



skillset
The Sector Skills Council for Creative Media

Skillset Sector Skills Council

FINANCIAL STATEMENTS

**For the year ended
31 March 2010**

**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 2009 and March 2010 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.

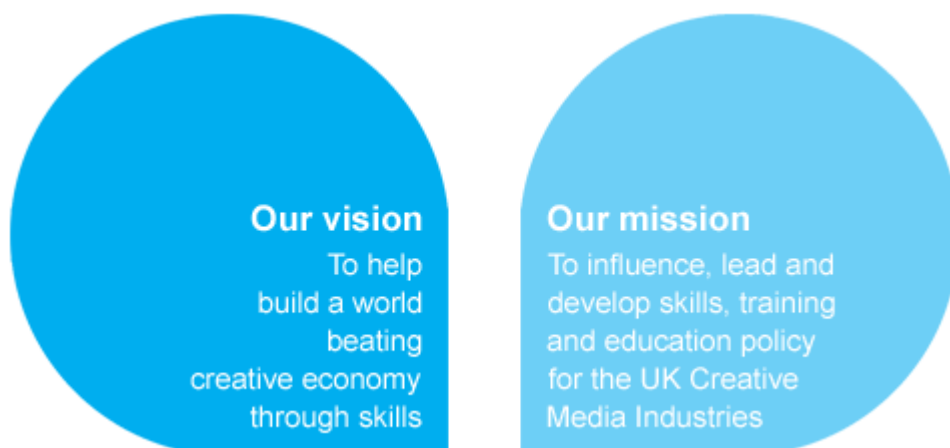
Skillset's aim is to support the improvements to the **productivity** of our industry to ensure that it remains globally **competitive**. We do this by **influencing and leading; developing skills**, training and education **policy**; and through **opening up** the industries to the UK's pool of **diverse**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

In shaping our objectives for the year and planning our activities, the trustees have considered the Charities Commission's guidance on public benefit, including the guidance on public benefit and fee charging.

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.



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In striving to achieve our mission, we recognise that our industries present particular challenges. We are a fast moving sector which is constantly adjusting to 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.

3. A Well Run Organisation:

Reference & Administrative Information

Skillset is a company limited by guarantee and also a registered charity in England and Wales (Charity No: 1015324) and is a Charity Registered in Scotland (SC039556).

Staffing & Restructuring

We began the year knowing that the financial outlook ahead was uncertain due a large amount of ambiguity around the future of SSC's 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.

This period also saw the Film Team restructure taking place as a result of the reduction in funding from UK Film Council (UKFC).

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

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Skillset Board of Directors

Skillset's Board of Director's and Trustees operate under agreed terms of reference which includes fixed terms of office. Board members have job descriptions as do the Chair and Deputy.

The Board membership reflects the 'shape' of the industry and is drawn from the most senior and influential figures possible, with individuals having credibility and profile within and beyond the industry. Members ideally have interests or expertise across a number of sub-sectors of our footprint. They are not appointed to represent any individual company or organisation but to speak with authority and expertise on a wide range of issues.

The process for recruitment of Board members is led by a sub-group of the Finance and General Purposes Committee. The current process is that the Board make suggestions of potential suitable new Board members for nomination. In the case of multiple memberships the services of headhunters have been secured in the past. This leads to the creation of a long list. The Sub-Group revise this into a short-list and identified individuals are approached. The sub-group are responsible for proposing new members to the Board for appointment and the endorsement of the Board sought and minuted. One Board member must be nominated representing the Federation of Entertainment Unions at General Secretary level.

The Chair is selected by an open recruitment process led by the Sub-Group. The Deputy is elected from within its board membership. Each new Trustee receives a one-to-one induction with the Chief Executive Officer and is provided with a detailed Induction Pack which includes comprehensive information including guidance on their duties as Trustees.

The current Board membership and positions held during the year:

- **Clive Jones, CBE**, Chair of Skillset; Chairman, GMTV
- **Stewart Till, CBE**, Deputy Chair, Skillset; CEO of Icon Entertainment UK
- **Iona Jones**, Prif Weithredwr/Chief Executive, S4C
- **Christine Payne**, General Secretary, Equity (on behalf of the Federation of Entertainment Unions)
- **David Abraham**, Chief Executive, UKTV
- **Eileen Gallagher, OBE**, Chief Executive, Shed 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 Horseshmouth
- **Dame Gail Rebuck, CBE**, Chairman and CEO, The Random House Group
- **Peter Salmon**, Director, BBC North; CEO, BBC Vision

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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

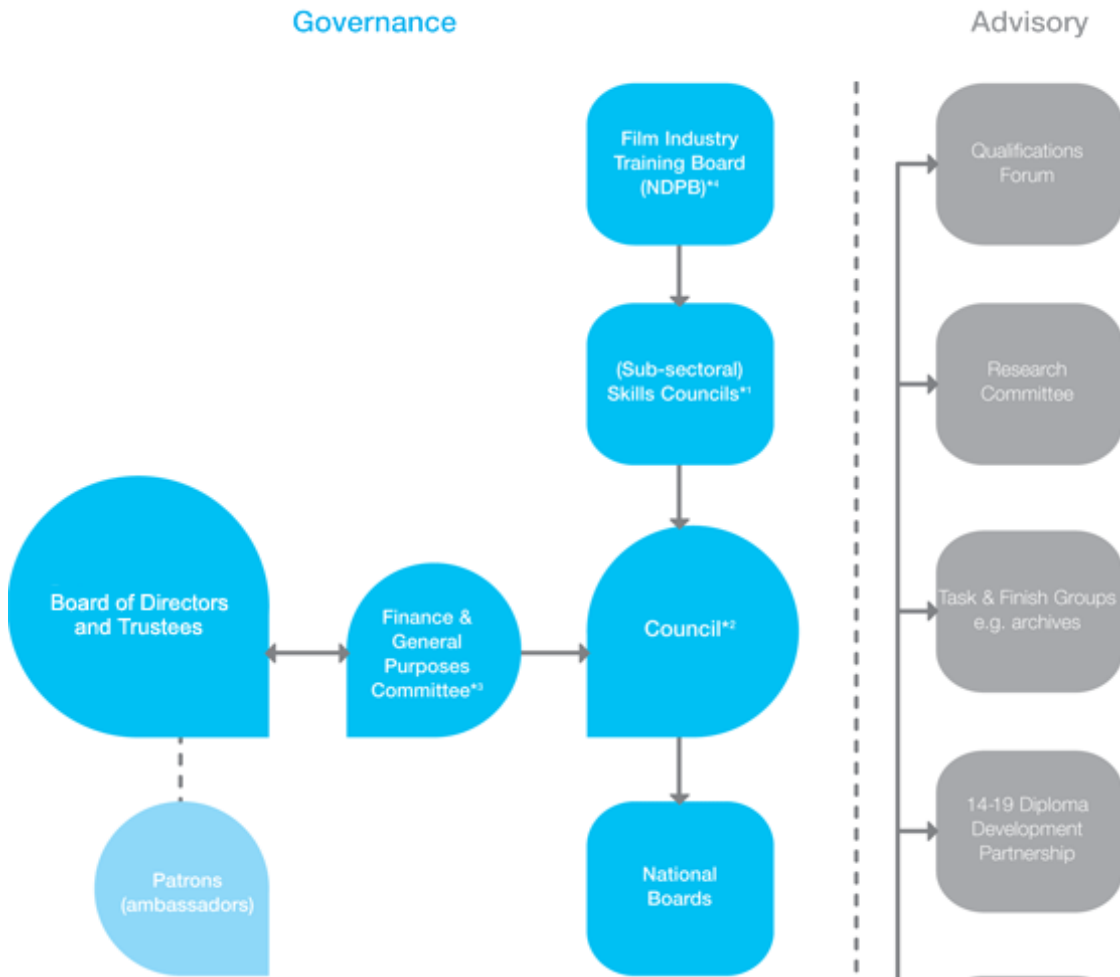
The Sectoral Skills Council are responsible for delivering on the aims of Skillset in relation to the specific sectors, across the UK, as authorised by the delegated powers of the Skillset Board of Directors and Trustees, and are responsive to the changing needs of their respective sectors. The Councils 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 internal procedures, governance systems and processes are in line with best practice and reviewed regularly.

