accredited courses will be a priority focus for both the **animation** and **computer games** sectors. Skillset will look to build upon and consolidate the Skillset Network of approved Courses and Media and Screen Academies by developing plans to facilitate the employer/education partnership and maximise funding.
- In response to the challenges facing the **facilities** sector in the context of competing in an increasingly competitive global economy, business know-how and strong leadership will be central to the sector's ability to succeed. An emphasis for 2009-10 will therefore be support for management and leadership training for the sector team.

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- Management and leadership will also be a theme for the **photo imaging** team, in respect of its priority to harness funding through Train to Gain, to maximise investment in training for the sector.
- *A Bigger Future*, the Film Skills Strategy was a five year plan created in partnership with the UK Film Council which has informed and guided our work since 2004, to ensure that the UK **film** industry can compete successfully in the European and global marketplace on the basis of world-beating skills. The main priority for our film team this year will be to consult with industry and look at how this work will continue for the next three years (from 2010), to ensure our work remains relevant and addresses the needs of the industry.
- Since the **publishing** sector came under our remit in April 2008, a period of consultation with industry has been undertaken to identify the skills needs of the publishing industry. Following on from this, the main priority for our publishing team is to launch the Publishing Skills Strategy which will inform our work going forward in this sector.
- Skillset's **Wales** and **Scotland** teams will focus on the Skillset Academy Network. Skillset Scotland will work with the Screen & Media Academies within the nation to ensure that they continue to deliver high quality, industry endorsed courses. Skillset Cymru will work closely with HE contacts to secure Media and Screen Academy status within the nation. The Wales team will also continue to develop training framework to ensure that training needs are closely aligned with companies' business plans.
- Skillset's work in **Northern Ireland** will be led by a new Skillset Director, Ian Kennedy, whose main focus for the year ahead will be to continue the emphasis on management and leadership issues.
- The BBC's move to the North of **England** poses both challenges and opportunities for Skillset. In 2009-10 we will be looking at how to optimise these opportunities to ensure that we are prepared to face the challenges and continue to support our industry and that we are responsive to these changes going forward.
- The Digital Media Apprenticeship will be launched in September 2009 and will be a focus for the **London** team throughout the year. It is hoped that this Apprenticeship will offer alternative access routes and will be responsive to the industry's need for media savvy diverse new talent. This will be coupled with exploring ways to exploit the opportunities created by the 2012 Olympic and Paralympic Games

In addition to these specific highlights, Skillset has identified several cross organisational priorities that will provide a particular focus for us during the coming year. These priorities will be structured within a time workplan and will be thread throughout all Skillset staff's work throughout the year. Performance and contribution can and will be measured and evaluated. These organisational priorities include:

Management, Leadership and Support for Companies

We will establish one over-arching group to look at this issue from two differing, but interlinked perspectives.

This issue will be examined from the external industry perspective and will help identify specific training/development needs of our sector in relation to management and

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leadership and to seek to identify, define and access the industry to appropriate solutions. The work of this group will have a particular focus on exploring existing public provision and funding (Train to Gain, HEFCE, funds in the Nations, Film and TV Funds); and also identify or help develop new opportunities to meet these needs.

Additionally, we will focus on management and leadership in the context of Skillset as an organisation and will look closely at our organisational values, what it means to be a manager at Skillset and what skills and competencies are required of a Skillset Manager. We will also explore the hallmarks of leadership with the organisational context as part of our commitment to continuous improvement and the support and development of our staff. A Skillset Management Competency Framework will be developed, which in turn will help to shape a Management Development Programme for the organisation.

Convergence & Digital Media

The work will be led by the Executive Director of Policy and Development and will directly involve all sector managers across the nine sectors in Skillset's remit.

The first stage in our work will be the development of a new "converged" skills map, which will build upon our existing occupational and functional map to identify new roles, new skill sets and new ways of describing and defining the Industry. Individually each sector will also identify the job roles that are being changed by new technology and the opportunities this brings. There will be a focus this year on finding solutions to the digital skills issues across and within the sectors and the focus on Digital Britain will provide a framing for this analysis and action.

Sales & Marketing

An internal "Task and Finish Forum" will be established to assess our understanding of the Sales & Marketing function across the creative media industries and identify the similarities and differences between industry sectors in terms of job roles, skills needs and specific training provision (if any). The aims of the Task and Finish forum will be to:

- establish what we know about Sales & Marketing in the Creative Media industries
- identify whether any immediate issues can be addressed – e.g. support companies to access generic sales & marketing training through Train to Gain.
- identify gaps in our knowledge and produce an action plan to address these gaps.

