

SummitSkills

The Sector Skills Council for Building Services Engineering

Annual report and financial statements

For the year ended 31 March 2008

SummitSkills Limited

a company registered in England and limited by guarantee - **company no. 4575759**
registered in England as a charity - **no.1116777**

Company information

Company registration number	4575759
Charity registration number	1116777
Registered office	Vega House Opal Drive Fox Milne Milton Keynes Buckinghamshire MK15 0DF
Chairman	Simon J Bartley
Trustees	Brian Calcott C John Fraser Andrew C P Gooding Mary Gowing Thomas J Hardacre Diane T Johnson R Stuart Lyon Graham P Manly Hamish E McDonald Ian J Pattle R David Stevenson William H Wright
Company Secretary	Anthony J Smith
Executive team	Keith M Marshall Chief Executive Officer Lindsay C Gillespie Development Director Cathryn Hickey Operations Director Anthony J Smith Finance Director
Bankers	Barclays Bank Plc, Kendal
Auditors	Grant Thornton UK LLP Chartered Accountants Registered Auditors Grant Thornton House 202 Silbury Boulevard Central Milton Keynes MK9 1LW
Solicitors	Silverman and Sherliker LLP 7 Bath Place, London, EC2A 3DR

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Trustees' report

The trustees present their report and the financial statements of the company for year ended 31 March 2008.

Principal activities

SummitSkills is both a charity and a private company limited by guarantee. It is governed by its Memorandum and Articles of Association. The objects for which SummitSkills is established are as follows:

To promote commerce and industry, in particular the electrotechnical, heating, ventilating, air conditioning, refrigeration, plumbing, gas services and other related industries ("the sector") for the public benefit by:

- a. promoting and advancing the training and education of persons employed or intending to be employed in the sector, including identifying training needs, developing apprenticeships, qualifications, educational programmes and related occupational standards and competency frameworks;*
- b. taking steps to alleviate any skills gaps and anticipate future training needs within the sector;*
- c. taking steps to improve productivity and the efficiency and effectiveness of the sector in providing services to the public;*
- d. promoting research into skill levels and skills requirements within the sector and the publication of the useful results of that research for the public benefit.*

Background

SummitSkills is the Sector Skills Council (SSC) for Building Services Engineering and is UK wide in its operation. It was licensed by the UK Government in December 2003 and is one of 25 SSCs making up the Skills for Business Network (SfBN).

The building services engineering sector covers the following industries:

- the electrotechnical industry
- the heating, ventilating, air conditioning and refrigeration (HVACR) industry
- the plumbing industry

and represents 61,000 companies as shown below:

Industry	Number of companies
Electrotechnical	23,000
HVACR	13,000
Plumbing	22,000
Consultants	3,000
Totals	61,000

Source: SummitSkills' SSA for the BSE sector: SNA p29

There are 613,000 employees across the above industries (SSA for the BSE sector: SNA p33) and the sector accounts for approximately 3% of GNP (Gross National Product) with £20bn of work being carried out each year.

The sector currently has approximately 18,000 apprentices in training at any one time.

SummitSkills is an employer led organisation supported by five main Trade Associations in the sector:

- the Electrical Contractors' Association (ECA)
- the Heating and Ventilating Contractors' Association (HVCA)
- the Association of Plumbing and Heating Contractors (APHC)
- the Scottish & Northern Ireland Plumbing Employers' Federation (SNIPEF)
- the Electrical Contractors' Association of Scotland (SELECT).

It also has the support of the Amicus section of Unite the Union (the principal trade union covering the sector) and the professional bodies active in the sector.

Governance

The company has a Board of directors who for charitable purposes are the trustees and are also the members. The Board is chaired by a non executive part-time Chairman who is not a director/trustee and also has a Company Secretary who is not a director/trustee.

Six directors are put forward by the industry Trade Associations (two from each industry: *electrotechnical* (ECA & SELECT), *heating, ventilating, air conditioning & refrigeration* (HVCA) and *plumbing* (APHC & SNIPEF)). One director is put forward by Unite the Union, one director by the Professional Bodies in the sector and up to four directors are appointed as independent directors following a skills gap analysis and advertisement. A minimum of two-thirds of the Board are employers and over 50% of those represent SMEs (Small and Medium Enterprises).