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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 Innovation, Universities and Skills (DIUS). During 2009 the Film Industry Training Board (FITB) was established as an NDBP and will oversee the collection of our Skills Investment Fund for film which is moving from a voluntary into a mandatory levy. 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**
- **Lord (Melvyn) Bragg of Wigton**
- **Greg Dyke**
- **Huw Edwards**
- **Michael Grade, CBE**
- **Michael Kuhn**
- **Roger Laughton, CBE**
- **John McCormick**
- **Denise O'Donoghue, OBE**
- **Trevor Phillips, OBE**
- **Lord (Chris) Smith of Finsbury**
- **Joyce Taylor**
- **Mark Thompson**
- **Parminder Vir, OBE**

Skillset Operational Structure

Skillset's Executive Team

Skillset is led and managed by the CEO supported 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 and is Company Secretary.

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.

Registered Office

Focus Point
21 Caledonian Road
London
N1 9GB

Independent Auditor

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1st Floor
46 Clarendon Road
Watford, Hertfordshire
WD17 1JJ

Bankers

Adam & Company Plc
22 Charlotte Square
Edinburgh
EH2 4DF

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.

Recession

The context within which government, industry and Skillset operated during this year was now one of world-wide recession, which created significant challenges for the economy as a whole, and had a significant impact on the Creative Media Industries. Government across the UK paid 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

Our industries continued to be challenged and faced 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 impact on the industry's size,

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demographics and skills requirements. Notwithstanding the effects of the recession, all forecasts currently point to continuing relative long term growth in demand for creative media content.

Industry engagement

In the context of the recession, and the ongoing technological changes which affect our industries, 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 1,504 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 skills 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.

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.

For the last 4 years Skillset's work in television has been guided by the TV Skills Strategy. The Strategy is continuously advised and updated by the TV Skills Council, with high level representation from across the industry.

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Key highlights in relation to the Skillset TV Freelance Fund in 2009-10 include:

Multi-platform was a priority area for both New Entrants and CPD in 2009-10. **A Multi-platform Bursary** scheme was launched in November 2009 for experienced professionals in TV and Creative Media. 179 trainees received £90K in total in bursaries by the end of the pilot scheme. Due to its success this priority will continue in to 2010/11 with some modifications.

128 New Entrants were trained via 3 courses supported by the TVFF run by Hyper Island, Middlesex University and Sheffield Documentary Festival at a total cost of £280k.

25 'rising stars' of the TV Industry attended a **Continuous Professional Development** programme addressing Management and Leadership skills through a subsidy of £200k.

Additionally, 90 individuals were trained in skills relevant to TV production through receipt of a Screen Bursary.

Skillset have also developed the Media Academy Network - a national footprint of colleges and universities that work with industry in growing the new wave of media talent. The network was devised by Skillset and is made up of **22 Academies**, drawing together creative education partnerships from colleges and universities across the UK. The Media Academy Network is also addressing the CPD requirements of the industry, and this year has launched the "Build Your Own MA" programme, offering high quality training that also carries credits to build towards a post-graduate qualification in media practice. Skillset liaise closely with industry to ensure course content of the BYOMA programme closely matches industry need.

Skillset recently launched the Advanced Apprenticeship in Creative and Digital Media - a new qualification designed to give participants the know-how, the experience and the **networking opportunities to progress in employment**, which will also significantly enhance access to the industry for new entrants from diverse backgrounds.

In order to avoid unnecessary duplication of training in the area of Health and Safety, Skillset has led a cross industry group in the development of the Production Safety Passport. Training is mutually recognised by participating organisations, and listed on a database so employers can check employees have suitable and relevant training when contracted.

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

Radio

The Radio industry has been undergoing a period of significant change with the changeover from analogue to digital transmission and consolidation in the commercial radio market.

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.

The growth in online advertising has had a significant impact on commercial radio with a sharp decline in spot advertising revenues. Creative and entrepreneurial managers are required to develop new business models, and to lead and motivate sales teams to stimulate new growth.

Key highlights in relation to our work in radio in 2009-10 include:

A new set of **Standards in Compliance** were submitted and approved by the UKCES.

The NCFE Awarding Body began the process of validating a new **Level 3 Diploma in Radio**. The qualification was developed by Skillset in consultation with industry. Skillset has started promoting the qualification which has already received a significant level of interest from the Community Radio sector. The qualification will support their work in training and nurturing diverse talent.

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.

Key highlights in relation to our work in interactive media in 2009-10 include:

This year the key priorities for Interactive Media this year focused on up and cross skilling the workforce and new entrants through our '**Build Your own MA**' short course programme with our Skillset Media Academy network in digital media and multiplatform. Key areas in development include multiplatform project management, multiplatform digital workflow, Interface design, audience behaviour, information architecture, IP and monetisation of content.

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The Higher Level Apprenticeships in digital media are creating new partnerships with HE and industry creating new routes into the sector and a Technology Strategy Board (TSB) funded feasibility study on delivering on line master classes to the Academy network is leading to new opportunities in innovative teaching practices within HE.

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

Computer Games

Despite the economic climate during the period of the report and much competition from overseas the UK games sector forms a major part of a global industry that is gaining in importance and prominence. Sales of the most popular games are now breaking records for sales of entertainment products.

Titles such as *Call of Duty: Modern Warfare 2* and *Assassin's Creed 2* have significantly outperformed Hollywood blockbusters in terms of revenue generated.

Games are now mainstream- they're in the living room, competing for the family's attention. New audiences and new genres are emerging, and there are more screens and more user interfaces through which to experience games- iPhone apps, mobile devices, MMOs (Massive Multiplayer Online) and a proliferation of downloadable content opportunities are evidence of an industry constantly looking for new ways to monetise and innovate.

The Games Industry is fed by a huge turnover of technology and is now becoming attuned to its widening user demographic. More screens and more platforms means more games ideas and more skills are needed.

Key highlights in relation to our work in computer games in 2009-10 include:

Skillset has worked closely with key industry players on continuing our **higher education course accreditation scheme**, with the University of Abertay, Sheffield Hallam and De Montfort University all being awarded with Accredited Courses during this year. This takes the total accredited courses to 9.

Work on the **STEM (Science, Technology, Engineering and Maths)** agenda moved apace. The filming of Professor Jon Purdy's lecture on the "Physics of Computer Games" at the Faraday lecture theatre was edited and then offered to various STEM career websites. Students from Ravensbourne College of Design and Communication were brought on board to film the event.

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 having taken place.

Key highlights in relation to our work in facilities in 2009-10 include:

A **VFX Skills Programme** was developed this year and will be rolled out in 2010/11. It outlines five action points on which we need to move ahead to alleviate skills shortages and the perceived lack of depth of new entrant skills.

Work on **Safety Critical National Occupational Standards** received plaudits from Facilities Council and leading company, Artem in particular. This work helps unify a sometimes incoherent sector, it also points the way to how other NOS might be generated to aid the facilities sector.

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

Animation

According to Screen Digest, 2009 saw £102m worth of Animation produced by British companies for TV, which equated to 191 hours of airtime. Another hopeful sign of the industry's continuing vitality is that a big UK-produced animation film (Desperaux) made £4.2m at the box office.

But Animation is increasingly a tough business. Of the three hundred in the sector, approximately two-thirds of the UK's Animation Companies are micro-companies, employing less than ten full time staff.

The UK has a significant position and history in this market, but the global nature of production has impacted jobs and new entrant roles rapidly over the last few years. Our education system hasn't been able to keep up.

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Key highlights in relation to our work in animation in 2009-10 include:

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

10 **storyboard artists** received high level, subsidised training.

15 employers signed up to promote and support the **accredited courses**.