Work-based Training (including Apprenticeships)

The work under this priority will be led by the Qualifications and Development Director, who has responsibility for this functional area of our work. Members from across the organisation will be invited to participate in a Development Forum to take forward this ongoing activity.

The Forum's objective will be to act on Skillset's commitment to widening access to relevant education, training and development through cross industry actions. It will support communication and collaborative activity across the organisation and across our industries, to deliver practical solutions in response to shared work-based training needs.

Research and LMI

The work under this priority will be an extension of our normal operating research activity and will be led by the Research Director who has responsibility for this functional area of

Skillset Sector Skills Council

TRUSTEES' REPORT

our work. This work will be on-going and a group of Research & LMI Champions will be created with key participants from across the organisation.

We will establish a platform for a sample of staff to routinely and systematically:

- contribute to the development, implementation and communication of Skillset's Research Programme as outlined in Skillset's Research Strategy;
- systemise the capture of Labour Market Information gathered from the industry through regular informal mechanisms e.g. ongoing consultation and engagement;
- Identify and exploit opportunities for short, ad hoc, issues-based, time-limited and opinion-based research to support communications and policy activities.

Customer Service

An internal Task and Finish Forum will look at ways in which we can improve our overall corporate approach to customer service, set minimum standards of expectation, look at ways in which we can make our products and services more accessible and become more responsive as an organisation. This will include how we organise, service, present and conduct ourselves at meetings.

Internal Communications

Skillset's new corporate intranet, the Wire, will provide a fantastic tool for us to use when communicating within the organisation, but it will only be effective if we have a plan for how we will use it.

An internal 'Task and Finish' forum will be formed to identify the knowledge gaps in the organisation and advise on practical solutions to ensure that all staff feel part of the organisation and consider themselves to be aware of the priorities and activities across the organisation.

9. Funds held as Custodian

The following cash funds are held as custodian in separate bank accounts:

LSSF	£1,132
David Fraser Fund	£35,794
Film Industry Training Board	£14,783

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 UKCES). 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.

Film Industry Training Board

Iain Smith OBE has been appointed as the Chair of the Film Industry Training Board (Film ITB). The board comprises four employer members: Roy Button OBE, Michelle Wright, Matthew Justice and Rebecca O'Brien; and four ex-officio members John Woodward, John McVay, Dinah Caine, and Martin Spence. The board will be responsible for setting and operating a mandatory training levy on film productions in England and Wales. The board are currently undertaking all due process to establish the mandatory levy.

Connected Charities

The company has no connected charities.

Statement as to Disclosure of Information to the Auditor

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

Skillset Sector Skills Council
TRUSTEES' REPORT

(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.

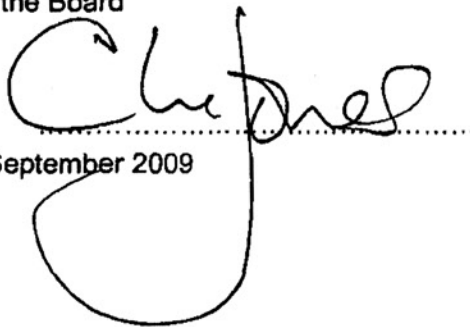
Auditor

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

By order of the Board

Director

Date 9th September 2009

A handwritten signature in black ink, appearing to read 'C. Jones', is written over a horizontal dotted line. The signature is stylized and cursive.

Skillset Sector Skills Council

TRUSTEES REPORT

TRUSTEES' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

The trustees are responsible for preparing the annual report and financial statements in accordance with 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 TO THE MEMBERS OF SKILLSET

We have audited the financial statements on pages 38 to 60.

This report is made solely to the members, as a body, in accordance with section 235 of the Companies Act 1985, and to the charitable company's trustees, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the members and the charitable company's trustees 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, its members as a body, and its trustees 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 Trustees' 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.

We have been appointed auditors under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 1985 and report to you in accordance with those Acts. 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, the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 8 of the Charities Accounts (Scotland) Regulations 2006 and whether in our opinion the information given in the Trustees' Report is consistent with the financial statements.