Directors/Trustees

The directors/trustees who served the company during the year were as follows. The table also indicates of which standing committees the director/trustee was a member.

Brian Calcott	N&G	Rem	
C John Fraser	FAC		
Andrew C P Gooding	Mgt		
Mary Gowing	FAC	Rem	
Thomas J Hardacre	FAC	Rem	
Diane T Johnson	QSAG		
R Stuart Lyon	Mgt		
Graham P Manly	N&G		
Hamish E McDonald	FAC		
Stephen G Nicholls	FAC		(resigned as a director 31 st December 2007)
Ian J Pattle	Mgt		(appointed as a director 1 st January 2008)
R David Stevenson	N&G	Rem	
William H Wright	N&G		

N&G	Nominations and Governance sub-committee	Mgt	Management Committee
FAC	Finance and Audit sub-committee	QSAG	Qualifications and Standards Advisory Group
Rem	Remunerations committee		

During the course of the year the Board engaged the IoD (Institute of Directors) to conduct training in the roles and responsibilities of the director/trustee, the Chair carried out performance reviews with each member of the Board and the induction pack prepared for new trustees was revised and updated. The pack gives information on the role and duties of a company director/ charity trustee as well as information on SummitSkills and the sector.

Committee structure

The Board of SummitSkills has two standing sub-committees:

- **Nominations and Governance sub-committee**
which reviews nominations to the Board and deals with other matters of a governance nature
- **Finance and Audit sub-committee**
which reports to the Board on the financial state of the company and also acts as an audit committee including in its remit risk management and internal control.

Both sub-committees normally meet quarterly in advance of board meetings. The Board also convenes, usually annually, as required, the

- **Remunerations committee**
which meets to determine matters in relation to salary and bonuses.

By using its sub-committees appropriately and by delegating the day to day running of the company to the CEO (Keith Marshall, OBE) and executive team (Anthony Smith, Finance Director; Lindsay Gillespie, Development Director; and Cathryn Hickey, Operations Director) the board is able to concentrate on matters of a strategic nature.

SummitSkills also uses the following committees and interest groups to facilitate effective running of the company:

- **Management Committee**
which receives reports from the interest groups (as detailed below) and on the basis of these makes recommendations to the Board. The Management Committee also reviews the Strategic Plan and Business Plan on an annual basis before these are presented to the Board.
- **Qualifications and Standards Advisory Group**
which deals with all aspects relating to the introduction and revision of qualifications and standards within building services engineering.
- **Industry Interest Groups (4)**
representing the *plumbing, H&V (heating and ventilation), RAC (refrigeration and air-conditioning) and electrotechnical* industries respectively.
These groups give employers and other interested parties the opportunity to keep abreast with and feed into the work that SummitSkills is doing in a particular area.
- **Sector Interest Groups (2)**
namely *Careers and Diversity Interest Group* and the *Manufacturers and Sustainability Interest Group*.
These groups give employers and other interested parties the opportunity to help SummitSkills address relevant cross sector issues.

Each of the above named committees and groups are scheduled to meet quarterly.

Volunteer contribution

SummitSkills has calculated that the total number of days given to the company by volunteers attending the Board, its sub-committees and the various committees and groups outlined above during the year was in excess of 980 days (2007: 586 days) with a value in the region of £540,000 (2007: £322,000)

Risk management

The trustees have an obligation to consider the risks that the charity runs and to ensure that appropriate measures are in place to mitigate and manage those risks. A strategic risk register has therefore been prepared and is reviewed regularly by the Finance and Audit Committee and updated with the agreement of the Board. The principal risks currently identified by the trustees are as follows:

Risk	Mitigating measures
<p>SummitSkills is unsuccessful in its bid for re-licensing.</p> <p>Note: between July 2008 and Dec 2009 all 25 SSCs will be required to apply for a new licence from the government and this process is being handled by the newly formed UKCES (UK Commission for Employment and Skills).</p>	<p>Past and current performance strongly suggests that SummitSkills will be successful.</p>
<p>SummitSkills' executive team have to devote a significant amount of time to the re-licensing process leaving insufficient time to manage the business.</p>	<p>SummitSkills' Board put measures in place as far back as December 2007 to begin preparation for re-licensing. Much of the required documentation and evidence is already in place. A timetable has been put together to ensure the process is manageable.</p>
<p>SummitSkills has insufficient funding to achieve the outputs and outcomes of its Business Plan.</p>	<p>Core funding from UK government is agreed until 31 March 2010 and SummitSkills also has the ongoing financial support of the stakeholder trade associations with a 3 year funding agreement covering the same period.</p> <p>The value of SummitSkills work has been increasingly recognised by institutional donors and grant income has increased year on year.</p>
<p>SummitSkills, as a result of the setting up of the new National Apprenticeship Service (NAS), will no longer be required to issue apprenticeship completion certificates for England after 31 March 2009 and will lose the income associated with this, approximately £150,000 per year.</p>	<p>The exact responsibilities of the NAS have at this stage not been finally determined and it may be that SummitSkills will continue to fulfil this role on behalf of the NAS. Alternatively the government has suggested that SSCs will be compensated for loss of income though it has not yet said to what extent.</p>
<p>SummitSkills has insufficient staff capacity and/or capability to achieve the outputs and outcomes of its Business Plan.</p>	<p>SummitSkills has in place a costed staffing plan to ensure that it is able to recruit the required staff and to provide training to new and existing staff where necessary.</p>

The trustees are satisfied that where residual risk exists there are appropriate systems and procedures in place to manage those risks.

Internal control

The company has a documented system of internal control which was reviewed in depth by the Finance and Audit sub-committee of the Board in October 2007 and is kept under regular review.

Review of the year

SummitSkills' vision is

"A sector in which investment in workforce development and lifelong learning is made by employers and businesses of all sizes and whose contribution to improved productivity and business performance is recognised throughout."

Our mission is

"To champion opportunities for individuals and organisations to succeed".

Strategic objectives

In order to fulfil its mission SummitSkills has identified five key objective areas as shown below. The 5 year Strategic Plan follows these headings and the annual operating plan is designed to work towards achieving these objectives.

- Alleviate skills gaps
- Improve productivity
- Provide career progression
- Develop a competent workforce
- Champion the sector's skills agenda

Note 3 to the accounts shows how much was spent on each of the above objectives during the year.

Staff

Members of staff are SummitSkills' greatest asset in achieving its aims and at 31 March 2008 SummitSkills had a staff team of 35 (2007: 29) as shown below. Staff turnover during the year was 7% (2007: 17%).

- **CEO and three executive directors** (4) (2007: 4): Largely outward facing as well as giving direction to the company and managing the various teams. Blane Judd left during the year to take up the role of Chief Executive of the IPHE (Institute of Plumbing and Heating Engineers) and was replaced as Operations Director by Cathryn Hickey.
- **Development team** (6) (2007:5): Working on standards, qualifications and apprenticeships with particular regard to revised regulations and new technologies. Also leading the work on diplomas for the 14-19 age range.
- **Research team** (1) (2007:2): Spearheading the research which will feed into the establishment of a Sector Skills Agreement by mid 2008.
- **Communications team** (3) (2007:2): Ensuring that the sector is fully aware of the work that SummitSkills is doing and that the company becomes better known as time goes by.
- **Operations team** (14) (2007:10): Based in the English regions and in each of the devolved administrations in order to effectively engage with employers, manufacturers, training providers, colleges, schools and other interested parties.
- **Business Services Team** (7) (2007:6): Including finance and administration support for the company.

SummitSkills is an **Investor in People**.

Measuring success

SummitSkills has in place a number of KPIs (Key Performance Indicators) for itself and the sector to help it measure success against a set of pre-determined criteria. Some of these KPIs are easily measurable (eg the number of hits on the careers pages of the SummitSkills' website) but others are more difficult (eg the amount spent per head on training within the sector). Many of the KPIs require the input of others such as awarding bodies and training providers emphasising the need for SummitSkills to work in partnerships to achieve its aims.

The KPIs show that this has been a successful year for SummitSkills and for training and skills development within the sector but that there is still a long way to go if the UK is to become a world leader in skills as called for in the Leitch Review of Skills 2006 (Prosperity for all in the global economy – world class skills).

Undoubtedly one of SummitSkills finest achievements during the year was the completion, on time, of its Sector Skills Agreement.