Skillset organised and curated a day visit by animation students from within the **Screen Academy of Wales** footprint (Swansea, Glamorgan, Newport) to London's leading Animation companies- Blue Zoo, Passion Pictures, Double Negative and Cinesite. This form of 'aggregation' and brokering seems to be useful for all- the companies are more willing to open their doors for a group of institutions at once, and meeting the higher-achievers within the Academy meant the level of dialogue between students and company was higher than the usual 'visit and presentation' visit.

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 2009-10, 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 2009-10 include:

Between April 2009 and March 2010 392 **Archive** training places were awarded, 10 of which were New Entrants and 382 were CPD. Over the last year 46 participants have completed structured New Entrants training schemes.

11 apprentices continued on their 2 year **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, **364 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.

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Skillset has awarded a total of £2,158k for **Continuing Professional Development** (CPD) programmes, providing 2,550 training places.

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.

Skillset's main focus this year has been on the development and promotion of sector specialist qualifications and the development of a strategic plan to improve engagement between industry and HE.

Key highlights in relation to our work in photo imaging in 2009-10 include:

After extensive industry consultation and input, a new level 3 Vocationally Related **Qualification for Crime Scene Photographers** was launched by City & Guilds.

The **Photo Imaging National Vocational Qualification** review and redevelopment work was carried out during this year and is now being followed by the redevelopment of the Photo imaging Apprenticeship for England & Wales.

16 trainees at major employer Truprint completed their level 2 **NVQ qualifications** and have found it so beneficial that they are exploring the potential for progression to a level 3 qualification.

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.

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.

Catastrophic falls in advertising revenue continue to affect newspapers and magazines at the same time as ongoing structural changes to their business. The pilot schemes to establish Independently Funded News Consortia in Scotland, Wales and Tyne Tees/Borders were designed to provide a publicly funded opportunity for truly cross-platform local and regional news provision across different media platforms. Ongoing structural changes related to digital convergence affected all publishing sectors. A plethora of ebook readers and Apple's release of the new iPad multi-media reading device have

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provided improved choice for consumers of content. Many publishers are now in the process of digitising front and back list titles in e-book format.

Key highlights in relation to our work in publishing in 2009-10 include:

Results of the **industry consultation** were discussed at the April 2009 Publishing Skills Council meeting. A revised sector profile including the strategy and action plan was published in August 2009. Press coverage was gained in The Guardian, The Bookseller, journalism.co.uk, Bookbrunch, Press Gazette, and numerous blogs and news round-ups.

Publishing was incorporated into all 4 national **Strategic Skills Assessments** in February 2010.

The **Advertising Sales National Occupational Standards** suite was submitted to the UKCES in January 2010 and was approved by end March 2010.

The **Journalism National Occupational Standards** suite submitted to the UKCES in January 2010 and was approved early April 2010.

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 English 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, Nottingham, and Bristol.

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. There is a significant pool of creative talent that is continuously proving itself in domestic, national and international markets. Wales has 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

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arts and cultural sub-sector. 35% of Wales' workforce operates on a freelance basis, and the largest sectors in Wales in terms of workforce are Independent Production, Television (terrestrial) and Web and Internet.

Key highlights in relation to our work in Wales in 2009-10 include:

This year Skillset's **Strategic Skills Assessment** for Wales was developed. A series of interviews were held with key employers and stakeholders to complement labour market information already gathered via the Skillset Cymru Training Framework and Wales specific data gathered by Skillset's UK-wide research.

Training Framework courses financed in 2009 -10 also started delivery including the DV Talent Final Cut Pro course (held in Cardiff and Bangor); the Kirkbright, Creative Business Leader scheme; the Cyfle Multiplatform Production Scheme; the Cyfle Career Opportunities in Archiving Scheme; and the Cyfle Health and Safety Risk Assessment and NSPCC Child Protection courses.

Another key element of the Training Framework is the support that is available to freelancers and production companies. Since April 2009 we have awarded **135 bursaries**, totaling **£81,000** to freelancers to attend training schemes in skills priority areas identified by Skillset Cymru; and **2 companies** applied to our **Workforce Development Programme** to develop training plans for their companies and apply for funding to address some of the training identified.

The Skillset Academi+ programme is going from strength to strength (the Skillset Cymru informed Screen and Media Academies' project delivering **new entrant** and **CPD training**). Courses already financed and currently being delivered include Take 12 (digital technology and film); Crossover (a new entrant cross-platform scheme); Pitching, Promoting and Protecting Projects; Understand and Engage with the Business you are in (Film&TV); Digital Workflow and Tapeless Production (TV); Multiplatform Production Scheme; CULT Cymru e-marketing and CV writing workshops; and EAVE pitching workshop.

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

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particular interest in the future of Scottish broadcasting by establishing the Scottish Broadcasting Commission.

Key highlights in relation to our work in Scotland in 2009-10 include:

This year Skillset's **Strategic Skills Assessment** for Scotland was developed. The SSA looked not only at the skills shortages and gaps across the Skillset footprint, but also investigated the need for improved management and leadership skills from a business perspective. This report is a weighty piece of work, and while the depth of information varies across some sectors, it gives a clear insight in to the skills and training conditions which exist in Scotland.

50 freelancers received bursaries for **Continuing Professional Development (CPD)** training thanks to a Scottish Screen funding programme managed by Skillset Scotland.

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. **40 individuals** attended one to one careers sessions within the year.

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).

Key highlights in relation to our work in Northern Ireland in 2009-10 include:

Oxford Economics commenced on our behalf a research project to identify skills needs in the **Publishing industry** in Northern Ireland and presented its findings during our Board meeting in February. We held a successful networking event for representatives of book publishers in the Province. Guest speakers were invited to cover how to make use of the relatively new social media (Facebook, Twitter, etc.) to develop digital marketing strategies; how to manage a small business through a recession; and how to pitch new books to newspapers and broadcasters to gain publicity/reviews.

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The **New Entrants Scheme**, supported by DELNI and operated on Skillset's behalf by NI Screen, initially allowed 6 trainees to work on the movie 'Your Highness' (which was shot in Belfast) and then to transfer to work on the HBO pilot, 'A Game of Thrones'. Subsequently, Skillset made further monies available to Northern Ireland Screen to allow the continuation of the New Entrants Scheme and for a group of trainees to work on the movie, 'Killing Bono', which was shot in Belfast.

The **Sector Skills Assessment** for Northern Ireland was undertaken by Oxford Economics.

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 as 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* the whole of the Creative Industries were 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 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) worked 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 International Broadcast and Press Centre

Key highlights in relation to our work in England in 2009-10 include:

Skillset's **Sector Compact** began its delivery activity this year with, 89 enhanced engagements achieved each fundable at £625 each. 33 non fundable referrals were made and we received an additional 31 specific enquiries about Train to Gain. Through our events engagement activity across regions and sectors, we reached 706 businesses and

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received 156 enquiries as a result. We circulated information to a total of 2,075 companies via events, our e-newsletters and our Skills Councils.

In the South West of England, development of pilot **Creative and Digital Media Apprenticeships** was a major focus, with a successful bid being submitted to DCMS to pilot an innovative Apprenticeship delivery model that integrates formal FE with the informal media sector.

A major **Sector Compact Leadership & Management** programme was launched in Bristol initiated by Skillset and delivered by Bristol Media.

In the North East of England 787 employees and 553 businesses benefited from **High Level Skills** training as a result of the Skillset **Sustain** programme.

We have continued to encourage and support the 4 Northern **Skillset Media Academies** to work collectively. With support from Project HEFCE they have taken forward work to create a portfolio of short CPD courses on offer across the North. They also worked with Endemol to put together a Northern New Entrant multi-platform training programme.

Crossover have developed the **Crossover Business Lab programme** as a direct response to the **Northern Media Skills Panel** priority to develop programmes of support for new business models to enable commercially viable cross-platform production. This successfully drew down money through Northern Net and the **3 Northern Regional Screen Agencies** and recruited senior business people from across the North onto the programme.

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, 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.