We also report to you if, in our opinion, the charity 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 transactions with the charity 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

Skillset Sector Skills Council

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SKILLSET

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 affairs of the charitable company as at 31 March 2009 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006; and
- 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

17 December 2009

Skillset Sector Skills Council
STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND
EXPENDITURE ACCOUNT)
For the Year Ended 31 March 2009

	NOTES	Unrestricted Funds £	Restricted Funds £	Total 2009 £	Total 2008 £
Incoming resources					
Incoming resources from generated funds					
Voluntary income		2,728,925	-	2,728,925	3,175,162
Investment income		44,015	334,267	378,282	509,649
Incoming resources from charitable activities					
Television		-	1,447,994	1,447,994	1,450,439
Interactive Media/ Animation		-	-	-	20,000
Film		-	5,836,572	5,836,572	6,975,094
Publishing		-	-	-	11,750
Nations		452,946	-	452,946	756,131
Regions		1,302,174	-	1,302,174	1,070,202
Research		38,875	-	38,875	5,875
Standards & Qualifications		620,488	-	620,488	1,226,845
Approvals		-	-	-	65,000
Careers		1,064,528	-	1,064,528	237,782
Diversity		-	-	-	466,195
Total incoming resources		6,251,951	7,618,833	13,870,784	15,970,124
Resources expended					
Charitable activities					
Television		282,860	1,612,954	1,895,814	1,954,680
Other Sectors		-	-	-	33,392
Radio		112,312	-	112,312	-
Interactive Media / Animation		207,158	-	207,158	216,516
Film		-	8,785,460	8,785,460	6,584,323
Photo Imaging		195,165	-	195,165	201,352
Publishing		189,362	-	189,362	8,950
Nations		909,913	-	909,913	1,194,435
Regions		1,789,771	-	1,789,771	1,589,704
Research		353,727	-	353,727	379,204
Standards & Qualifications		1,046,579	31,676	1,078,255	1,061,494
Approvals		279,540	182,743	462,283	789,729
Careers		1,330,726	121,084	1,451,810	572,675
Diversity		-	-	-	652,289
Governance costs		56,237	-	56,237	42,798
Total resources expended	1	6,753,350	10,733,917	17,487,267	15,281,541
Net (outgoing)/ incoming resources	2	(501,399)	(3,115,084)	(3,616,483)	688,583
Total funds brought forward 1 April 2008		1,032,097	4,679,195	5,711,292	5,022,709
Total funds carried forward 31 March 2009		530,698	1,564,111	2,094,809	5,711,292

All activities are classified as continuing.
The 'notes to the financial statements', on pages 41 to 60 form part of these accounts.

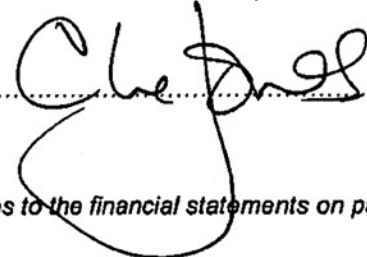
Skillset Sector Skills Council
 BALANCE SHEET
 As at 31 March 2009

COMPANY No: 2576828

	Notes	2009 £	2008 £
Fixed Assets			
Tangible Assets	4	486,242	598,428
Current Assets			
Debtors	5	1,102,951	1,763,551
Cash at bank and in hand		9,975,573	11,494,957
		<u>11,078,524</u>	<u>13,258,508</u>
Creditors : Amounts falling due within one year	6	(9,339,927)	(8,145,644)
Net Current Assets		<u>1,738,597</u>	<u>5,112,864</u>
Total Assets less Current Liabilities		2,224,839	5,711,292
Creditors: Amounts falling due after more than one year	7	(130,030)	-
NET ASSETS		<u>2,094,809</u>	<u>5,711,292</u>
CAPITAL AND RESERVES			
Unrestricted funds		530,698	1,032,097
Restricted funds	12	1,564,111	4,679,195
		<u>2,094,809</u>	<u>5,711,292</u>

Approved by the Board and authorised for issue on 9th September 2009

Signed on behalf of the Board by:

Director 

The notes to the financial statements on pages 41 to 60 form part of these accounts.

Skillset Sector Skills Council
 CASH FLOW STATEMENT
 For the year ended 31 March 2009

	Notes	2009 £	2008 £
Net cash (outflow)/inflow from operating activities	11a	(1,841,518)	1,499,653
Returns on investments and servicing of finance	11b	378,282	509,649
Capital expenditure	11b	(56,148)	(599,776)
Cash (outflow)/inflow in the period		<u>(1,519,384)</u>	<u>1,409,526</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2009 £	2008 £
(Decrease)/Increase in cash in the period	(1,519,384)	1,409,526
MOVEMENT IN NET FUNDS IN PERIOD	<u>(1,519,384)</u>	<u>1,409,526</u>
NET FUNDS AT 1 APRIL 2008	11,494,957	10,085,431
NET FUNDS AT 31 MARCH 2009	11c	<u>9,975,573</u>
		<u>11,494,957</u>

The 'notes to the financial statements', on pages 41 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 2008, 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 £1,000 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.

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 2009

1 Total resources expended

(a) Breakdown of Total Resources Expended

	Direct Costs	Grants	Support Costs	2009 Total	2008 Total
Television	135,410	1,477,544	282,860	1,895,814	1,954,680
Other Sectors	-	-	-	-	33,392
Radio	-	-	112,312	112,312	-
Interactive Media/Animation	-	-	207,158	207,158	216,516
Film	1,896,424	6,889,036	-	8,785,460	6,584,323
Photo Imaging	-	-	195,165	195,165	201,352
Publishing	-	-	189,362	189,362	8,950
Nations	276,980	128,989	503,944	909,913	1,194,435
Regions	895,967	-	893,804	1,789,771	1,589,704
Research	128,409	-	225,318	353,727	379,204
Standards & Qualifications	435,039	-	643,216	1,078,255	1,061,494
Approvals	285,269	-	177,014	462,283	789,729
Careers	1,049,246	-	402,564	1,451,810	572,675
Diversity	-	-	-	-	652,289
Governance Costs	56,237	-	-	56,237	42,798
Total charitable activity costs 2009	5,158,981	8,495,569	3,832,717	17,487,267	
Total charitable activity costs 2008	4,320,947	7,148,864	3,811,730		15,281,541

Skillset Sector Skills Council
 NOTES TO THE FINANCIAL STATEMENTS
 For the year ended 31 March 2009

(b) Analysis of support costs

	Activity	Staff Costs Support	Other	Accommodation	Other	Communications	Total 2009	Total 2008
	£	£	£	£	£	£	£	£
Television	116,064	80,100	14,487	27,591	44,618	-	282,860	334,216
Other Sectors	-	-	-	-	-	-	-	27,830
Radio	51,337	26,700	4,829	9,197	14,873	5,376	112,312	-
Interactive Media / Animation	85,209	53,400	9,658	18,394	29,745	10,752	207,158	206,082
Photo Imaging	73,216	53,400	9,658	18,394	29,745	10,752	195,165	193,570
Publishing	67,413	53,400	9,658	18,394	29,745	10,752	189,362	-
Nations	245,610	186,899	33,803	-	-	37,632	503,944	505,111
Regions	414,042	347,098	62,777	-	-	69,887	893,804	883,227
Research	103,369	53,400	9,658	18,394	29,745	10,752	225,318	295,491
Standards & Qualifications	155,420	213,599	38,632	73,576	118,981	43,008	643,216	525,606
Approvals	55,065	53,400	9,658	18,394	29,745	10,752	177,014	331,949
Careers	36,717	160,199	28,974	55,182	89,236	32,256	402,564	341,668
Diversity	-	-	-	-	-	-	-	166,980
TOTAL SUPPORT COSTS	1,403,462	1,281,595	231,792	257,516	416,433	241,919	3,832,717	3,811,730

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

Skillset Sector Skills Council
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2009

Prior year information

Total resources expended (a) Breakdown of costs	Direct Costs	Grants	Support Costs	Total 2008
	£	£	£	£
Television	65,387	1,555,077	334,216	1,954,680
Other Sectors	5,562	-	27,830	33,392
Interactive Media & Animation	10,434	-	206,082	216,516
Film	1,294,408	5,289,915	-	6,584,323
Photo imaging	7,782	-	193,570	201,352
Publishing	8,950	-	-	8,950
Nations	385,452	303,872	505,111	1,194,435
Regions	706,477	-	883,227	1,589,704
Research	83,713	-	295,491	379,204
Standards & Qualifications	535,888	-	525,606	1,061,494
Approvals	457,780	-	331,949	789,729
Careers	231,007	-	341,668	572,675
Diversity	485,309	-	166,980	652,289
Governance Costs	42,798	-	-	42,798
Total charitable activity costs 2008	4,320,947	7,148,864	3,811,730	15,281,541