In the last year Skillset has developed and completed major studies to provide Skillset and the Creative Media industry with Labour Market Intelligence and Strategic intelligence crucial to informing our work. This included measuring the industry's size and shape, demand for skills, working patterns, training experiences, take up of qualifications and available training provision. In addition Skillset's Research Team has developed a full Monitoring and Evaluation Strategy the implementation of which will involve all Skillset staff.

Key highlights in relation to our research programme in 2009-10 include:

We conducted the seventh **Creative Media Employment Census** to monitor the size and shape of the industry with a response from 1,100 companies. Data are gathered from all employers in scope and provided by sector, occupation and nation/English region, and include a breakdown by contract type, the number who are women, from a black, asian or minority ethnic background and who is disabled. Sectors in scope include broadcast, film (excluding film production freelancers), animation, facilities, interactive media and computer games. Equivalent data for film production freelancers, publishing and photo imaging are captured from cross economic or bespoke Skillset sources.

We conducted a short survey of employers and industry organisations to measure the implications of the **recession** on skills for the Creative Media industry.

Skillset responded in full to an invitation by DBIS and UKCES to provide evidence of the skills needs of the Creative Media Industries to inform an annual **National Strategic Skills Audit** that covers the UK's entire economy.

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

Qualifications

Skillset's Sector Qualifications Strategy (SQS) continues to be implemented across the UK, 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 were 'refreshed' in 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 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 2009-10 include:

Level 2 and 3 Certificates in Preparing to Work in Creative Media (previously referred to as industry induction qualifications), a Level 3 Diploma in Radio, and a Level 3 Diploma in Creative and Digital Media Competence, were developed by Skillset in 2009/10.

The Level 2, 3 and 4 Photo Imaging, Level 2 and 3 Grips, Level 2 Crane Technicians, and Level 2 and 3 Stagehands NVQs, were redeveloped for the new **Qualifications and Credit Framework**.

Skillset enhanced its employer and higher education engagement with the **Diploma in Creative and Media** through targeted activities designed at creating a legacy for the

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Diploma Development Partnership. Activities included producing a leaflet communicating the partnership working across the DDP, creating case studies promoting strategic activities around progression and HE collaboration on Diploma delivery, publishing guidance on a work-related learning quality benchmark and supporting workforce development through workshops for training teachers.

New **National Occupational Standards** for law and compliance, journalism, special effects, health and safety, armourers, advertising sales and post production have been reviewed and/or developed in consultation with the creative media industries this year.

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.

Key highlights in relation to our Apprenticeships and work based training work in 2009-10 include:

This year Skillset has worked with awarding and industry representatives to develop an **Advanced Apprenticeship in Creative and Digital Media**, which will be delivered from April 2010. This development drew 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 was developed and tested as part of Skillset's 2012 project activity

The Skills Passport Scheme was further explored with Sound, Hair and Make-up and Costume and Wardrobe departments, and continues with Grips and Stagehands.

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

Education & Training Partnerships (including Academies)

The network of Screen and Media Academies is now established and funding has been achieved to support the activities of the 17 English Academies, the 3 Scottish Academies, and for the Welsh Academy.

Key highlights in relation to our work with further and higher education partners in 2009-10 include:

The Screen Academies went through a detailed assessment process in order to determine which institutions would be relicensed as Academies using more focussed, film and course specific criteria.

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Project funding from HEFCE (Higher Education Funding Council for England) funded a fractional post at each English Media Academy to develop **employer engagement activities** with the creative media industries.

A major achievement was successful engagement with 11 of the English Academies to launch an ambitious portfolio of flexible **CPD short courses**, often delivered in conjunction with employers, aimed at working media professionals. There are currently almost 100 short courses in the portfolio, with many more in development and other Academies becoming involved.

Our Academies also developed a Foundation **Degree Internship model** which enables students to spend at least half their degree course working with a media company, achieving credits through their work-based activities. 3 courses began in 2009/10, and there are another 6 in development for a 2011 start.

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 2009-10 include:

Our industry professional careers advisors delivered **272 face-to-face careers guidance sessions**

Skillset delivered **13 career development workshops** across the UK.

From April 2009 – March 2010, there was a total of **157,887 visits to the careers web pages**.

1,576 emails were answered by Skillset Careers Advisors throughout the year and on the England/NI careers line, over 5,000 calls were taken.

Skillset provided 10 careers workshops for the **Digital Apprenticeship in Media project**.

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.

This year Skillset rolled out a standardised Diversity Monitoring Questionnaire which is completed by every individual which benefits from a Skillset intervention. This year's results will be used as a baseline which the 2010/11 results can be compared to.

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

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

7. Finance Review

TV Industry

Skillset currently receives around £800k contributions each year directly from the TV Industry to support our core activities, this in turn levers public funds to invest in skills. The main contributors are BBC, 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 contract with the UKCES running from September 2009 – March 2013 with a total value of £6.7m. 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.

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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 3 years. The UK Film Council provides Skillset with around £5.4 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 increased to £15.1m (2009:£13.9m) of which £6.9m was unrestricted.

Restricted incoming resources were made up £810k from the TV Freelance Fund, £705k from the Skills Investment Fund and £6.6m from the UK Film Council Delegation Fund.

Investments

Most of Skillset's funds are invested in deposit accounts held at Adam & Company Plc. All other funds are held in current bank accounts. Interest for the year was £50k.

Skillset also opened banking facilities with HSBC Plc though the deposit account balances were not transferred until after the year end.

Expenditure

Expenditure fell from £17.5m to £14.7m this year. This decrease was predominantly due to a decrease in awards made from the UK Film Council delegation funds. Unrestricted expenditure stayed the same as 2009 at £6.8m.

Restricted expenditure was made up £622k from the TV Freelance Fund, £684k from the Skills Investment Fund and £6.57m from the UK Film Council Delegation.

Governance

The £37k costs of governance included the expenses associated with external audit.

Surplus

The net incoming resources for the year were £422k compared with net outgoing resources of (£3.6m) in 2009.

The surplus for the year after transfers is analysed between funds as follows:

Core Activities	£108k
TV Freelance Fund	£188k
Skills Investment Fund	£21k
UK Film Council Delegation Fund	£105k

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.

Unrestricted funds as at the end of March 2010 were £638k however, actual free reserves are £300k as defined as unrestricted funds less amounts invested in fixed assets. This represents one month's operating costs which is less than the three month's required. It is intended that these reserves should be built up over time consistent with Skillset's overall financial position and its need to maintain and develop its charitable activities.

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 and General Purpose Committee reviews proposed changes and refers these to the Board for agreement as necessary, as well formally reviewing the Risk Management Strategy each year. Accordingly the trustees have been able to identify the major risks facing Skillset and have implemented responses to mitigate those risks where appropriate. Such responses can only provide reasonable but not absolute assurance that risks have been mitigated.

Key Risks facing the Organisation

Risk	Risk Description	Mitigating Actions
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Political and Economic Risks

	Change of government priorities with new coalition government	Continual lobbying of Government
	Conflicting government department priorities within an environment of heavy project funding cuts.	Continual lobbying of Government
	Abolishment of UK Film Council and other quangos	Continual lobbying of Government

Financial Risks

	Impact of public funding cuts 2011/12 onwards	Continual lobbying of government departments. Investigate alternative sources of investment. Continue scenario planning for reduced costs.
	Failure to achieve additional funding for 2011/12 onwards	Scenario planning underway to plan for reduced costs
	Impact of reduced project funding 2011/12 onwards as large contracts come to an end (HEFCE, NOS, 14-19, IAG)	Continual lobbying of government departments. Investigate alternative sources of investment. Continue scenario planning for reduced costs.

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.

Our Business Plan for 2010-11 is built on the significant work that we have undertaken in 2009/2010, to support the delivery of the **UK's Strategic Skills Audit** commissioned by BIS and overseen by UKCES. This was published in March 2010. Skillset has produced up to date Strategic Skills Assessments (SSAs) of our industry in every nation of the UK as well as contributing to a Cluster Report on the Digital Economy and producing one on the Creative Industries which fall into the current Government's priority **New Industry, New Jobs** sectors.