Skillset Sector Skills Council
 NOTES TO THE FINANCIAL STATEMENTS
 For the year ended 31 March 2009

Prior year Information

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

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

Skillset Sector Skills Council
 NOTES TO THE FINANCIAL STATEMENTS
 For the year ended 31 March 2009

(c) Analysis of governance costs

	2009	2008
	£	£
Board of Director expenses	376	85
Legal and professional fees	5,882	5,395
Fees paid to auditors - Financial statements	27,600	29,258
- Accountant's reports	5,980	2,468
- Other services	16,399	2,654
- Relating to prior year	-	2,938
Total governance costs	56,237	42,798

2 Net (outgoing)/ incoming resources

	2009	2008
	£	£
Net (outgoing) / incoming resources is stated after charging:		
Depreciation and amounts written off tangible fixed assets:-		
other assets	56,535	39,582
leasehold improvements	111,799	63,055
Auditors' remuneration		
- for external audit	27,600	29,258
- prior year external audit	-	2,938
- other services	16,399	2,654
- Accountant's Reports	5,980	2,468
Operating leases		
- property	326,325	357,260
- other	14,862	15,505

Skillset Sector Skills Council
 NOTES TO THE FINANCIAL STATEMENTS
 For the year ended 31 March 2009

3 Employees

	2009	2008
	£	£
Staff costs:		
Wages and salaries	3,270,729	3,163,170
Social security costs	352,778	339,993
Other pension costs	168,845	161,473
	<u>3,792,352</u>	<u>3,664,636</u>

The above figure includes £321,506 paid to project contract staff.
 (2008: £395,957)

	2009	2008
	No.	No.
The average number of employees (excluding directors) calculated on a full time equivalent basis, analysed by function was:		
Support Staff	24	24
Activity Staff	52	51
Project Staff	12	15
	<u>88</u>	<u>90</u>

The restructure implemented in November 2008 has had a minimal impact on the number of employees between the two years as the basis for calculation is the average number of employees across the year and the restructure took place towards the end of the year.

	2009	2008
	No.	No.
The number of employees whose emoluments as defined for taxation purposes amounted to over £60,000 including redundancy payments and employer pension contributions in the period was as follows:		
£ 60,001 - £ 70,000	3	-
£ 70,001 - £ 80,000	2	3
£ 80,001 - £ 90,000	2	1
£ 90,001 - £100,000	1	1
£120,001 - £130,000	-	1
£130,001 - £140,000	1	-
£140,001 - £150,000	1	1

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 £55,051 (2008: £43,364).

Skillset Sector Skills Council
 NOTES TO THE FINANCIAL STATEMENTS
 For the year ended 31 March 2009

3 Employees (continued)

DIRECTORS' REMUNERATION

No remuneration was paid to any director in the year (2008: £nil) and there were reimbursed expenses relating to travel and subsistence of £356 paid to one director Clive Jones. (2008: Clive Jones, £85).

4 Tangible Fixed Assets

	Office Equipment £	Fixtures & Fittings £	IT Equipment £	Leasehold Improvements £	Total £
Cost:					
1 April 2008	253,426	121,262	100,432	557,159	1,032,279
Additions	17,157	-	21,095	17,896	56,148
31 March 2009	270,583	121,262	121,527	575,055	1,088,427
Depreciation					
1 April 2008	228,658	112,385	29,753	63,055	433,851
Charged in the year	14,929	5,415	36,191	111,799	168,334
31 March 2009	243,587	117,800	65,944	174,854	602,185
Net book value					
31 March 2009	26,996	3,462	55,583	400,201	486,242
31 March 2008	24,768	8,877	70,679	494,104	598,428

5 Debtors

	2009 £	2008 £
Due within one year:		
Trade debtors	185,387	1,088,113
Other debtors	24,369	33,002
Prepayments and accrued income	893,195	642,436
	1,102,951	1,763,551

Skillset Sector Skills Council
 NOTES TO THE FINANCIAL STATEMENTS
 For the year ended 31 March 2009

6 Creditors: Amounts falling due within one year

	2009	2008
	£	£
Trade creditors	2,071,548	1,401,175
Other creditors	83,112	62,179
Other taxation and social security costs	94,824	100,460
Funds held in trust for third parties (see note 16)	51,709	190,521
Accruals	951,767	749,061
Deferred income (see note 17)	456,079	690,444
UKFC Lottery grants payable	5,630,888	4,951,804
	<hr/>	<hr/>
	9,339,927	8,145,644
	<hr/>	<hr/>

7 Creditors : Amounts falling due in more than one year

	2009	2008
	£	£
UKFC Lottery grants payable	130,030	-
	<hr/>	<hr/>
	130,030	-
	<hr/>	<hr/>
Amounts repayable by installments falling due: In more than one but not more than two years	130,030	-
	<hr/>	<hr/>
	130,030	-
	<hr/>	<hr/>

8 Share 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 2009

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:

	2009	2008
	£	£
TV Freelance Fund:		
Grants committed but not yet taken up	-	274,900
Skills Investment Fund:		
Grants committed but not yet taken up	2,417	36,000
UKFC Lottery Delegation Fund:		
Commitments	826,935	2,685,256

10 Operating lease commitments

At 31 March 2009 the charitable company had annual commitments under non-cancellable operating leases as follows:

	2009	2008
	£	£
Land and buildings:		
Expiring between 2 and 5 years	378,330	370,300

Skillset Sector Skills Council
 NOTES TO THE FINANCIAL STATEMENTS
 For the year ended 31 March 2009

11 Cash flow

- a Reconciliations of net (outgoing)/ incoming resources to net cash flow from operating activities

	2009	2008
	£	£
Net (outgoing)/incoming resources	(3,616,483)	688,583
Net interest received	(378,282)	(509,649)
Depreciation charges	168,334	102,637
Decrease in debtors	660,600	304,450
Increase in creditors	1,324,313	913,632
Net cash (outflow)/inflow from operating activities	(1,841,518)	1,499,653

- b Analysis of cash flows for headings netted in the cash flow

	2009	2008
	£	£
Returns on investments and servicing of finance		
Bank interest received	378,282	509,649
Net cash inflow from returns on investments and servicing of finance	378,282	509,649
Capital expenditure		
Purchase of tangible assets	56,148	599,776
Net cash outflow from capital expenditure	56,148	599,776

- c Analysis of changes in net funds

At		At
1 April	Cash flow	31 March
2008		2009
£	£	£
11,494,957	(1,519,384)	9,975,573

Skillset Sector Skills Council
 NOTES TO THE FINANCIAL STATEMENTS
 For the year ended 31 March 2009

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:

	Balance b/f			Balance c/f
	1 April	Incoming	Outgoing	31 March
	2008	resources	resources	2009
	£	£	£	£
TV Freelance Fund (TVFF)	441,186	1,447,994	(1,612,955)	276,225
Film Skills Fund:				
Skills Investment Fund (SIF)	1,662,862	754,341	(1,993,622)	423,581
UKFC Lottery Delegation Fund	2,575,147	5,416,498	(7,127,340)	864,305
	4,679,195	7,618,833	(10,733,917)	1,564,111

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 £276k 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. £424k was unspent at the end of March 2009 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. £864k of the amount received was unspent, all of which has been released to schemes at the end of March 2009 (soft commitments).

Skillset Sector Skills Council
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2009

13 Analysis of net assets between funds

	Unrestricted	Restricted	
	Funds	Funds	Total
	£	£	£
Fixed assets	486,242	-	486,242
Cash at bank and in hand	387,839	9,587,734	9,975,573
Other net assets / (liabilities)	(343,383)	(8,023,623)	(8,367,006)
	530,698	1,564,111	2,094,809

14 UK Film Council

UK FILM COUNCIL (UKFC)

Details of the lottery grants from the UK Film Council to Skillset for the period from 1 April 2008 to 31 March 2009 are as follows:

	£	£
Grants received in the year 2008/09		5,137,697
Bank interest receivable		263,551
Miscellaneous income		15,250
Restricted Fund - incoming resources		5,416,498
“Hard” commitments made in the year 2008/09	5,640,010	
Overheads released by Skillset	1,487,330	
Restricted Fund - outgoing resources		7,127,340
Restricted Fund balance for year		(1,710,842)
Restricted Fund balance b/fwd		2,575,147
Restricted Fund balance c/fwd		864,305
“Soft” commitments at year end 2008/09		826,935

Skillset Sector Skills Council
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2009

In addition to the Award payments released and grants payable, as noted above, Skillset have also made soft commitments of £826,935, as set out in note 9 to the financial statements.

Combining these items means that Skillset has made total commitments of £6,466,945 in the year 2008/09 this can be broken down into £2,685,256 soft commitments 2007/08; new commitments of £3,781,689 2008/09.