The SSA work analyses drivers of change, current skills needs, anticipates what lies ahead and provides geographical context. As it is key to informing all of our Business Planning they will be updated annually.

The evidence and conclusions of the latest analysis demonstrate that we have a big challenge on our hands and that Skillset has a vital role to play in helping to animate and broker successful conclusions for our sectors.

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 as we come out of recession. 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.

Highlights for 2010-11

The most significant and profound change to our activities will be our plans to take over representation of the Fashion and Textiles and Advertising industries from 1st April 2010.

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 subsidised training opportunities for the mobile and freelance workforce in industry-identified areas. These will be focussed on priority areas identified by TV Skills Council and informed by Skillset research programme. These priorities include developing skills in multiplatform content creation and higher-level management skills.
- Within the **radio** sector we will implement Route into Radio - a cross-industry collaborative project designed to encourage diversity, nurture talent, promote and develop quality industry-relevant education and training and support future digital audio skills. Specific activity will include working in partnership with the Radio Centre, BBC, Community Media Association and the Radio Academy to establish a

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shared online resource for all radio-related skills, training and careers information and brokering relationship between industry and education networks.

- 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 continue to 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.
- The focus of the **facilities** sector will be to ensure that more of the facilities industry is aware of the support available to them, and especially communicate the various Apprenticeship and Internship offers that are available.
- Management and leadership will also be a theme for the **photo imaging** team, who will work with Business Link and Train to Gain, via our Sector Compact, to facilitate access to business skills support packages that will benefit individuals and companies at different stages of their business growth.
- *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. 2010-11 will see work begin on delivering *A Bigger Future 2*, which identifies increasing VFX New entrants, Craft and Technical Trainees/ Apprenticeships, new HD and 3D technology training and re-licensing Screen Academies as priorities.
- A focus for the **publishing** sector will be to improve and develop core skills for the workforce. These include technical skills, skills in marketing and advertising/media sales in a converged market and identifying management and leadership programmes to benefit the industry.
- From April 1st 2010 Skillset will take on responsibility for the **Fashion and Textiles** sector previously represented by Skillfast UK. The new sector team and the new Council will identify priorities for the new business year.
- In partnership with Further and Higher Education and independent training providers and sector support organisations Skillset's **Wales** Team will focus on securing funding, informing and promoting the delivery of industry led skills and training programmes for production companies and freelancers in skills priority areas identified by our LMI.
- The **Scotland** team will focus on continuing to deliver high quality research and LMI, identifying skills gaps and shortages and future needs in all sectors.
- The **Northern Ireland** team will work closely with the NI Skillset Media Academy to enhance and develop provision in line with industry priorities and to develop key courses for CPD delivery particularly in relation to leadership, management and entrepreneurial skills.
- The **English Regions** team will be working towards integrating Skillset's Labour Market Intelligence into partners' regional strategies to ensure industry skills needs are accurately reflected in regional and national policies.
- Working with employers, regional partners and education institutions to aid the delivery of 14-19 Creative and Media Diploma and the Creative & Digital Media Apprenticeships will be the focus for the London team in 2010-11.

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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 threads 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

Management and leadership has been identified as a strategic priority both for the industry and Skillset as an organisation.

Having undertaken an audit of skill needs and provision in 2009/10, we will now implement a number of recommendations. We will consider an overall brand to promote a slate of training opportunities aimed at managers and leaders. These developments will range from mentoring and coaching schemes to formal courses and action learning sets. Although not approved by Skillset, these programmes will be endorsed as being industry relevant.

In addition, through our Media Academies, we will develop management and leadership modules, to add to the Build Your Own MA portfolio and to be offered by Media Academies in partnership with quality training providers. We will also explore the possibility of commissioning and hosting online materials as part of the work we are doing with the TV and Interactive Skills Councils. The content in these programmes will include the need to develop business skills and support the development of new business models and monetisation of content.

Overall we will identify funding to support management and leadership training, packaging funding from different sources where available aimed at both employers and individuals e.g. Women and Work Bursaries, Train To Gain funding, TV and Film Funds.

Digital Media Skills

Having developed a 'converged skills map' as part of the analysis to support **Digital Britain**, the focus for work this year will be to identify the specific skills needed by individuals in existing roles across all sectors e.g. producers, production managers, technical and design roles. This will assist people in planning their skills development and updating skills.

We will work with private training providers and our Skillset Media Academy network to develop programmes at all levels reflecting these skills needs.

At entry level we need to promote a cross disciplinary curriculum approach to Foundation and Undergraduate Degrees, building links between media production, computer science and business faculties.

For our existing workforce, we will develop relevant CPD modules, developed against tight industry specifications working in partnership with key individual employers (BBC, Guardian, Sony) and groups of employers and Trade Associations and Unions.

Early discussions are taking place with the Research Councils and the Technology Strategy Board to identify ways in which research can be targeted at supporting new

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business models and developing new technology enabled approaches to skill development. A key development idea is a Skillset online learning and employer/Academy engagement platform upon which we could build a number of products and links.

To oversee this work we will explore to the possibility of establishing a Digital Skills Advisory Group. This could replace the current Interactive Media Skills Council and act as an advisory forum for all digital skills issues and cross sector initiatives needed to address them.

Sales & Marketing

The sales and marketing skill needs in our sectors are often overlooked as priority is placed on the skills needed for new technology and general production. Having identified, through consultation and input from the industry, the critical skills that are specific to sales and marketing teams, we will audit provision and carry out further consultation with key employers about possible action by Skillset.

This could include developing CPD modules as part of the Skillset Media Academy offer and developing Standards and using these to inform more generic sales and marketing programmes. The recommendations will fall out of work undertaken in the first part of the business year.

Journalism

As a key cross sector skills issue Skillset will prioritise journalism skills during 2010/11.

We have supported all known bidders for IFNC this year and will follow up on relationships and proposals with the successful applicants.

Working through the Skillset Media Academies, we will place an emphasis on developing CPD modules for cross platform journalism skills and these will be supported by bursaries where appropriate.

Working with the three Accreditation Bodies (BJTC, NCTJ and PTC) we will explore the possibility of developing a Skillset approved accreditation process for cross platform skills (based on the Skillset Standards) and we will apply the Skillset Approval brand to those courses demonstrating that they meet this standard.

Diversity

The Skillset research carried out in 2009/10 has highlighted the need for a specific address to issues of diversity in our creative industry. A gender drain at critical career points, blocks to access at entry and under-representation of BAME groups will require a coordinated focus by all teams to address imbalance, unfair access and skills waste.

Specific schemes such as Women and Work and Skillset funded programmes will be used to drive this agenda forward. However, Skillset's wider campaigning role and industry information will be used more effectively to highlight these issues, along with a concerted push on the products and schemes we have developed to open out the industry and highlight career routes into and within the industry.

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9. Funds held as Custodian

The following funds are held as custodian as at 31 March 2010:

David Fraser Fund	£35,837
Film Industry Training Board	£14,783

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

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

Connected Charities

The company has no connected charities.

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

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

Auditor

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

By order of the Board

Director

Clive Jones

Date

Sept 15 2010

Skillset Sector Skills Council

TRUSTEES' REPORT

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also directors of Skillset Sector Skills Council for the purposes of company law) are responsible 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).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the incoming resources and application of resources for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006. They are also responsible for safeguarding the assets of the charitable company and the group 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 of Skillset for the year ended 31 March 2010 on pages 37 to 59. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made exclusively to the members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charity'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 charity'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 charity, 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 trustees' (who are also the directors of the company for the purposes of company law) responsibilities 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) and for being satisfied that the charity's financial statements give a true and fair view 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 2006 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 United Kingdom Generally Accepted Accounting Practice and are prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006. We also report to you 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 adequate and proper accounting records, if the charity's financial statements are not in agreement with these accounting records, if we have not received all the information and explanations we require for our audit or if certain disclosures of trustees' remuneration specified by law are not made.