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 2009 was £360,491 [2008: £355,296].
- (b) The aggregate value of grants payable to organisations for the year ended 31 March 2009 was £8,135,077 [2008: £6,793,568].

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

Organisation

Grants to Organisations in England

London & South East

(LCC) and Ealing, Hammersmith & West London College	647,551
FT2	593,530
NFTS (National Film & Television School)	557,993
Cass Business School, City University	469,755
Film London	285,312
Met Film Ltd	250,000
London Film School	246,523
The Production Guild	232,580
DV Talent	231,560
Escape Studios Ltd	224,404
Lighthouse Arts and Training Ltd	198,158
Screen South	161,195
BSC (Entertainment) Ltd	109,029
Independent Cinema Office	106,488
The Bureau Film Company Limited	101,480
Power To The Pixel Ltd	100,000
Four Corners	94,274
IWC Media Ltd	83,912
Slingshot Productions Ltd	80,200
National Council for Drama Training	79,939
TAPS (Training and Performance Showcase)	77,778
VET Ltd	71,589

Skillset Sector Skills Council
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2009

FDI (Film Design International)	66,000
The Script Factory	55,900
Bird's Eye View	53,595
B3 Media	49,950
The Actors Professional Centre Ltd.	45,000
01zero-one	43,402
Top TV Academy	43,291
Initialize Films	40,000
Unexpected Media	37,000
Millennium FX Ltd	32,922
Royal Holloway - University Of London	32,657
Soho Editors Training	29,025
The Times bfi London Film Festival	28,015
The Production Guild	26,860
CBMA: Christine Blundell Make Up Academy	22,000
Ravensbourne College of Design and Communication	20,502
Sequence Training Ltd	20,000
BRITDOC Events Ltd	20,000
Film Distributors' Association	20,000
Sargent-Disc Ltd	11,654
FDMX, University of Hertfordshire	10,924
Bill Curtis Associates	10,753
Magic Light Pictures Limited	10,000
Revolver Entertainment	10,000
PAL (Performing Arts Labs Ltd)	10,000
Arts Alliance Media	10,000
Momentum Pictures	10,000
The London Lesbian and Gay Film Festival	8,810
London Borough of Tower Hamlets Films Office	8,063
Praxis Films Ltd.	7,840
Personal Managers' Association Ltd	7,500
Independent	6,930
Neill Gorton Prosthetics Studio	5,000
RISE Films	4,120
Soda Pictures	3,850
The Wig Academy	840
Arista Development	450
	5,826,103

Other Regions

South West Screen	252,440
BBC Training & Development	125,000
Bournemouth University	91,876
Abbott Vision LLP	85,000
Lifesize Pictures	84,000
Warp X Limited	83,675

Skillset Sector Skills Council
 NOTES TO THE FINANCIAL STATEMENTS
 For the year ended 31 March 2009

Northern Ireland Screen Commission	60,000
Inspiral Ltd	60,000
Moxie Makers	56,916
Sheffield Doc/Fest	54,040
Northwest Vision and Media	50,000
Profile Media Services	48,264
Leeds Metropolitan University	42,200
Screen West Midlands	31,886
High Definition and Digital Cinema Ltd	29,432
Spirit SSR Ltd	25,000
Creative Exchange	22,500
Adventure Film Academy (AFA) Grant	12,000
Encounters Festivals Ltd	8,911
The Producers' Forum	8,410
Light House Media Centre	5,700
EM Media	5,250
White Lantern Film	5,000
Avril Rowlands Television Training	4,407
	<u>1,251,907</u>

Grants to Organisations in Devolved Administrations

Scottish Screen	263,950
International Film School Wales	242,900
Cyfle	232,960
Napier University	174,740
Scottish Film Actors and Writers Workshop Ltd	95,000
The Research Centre	87,630
Scottish Documentary Institute	83,000
Satellite Productions Ltd	5,000
2007-00488 Axis Animation Liability posting	2,006
	<u>1,187,186</u>

Grants to International Organisations

Berlinale Talent Campus	75,000
ACE	47,500
European Producers' Club	42,000
Media Business School	32,000
European Audiovisual Entrepreneurs (EAVE)	28,000
	<u>224,500</u>

Grants to Organisations	<u>8,489,696</u>
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Skillset Sector Skills Council
 NOTES TO THE FINANCIAL STATEMENTS
 For the year ended 31 March 2009