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

Skillset Sector Skills Council

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SKILLSET


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

We planned and performed our audit so as to obtain all the 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 of the state of the charity's affairs as at 31 March 2010 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 United Kingdom Generally Accepted Accounting Practice;
- the financial statements have been prepared in accordance with the Companies Act 2006, 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.



SUDHIR SINGH (Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor

Chartered Accountants

1st Floor

46 Clarendon Road

Watford

Herts WD17 1JJ

28 September 2010

BAKER TILLY UK AUDIT LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Skillset Sector Skills Council
STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND
EXPENDITURE ACCOUNT)
For the Year Ended 31 March 2010

NOTES	Unrestricted Funds £	Restricted Funds £	Total 2010 £	Total 2009 £
Incoming resources				
Incoming resources from generated funds				
Voluntary income	2,588,000	-	2,588,000	2,728,925
Investment income	7,788	42,631	50,419	378,282
Incoming resources from charitable activities				
Television	-	809,600	809,600	1,447,994
Film	-	7,337,575	7,337,575	5,836,572
Nations	724,106	-	724,106	452,946
Regions	1,575,980	-	1,575,980	1,302,174
Research	-	-	-	38,875
Standards & Qualifications	969,751	-	969,751	620,488
Careers	1,051,064	-	1,051,064	1,064,527
Total incoming resources	6,916,689	8,189,806	15,106,495	13,870,783
Resources expended				
Costs of generating funds				
Charitable activities				
Television	278,846	621,545	900,391	1,895,814
Radio	112,938	-	112,938	112,312
Interactive Media / Animation	288,028	-	288,028	207,158
Film	-	6,918,443	6,918,443	8,785,460
Photo Imaging	179,172	-	179,172	195,165
Publishing	185,394	-	185,394	189,362
Nations	1,071,675	-	1,071,675	909,913
Regions	1,742,059	-	1,742,059	1,789,771
Research	464,543	33,981	498,524	353,727
Standards & Qualifications	1,184,636	47,736	1,232,372	1,078,255
Approvals	94,451	129,590	224,041	462,283
Careers	1,171,191	124,180	1,295,371	1,451,810
Governance costs	36,517	-	36,517	56,237
Total resources expended	6,809,450	7,875,475	14,684,925	17,487,267
Net incoming / (outgoing) resources before transfers	107,239	314,331	421,570	(3,616,484)
Net movement in funds	107,239	314,331	421,570	(3,616,484)
Total funds brought forward 1 April 2009	530,698	1,564,111	2,094,809	5,711,292
Total funds carried forward 31 March 2010	637,937	1,878,442	2,516,379	2,094,808

All activities are classified as continuing.

The 'notes to the financial statements', on pages 37 to 59 form part of these accounts.

Skillset Sector Skills Council
BALANCE SHEET
As at 31 March 2010

	Notes	2010 £	2009 £
Fixed Assets			
Tangible Assets	4	337,619	486,242
Current Assets			
Debtors	5	1,374,452	1,102,951
Cash at bank and in hand		8,799,909	9,975,573
		10,174,361	11,078,524
Creditors : Amounts falling due within one year	6	7,995,601	9,339,927
Net Current Assets		2,178,760	1,738,597
Total Assets less Current Liabilities		2,516,379	2,224,839
Creditors: Amounts falling due after more than one year	7	-	130,030
TOTAL ASSETS LESS CURRENT LIABILITIES		2,516,379	2,094,809
CAPITAL AND RESERVES			
Unrestricted funds		637,937	530,698
Restricted funds	12	1,878,442	1,564,111
		2,516,379	2,094,809

Approved by the Board and authorised for issue on *Sept 15th* 2010

Signed on behalf of the Board by:

Director.....

Clive Jones

The notes to the financial statements on pages 37 to 59 form part of these accounts.

Skillset Sector Skills Council
 CASH FLOW STATEMENT
 For the year ended 31 March 2010

	Notes	2010 £	2009 £
Net cash (outflow)/ inflow from operating activities	11a	(1,205,586)	(1,841,518)
Returns on investments and serving of finance	11b	50,419	378,282
Capital expenditure	11b	(20,497)	(56,148)
Cash (outflow)/inflow in the period		<u>(1,175,664)</u>	<u>(1,519,384)</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2010 £	2009 £
(Decrease)/Increase in cash in the period	(1,175,664)	(1,519,384)
MOVEMENT IN NET FUNDS IN PERIOD	<u>(1,175,664)</u>	<u>(1,519,384)</u>
NET FUNDS AT 1 APRIL 2009	9,975,573	11,494,957
NET FUNDS AT 31 MARCH 2010	11c	<u>8,799,909</u>
		<u>9,975,573</u>

The 'notes to the financial statements', on pages 37 to 59 form part of these accounts.

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 and with applicable United Kingdom accounting standards and under the historical cost accounting rules.

The financial statements comply with the requirements of the Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP 2005) published in March 2005.

The Trustees have considered cash flow forecasts for a period of at least twelve months from the date of signing this report, and in their opinion the company is a going concern.

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

All 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 2010

1 Total resources expended

(a) Breakdown of Total Resources Expended

	Direct Costs	Grants	Support Costs	2010 Total	2009 Total
Research	145,085	-	353,439	498,524	353,727
Careers	1,033,390	-	261,982	1,295,372	1,451,810
Standards & Qualifications	675,692	-	556,680	1,232,372	1,078,255
Approvals	152,903	-	71,138	224,041	462,283
Nations	566,217	72,686	432,771	1,071,675	909,913
Regions	1,249,305	-	492,754	1,742,059	1,789,771
Television	138,856	482,689	278,846	900,391	1,895,814
Film	1,633,408	5,285,035	-	6,918,442	8,785,460
Interactive Media	-	-	288,028	288,028	207,158
Photo Imaging	-	-	179,172	179,172	195,165
Publishing	-	-	185,394	185,394	189,362
Radio	-	-	112,938	112,938	112,312
Governance Costs	36,517	-	-	36,517	56,237
Total charitable activity costs 2010	5,631,373	5,820,410	3,213,142	14,684,925	
Total charitable activity costs 2009	5,158,981	8,495,569	3,832,717		17,487,267

Skillset Sector Skills Council
 NOTES TO THE FINANCIAL STATEMENTS
 For the year ended 31 March 2010

Support Cost Breakdown by Activity

(b) Analysis of support costs

	Staff Costs			Accom	Other	Comms	Total 2010	Total 2009
	Activity	Support	Other					
Research	143,854	99,093	4,875	39,100	60,503	6,014	353,439	225,318
Careers	-	123,867	6,093	48,876	75,628	7,518	261,982	402,564
Standards & Qualifications	137,511	198,187	9,749	78,200	121,005	12,028	556,680	643,216
Approvals	18,741	24,773	1,219	9,775	15,126	1,504	71,138	177,014
Nations	267,798	148,640	7,312	-	-	9,021	432,771	503,944
Regions	245,294	222,960	10,968	-	-	13,532	492,754	893,804
Television	126,168	74,320	3,656	29,325	45,377	-	278,846	282,860
Interactive Media / Animation	130,839	74,320	3,656	29,325	45,377	4,511	288,028	207,158
Photo Imaging	74,379	49,547	2,437	19,551	30,251	3,007	179,172	195,165
Publishing	80,601	49,547	2,437	19,551	30,251	3,007	185,394	189,362
Radio	60,541	24,773	1,219	9,775	15,126	1,504	112,938	112,312
	1,285,726	1,090,027	53,621	283,478	438,644	61,646	3,213,142	3,832,717

Skillset Sector Skills Council
 NOTES TO THE FINANCIAL STATEMENTS
 For the year ended 31 March 2010

Prior Year Information

1 *Total resources expended*

(a) Breakdown of Total Resources Expended

	Direct Costs	Grants	Support Costs	2009 Total
Television	135,410	1,477,544	282,860	1,895,814
Other Sectors	-	-	-	-
Radio	-	-	112,312	112,312
Interactive Media/Animation	-	-	207,158	207,158
Film	1,896,424	6,889,036	-	8,785,460
Photo Imaging	-	-	195,165	195,165
Publishing	-	-	189,362	189,362
Nations	276,980	128,989	503,944	909,913
Regions	895,967	-	893,804	1,789,771
Research	128,409	-	225,318	353,727
Standards & Qualifications	435,039	-	643,216	1,078,255
Approvals	285,269	-	177,014	462,283
Careers	1,049,246	-	402,564	1,451,810
Diversity	-	-	-	-
Governance Costs	56,237	-	-	56,237
Total charitable activity costs 2009	5,158,981	8,495,569	3,832,717	17,487,267

Skillset Sector Skills Council
 NOTES TO THE FINANCIAL STATEMENTS
 For the year ended 31 March 2010

Prior Year Information
(b) Analysis of support costs

	Activity	Staff Costs Support	Other	Accommodation	Other	Communications	Total 2009
	£	£	£	£	£	£	£
Television	116,064	80,100	14,487	27,591	44,618	-	282,860
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
Photo Imaging	73,216	53,400	9,658	18,394	29,745	10,752	195,165
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
Regions	414,042	347,098	62,777	-	-	69,887	893,804
Research	103,369	53,400	9,658	18,394	29,745	10,752	225,318
Standards & Qualifications	155,420	213,599	38,632	73,576	118,981	43,008	643,216
Approvals	55,065	53,400	9,658	18,394	29,745	10,752	177,014
Careers	36,717	160,199	28,974	55,182	89,236	32,256	402,564
TOTAL SUPPORT COSTS	1,403,462	1,281,595	231,792	257,516	416,433	241,919	3,832,717

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 2010

(c) Analysis of governance costs

	2010	2009
	£	£
Board of Director expenses	-	376
Legal and professional fees	-	5,882
Fees paid to auditors - Financial statements	23,508	27,600
- Accountant's reports	6,037	5,980
- Other services	1,222	16,399
- Relating to prior year	5750	-
Total governance costs	36,517	56,237

2 Net incoming/ (outgoing) resources

	2010	2009
	£	£
Net incoming / (outgoing) resources is stated after including:		
Voluntary Income:-		
Industry Contributions	672,000	875,725
UK Commission for Employment & Skills (UKCES)	1,916,000	1,853,200
Depreciation and amounts written off tangible fixed assets:-		
other assets	54,107	56,535
leasehold improvements	115,008	111,799
Auditors' remuneration		
- for external audit	23,508	27,600
- prior year external audit	5,750	-
- other services	1,222	16,399
- Accountant's Reports	6,037	5,980
Operating leases		
- property	320,287	326,325
- other	12,233	14,862

Skillset Sector Skills Council
 NOTES TO THE FINANCIAL STATEMENTS
 For the year ended 31 March 2010

3 Employees

	2010	2009
	£	£
Staff costs:		
Wages and salaries	3,089,324	3,270,729
Social security costs	329,872	352,778
Other pension costs	165,581	168,845
	<u>3,584,777</u>	<u>3,792,352</u>

The above figure includes £377,110 paid to project contract staff. (2009: £321,506)

	2010	2009
	No.	No.
The average number of employees (excluding directors) calculated on a full time equivalent basis, analysed by function was:		
Support Staff	20	24
Activity Staff	49	52
Project Staff	10	12
	<u>79</u>	<u>88</u>

	2010	2009
	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	6	3
£ 70,001 - £ 80,000	1	2
£ 80,001 - £ 90,000	-	2
£ 90,001 - £100,000	1	1
£120,001 - £130,000	1	1
£130,001 - £140,000	-	-
£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 £56,550 (2009: £55,051).

Trustee's Liability insurance premiums charged to the accounts was £1,679 (2009: £4,424).

Skillset Sector Skills Council
 NOTES TO THE FINANCIAL STATEMENTS
 For the year ended 31 March 2010

3 Employees (continued)

DIRECTORS' REMUNERATION

No remuneration was paid to any director in the year (2009: £nil) and there were no reimbursed expenses (2009: Clive Jones, £356).

4 Tangible Fixed Assets

	Office Equipment £	Fixtures & Fittings £	IT Equipment £	Leasehold Improvements £	Total £
Cost:					
1 April 2009	270,583	121,262	121,527	575,055	1,088,427
Additions	6,167	-	14,330	-	20,497
31 March 2010	276,750	121,262	135,857	575,055	1,108,924
Depreciation					
1 April 2009	243,587	117,800	65,944	174,854	602,185
Charged in the year	14,333	3,462	36,314	115,011	169,120
31 March 2010	257,920	121,262	102,258	289,865	771,305
Net book value					
31 March 2010	18,830	-	33,599	285,190	337,619
31 March 2009	26,996	3,462	55,583	400,201	486,242

5 Debtors

	2010 £	2009 £
Due within one year:		
Trade debtors	591,999	185,387
Other debtors	28,988	24,369
Prepayments and accrued income	753,465	893,195
	1,374,452	1,102,951

Skillset Sector Skills Council
 NOTES TO THE FINANCIAL STATEMENTS
 For the year ended 31 March 2010

6 Creditors: Amounts falling due within one year

	2010	2009
	£	£
Trade creditors	1,235,899	2,071,548
Other creditors	52,425	83,112
Other taxation and social security costs	87,964	94,824
Funds held in trust for third parties (see note 16)	50,620	51,709
Accruals	674,459	951,767
Deferred income (see note 17)	693,294	456,079
UKFC Lottery grants payable	5,200,940	5,630,888
	<u>7,995,601</u>	<u>9,339,927</u>

7 Creditors : Amounts falling due in more than one year

	2010	2009
	£	£
UKFC Lottery grants payable	-	130,030
	<u>-</u>	<u>130,030</u>
Amounts repayable by installments falling due:		
In more than one but not more than two years	-	130,030
	<u>-</u>	<u>130,030</u>

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 2010

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:

	2010	2009
	£	£
TV Freelance Fund:		
Grants committed but not yet taken up	-	-
Skills Investment Fund:		
Grants committed but not yet taken up	44,468	2,417
UKFC Lottery Delegation Fund:		
Commitments	463,021	826,935

10 Operating lease commitments

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

	2010	2009
	£	£
Land and buildings:		
Expiring between 2 and 5 years	370,300	378,330

Skillset Sector Skills Council
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2010

11 Cash flow

a	Reconciliations of net (outgoing)/ incoming resources to net cash flow from operating activities	2010	2009
		£	£
	Net incoming resources	421,570	(3,616,484)
	Net interest received	(50,419)	(378,282)
	Depreciation charges	169,120	168,334
	(Increase)/ Decrease in debtors	(271,501)	660,600
	Increase/ (Decrease) in creditors	(1,474,356)	1,324,313
		(1,205,586)	(1,841,518)
b	Analysis of cash flows for headings netted in the cash flow	2010	2009
		£	£
	Returns on investments and servicing of finance		
	Bank interest received	50,419	378,282
	Net cash inflow from returns on investments and servicing of finance	50,419	378,282
	Capital expenditure		
	Purchase of tangible assets	20,497	56,148
	Net cash outflow from capital expenditure	20,497	56,148
c	Analysis of changes in net funds		
		At	At
		1 April	1 April
		2009	2010
		£	£
		9,975,573	8,799,909
		(1,175,664)	

Skillset Sector Skills Council
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12 Restricted funds

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

	Balance b/f			Balance c/f
	1 April	Incoming	Outgoing	31 March
	2009	resources	resources	2010
	£	£	£	£
TV Freelance Fund (TVFF)	276,225	809,600	(621,545)	464,280
Film Skills Fund:				
Skills Investment Fund (SIF)	423,581	704,622	(683,579)	444,624
UKFC Lottery Delegation Fund	864,305	6,675,584	(6,570,351)	969,538
	1,564,111	8,189,806	(7,875,475)	1,878,442

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 £464k 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. £445k was unspent at the end of March 2010 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 has since been extended by 3 years. The UK Film Council paid funds to Skillset to disburse as lottery grants and pay for the management and administration of the fund.