Rescinded Grants (grants not utilised)

Media Training North West	-	80,000
FT2	-	40,411
London Film School	-	30,695
NFTS (National Film & Television School)	-	30,057
Cyfle	-	29,581
BBC Training & Development	-	26,169
Ravensbourne College of Design and Communication	-	15,157
Bournemouth University	-	14,993
FDI (Film Design International)	-	9,393
Northwest Vision and Media	-	8,853
VET Ltd	-	8,501
ACE	-	8,038
Screen Yorkshire	-	7,802
Scottish Screen Enterprises Limited	-	7,331
Praxis Films Ltd.	-	5,458
Avril Rowlands Television Training	-	5,205
South West Screen	-	5,000
Breakout Training and Development	-	4,750
01zero-one	-	4,068
Lighthouse Arts and Training Ltd	-	3,936
AVC	-	1,939
Bill Curtis Associates	-	1,715
Ahead Training c/o VET	-	1,600
Media Business School	-	1,525
Profile Media Services	-	1,196
The Script Factory	-	828
Hannonmedia Ltd	-	277
DV Talent	-	141
	-	<u>354,619</u>
Total Grants to Organisations		8,135,077
Total Grants to Individuals		360,491
		<u>8,495,568</u>

Skillset Sector Skills Council
 NOTES TO THE FINANCIAL STATEMENTS
 For the year ended 31 March 2009

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:

	LSSF	David Fraser Fund	ESF Equal Project	Film Industry Training Board	Total
	£	£	£	£	£
Brought forward	3,932	37,801	134,559	14,229	190,521
Funds received	-	993	72,200	300,554	373,747
Funds expended	(2,800)	(3,000)	(206,759)	(300,000)	(512,559)
Carried forward	1,132	35,794	-	14,783	51,709

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:

	Other	TV Freelance Fund	Total
	£	£	£
Brought forward	649,944	40,500	690,444
Released to income	(685,973)	(40,500)	(726,473)
Income deferred	457,108	35,000	492,108
Carried forward	421,079	35,000	456,079

18 Related Party Transactions

Project consultancy fees of £12,000 negotiated on an arms length basis and payable to Clive Jones (Chairman) have been charged in the year. (2008:NIL).

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 can be found on the Skillset website at www.skillset.org.

APPENDIX 1

SKILLSET BOARD OF DIRECTORS AND TRUSTEES from 1st April 2008 to 30th January 2009

- **Clive Jones** - Chair of Skillset;
- **Stewart Till** - Deputy Chair, Skillset and Deputy Chairman, UK Film Council;
- **Iona Jones** - Prif Weithredwr / Chief Executive, S4C;
- **Christine Payne** - General Secretary, Equity;

Resigned 30th January 2009

- **David Blaikley** - Vice-President: Legal & Business Affairs Europe, Warner Brothers Entertainment UK;
 - **Paul Brown** – Chairman, The Radio Centre;
 - **Andrew Chitty** - Managing Director, Illumina Digital;
 - **Gaynor Davenport** - Chief Executive, UK Screen Association;
 - **Jeremy Dear** - General Secretary, National Union of Journalists (NUJ);
 - **Julia Dell** - Head of HR & Facilities, Five;
 - **Andy Doyle** - HR Operations Manager, ITV;
 - **Marion Edwards** - Managing Director, Red and Blue Productions;
 - **Donald Emslie** – Chair, Skillset Scottish Industries Skills Panel;
 - **Mike Fegan** - Commercial Director, ITV Consumer Division, ITV;
 - **Diane Herbert** - Director of Human Resources, Channel 4;
 - **Ian Livingstone** - Product Acquisitions Director, Eidos;
 - **Nigel McNaught** - Director of UK Operations, Photo Marketing Association International (PMAI);
 - **John McVay** - Chief Executive, Pact;
 - **Ian Morrison** – Chairman, Carlyle Media Ltd;
 - **Caroline Prendergast** - Head of Training & Development, BBC;
 - **Dorothy Prior** - Controller, Production Resources, BBC;
 - **Mairéad Regan** - Group Human Resources Director, UTV Media plc;
 - **Martin Spence** - Assistant General Secretary, BECTU;
 - **John Whitley** - Chief Executive, The Publishing Training Centre;
 - **John Woodward** - Chief Executive Officer, UK Film Council.
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- **Petra Wikstrom** – Executive Director, Satellite and Cable Broadcasters Group
(Resigned 1st August 2008)