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13 Analysis of net assets between funds

	Unrestricted	Restricted	
	Funds	Funds	Total
	£	£	£
Fixed assets	337,619	-	337,619
Cash at bank and in hand	475,180	8,324,729	8,799,909
Other net assets / (liabilities)	(174,862)	(6,446,287)	(6,621,149)
	637,937	1,878,442	2,516,379

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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 2009 to 31 March 2010 are as follows:

	£	£
Grants received in the year 2009/10		6,615,553
Bank interest receivable		35,031
Miscellaneous income		25,000
Restricted Fund - incoming resources		6,675,584
Hard commitments made in the year 2009/10	5,072,313	
Overheads released by Skillset	1,498,038	
Restricted Fund - outgoing resources		6,570,351
Restricted Fund balance for year		105,233
Restricted Fund balance b/fwd		864,310
Restricted Fund balance c/fwd		969,543
Soft commitments at year end 2009/10		463,021

In addition to the Award payments released and grants payable, as noted above, Skillset have also made soft commitments of £463,021, as set out in note 9 to the financial statements.

Combining these items means that Skillset has made total commitments of £5,899,248 in the year 2009/10 this can be broken down into £826,935 soft commitments 2008/09; new commitments of £5,072,313 2009/10.

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.

Skillset Sector Skills Council
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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 2010 was £362,704 [2009: £360,491].
- (b) The aggregate value of grants payable to organisations for the year ended 31 March 2010 was £ 5,477,706 [2009: £8,135,077].

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

London & South East

NFTS (National Film & Television School)	1,221,800
London Film School	599,061
LCC & Ealing	523,397
Escape Studios Ltd	235,341
Qwerty Films Ltd	215,500
DV Talent	180,000
FOCAL International Ltd	157,129
Lighthouse Arts and Training Ltd	130,000
Initialize Films	120,000
Power to the Pixel	119,999
Independent Cinema Office	107,079
Northern Alliance Ltd	100,000
The Script Factory	100,000
Film London	98,065
Bird's Eye View	89,200
FT2	69,526
Touchpaper Television Ltd.	66,650
Soho Editors Training	63,378
Middlesex University Higher Education Corpora	54,740
B3 Media	45,000
Four Corners	38,555
Cass Business School, City University	37,000
Diversity in Visual Arts (DiVA)	35,879
FDI (Film Design International)	35,850
Unexpected Media	32,000
Profile Media Services	28,686
Health and Safety Passport	25,000
Sequence Training Ltd	24,000
Royal Holloway - University Of London	21,000
Department of Media & Communications, Goldsmiths College, University of London	20,000
Monika Barnes	20,000
The Actors Professional Centre Ltd.	20,000
The Guild Of British Camera Technicians (GBCT)	20,000
Creative Exchange	18,032
BRITDOC Events Ltd	18,000
BFI Southbank	16,375

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BKSTS - The Moving Image Society	14,000
Disruptive Element Films	10,000
Endemol UK plc	10,000
Scion Films LLP	10,000
The London School of Media Make Up Ltd.	9,400
Quark Films Limited	7,903
TAPS	7,883
The Salt Company (International) Ltd	6,808
BAPLA - British Association of Picture Libraries and Agencies	6,580
Ealing Institution Media (EIM)	3,000
VET Ltd	200
APT Films	10

4,792,026

Other Regions

The Arts Institute at Bournemouth	570,975
Sheffield Doc/Fest	223,685
First Light Movies	150,000
South West Screen	117,072
Magic Light Pictures Limited	105,700
Moxie Makers	56,916
Warp Film Services Ltd.	50,000
Huntley Film Archives Ltd.	33,492
York St John University	31,199
Principal Large Format	25,000
Kendal Mountain Festival CIC	20,306
EM Media	10,372
Tyneside Cinema	9,975
Split Second Films	5,545
University of East Anglia (UEA)	5,000
Institute of Broadcast Sound	5,000
Cornerhouse; Greater Manchester Arts Centre Ltd	4,939
Society of Archivists	4,528

1,429,704

Grants to Organisations in Devolved Administrations

Edinburgh International Film Festival	238,688
Cyfle	190,911
Napier University	172,486
International Film School Wales	142,683
Scottish Documentary Institute	120,060
Scottish Screen	10,699
Scottish Film Actors and Writers Workshop Ltd	4,000

879,527

Skillset Sector Skills Council
 NOTES TO THE FINANCIAL STATEMENTS
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Grants to International Organisations

Berlinale Talent Campus	75,000
Hyper Island	75,000
ACE	36,266
European Producers' Club	12,234
onetiki New Media Company GmbH	11,000
	209,500

Grants to All Organisations **7,310,757**

Rescinded Grants (Grants not utilised)

FT2	-590,995
The Arts Institute at Bournemouth	-240,673
The Screen Academy at the London College of Communication (LCC) and Ealing, Hammersmith & West London College	-138,041
Moxie Makers	-113,832
Scottish Documentary Institute Fa	-65,000
Initalize Films	-60,000
London Film School	-56,819
The Research Centre Grant	-50,000
The Production Guild	-45,301
<u>NFTS</u>	-41,754
Cass Business School, City University	-38,730
DIVA	-38,655
Lighthouse Arts and Training Ltd	-37,337
FOCAL International Ltd	-34,172
Unexpected Media	-32,000
VET	-25,817
International Film School Wales	-22,783
Soho Editors Training	-22,365
Film London	-21,400
Napier University	-17,914
ACE	-12,374
Qwerty Films Ltd	-11,740
Screen W. Midlands TV	-9,112
Morris Angel & Sons Limited	-9,057
01zero-one	-8,382
PAL (Performing Arts Labs Ltd)	-8,212
Sheffield Doc/Fest	-8,178
Screen South	-8,135
Independent Cinema Office	-7,534
BKSTS	-7,000
Royal Holloway - University Of London	-6,000
Praxis Films Ltd.	-4,704
Justin Molotnikov	-4,698
Leeds Metropolitan University	-4,600

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Scottish Film Actors and Writers Workshop Ltd	-4,000
South West Screen	-3,709
Scottish Screen	-3,207
NSCTP	-2,557
Northwest Vision and Media	-2,341
The Pavement	-2,202
55 Degrees Ltd	-2,000
IWC Media Ltd	-1,962
Ahead Training	-1,600
BBC Training & Development	-1,440
The Actors Professional Centre Ltd.	-1,428
Profile Media Services	-1,325
Film Skills Training Limited	-690
Videosonics	-500
La - Interactiva	-175
Ravensbourne College of Design and Communication	-128
Men-from-Mars Limited	-125
Escape Studios Ltd	-114
Berlinale Talent Campus	-100
European Producers' Club	-100
Moonstone	-34
Total Rescinded Grants	-1,833,051
Total Grants to Organisations	5,477,706
Total Grants to Individuals	362,704
	5,840,410

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	Film Industry	Total
	£	Fund	Training Board	£
	£	£	£	£
Brought forward	1,132	35,794	14,783	51,709
Funds received	-	43	-	43
Funds expended	(1,132)	-	-	(1,132)
Carried forward	-	35,837	14,783	50,620

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

Skillset Sector Skills Council
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17 Incoming resources deferred

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

	Other	TV Freelance Fund	Total
	£	£	£
Brought forward	421,079	35,000	456,079
Released to income	(2,546,261)	(35,000)	(2,581,261)
Income deferred	2,818,475	-	2,818,475
Carried forward	693,293	-	693,293

18 Related Party Transactions

None of our trustees receive remuneration or other benefit for their work with Skillset. 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.

There were no related party transactions in the current year however Mike Fegan (Chair, Finance and General Purpose Committee) received £18,600 in fees to cover Natalie Stanton-Furnell's (Executive Director of Finance and Contracts) maternity leave.

(2009: £12,000) payable to Clive Jones (Chairman).

19 Post Balance Sheet Events

During 2009-10 Skillset began negotiations to explore opportunities to extend its footprint and remit to include two new sectors – Fashion & Textiles and Advertising. From 1st April 2010 Skillset's core contract was extended to include these two new sectors.