The Sector Skills Agreement (SSA)

After months of careful consultation and planning, March 2008 saw the end of the 'Horizon' project and the launch of the Sector Skills Agreement for building services engineering. The purpose of a Sector Skills Agreement (SSA) is to understand the skills issues facing employers and work with them and stakeholders to develop solutions which will lead to significant skills improvement and longer term productivity benefits for the sector. In simple terms, it is a deal between employers, training providers and government. Employers lay out what their workforce and skills requirements are now and in the future. In return, the government and providers agree to fund and deliver training tailored to this need, within government policy, providing employers are also willing to make a commitment.

The SSA for building services engineering is based around five 'skills priorities' which were developed following detailed consultation around the UK:

- **Image and competence:** promoting a positive image of the sector
- **Communication and Information:** creating a knowledge centre for all sector skills development needs
- **Training Provision:** ensuring pro-active, high quality and relevant training
- **Funding:** flexibility in funding to meet fast-changing needs
- **Management & Leadership:** supporting the sector to plan and develop profitable and competitive businesses

These priorities have effectively become SummitSkills' ongoing business plan for the next three years where we work with partners to deliver what the sector's employers are seeking.

Examples of other achievements during the year

A full report of the year's activities is included in the SummitSkills' 2007-08 Annual Review (available on request or to download from the website www.summitskills.org.uk). Some highlights are as follows:

Alleviate skills gaps

The aim of SummitSkills' first strategic objective is to address actual and potential skills gaps and skills shortages across the sector. In order to do this it is necessary to have accurate up to date information about the sector.

As planned therefore a report was commissioned by SummitSkills to examine the building services engineering sector's employment requirements in Northern Ireland and in particular to look at the impact of cross-border activity. Six hundred local employers were interviewed to gain a detailed insight into their recruitment and work-travel patterns, which were measured against future workloads. The report has proved a valuable tool to maintain the quality of information for stakeholders within building services engineering and will be produced annually to keep providers, employers and strategic bodies informed about future new entrant training needs.

In Wales SummitSkills successfully completed the research commissioned by the Welsh Assembly Government to assess the requirements for the renewable energy sector in Wales. The report produced resulted in a ten-point action plan to address the main issues surrounding skills in microgeneration technologies and the quality of training provision.

Improve productivity

It is generally accepted that increased skills among the workforce lead to improved productivity. One of SummitSkills' aims therefore is to influence investment in skills. In Wales this has involved SummitSkills in encouraging businesses across the country to sign up to the Basic Skills Pledge. As part of the project, SummitSkills recruited an employer ambassador to visit businesses to raise awareness of the issues that lack of basic skills in the workplace can cause and help employers find solutions to address them. The response has been slow but a number of employers have signed the pledge.

The SSA identified that another possible route to improved productivity is for small businesses to work together. The SummitSkills Employer Network (SSEN) was therefore set up covering all trades in the sector. Employers are encouraged to co-operate with similar businesses and related businesses in order to improve skills, create more stable companies, increase profits and productivity and to ensure skills in established companies are passed on and shared. The response exceeded expectations and to date more than three hundred building services engineering employers have registered an interest in working together in this way.

Provide career progression

Research has shown that the building services engineering sector is not very well understood by those outside of the sector. One of SummitSkills aims therefore is to promote careers within the sector so that it becomes a sector of choice among young people and attracts high calibre recruits.

To this end SummitSkills dedicated much of the last year to enhancing its careers promotion activity. At a series of careers fairs across the UK, SummitSkills displayed the new interactive careers game which has been specifically designed to encourage young people into the sector by playing hands-on in the role of a building services engineer. The game has been very well received and is aimed at those exploring their career options as well as teachers, parents, careers advisers and others who influence the career decision process.

SummitSkills has also continued to be involved in the development of the Engineering Diploma and the Construction & the Built Environment Diploma for 14-19 year olds. We have supported a range of activities, which included nine regional events in England held by Diploma Development Partnerships (DDP) to engage employers in delivery of the diplomas, which will be taught in schools from September 2008.

Develop a competent workforce

A competent workforce is essential to a successful and profitable economy. The SSA identified that one area where the UK is falling behind other countries is in the area of new technologies. To ensure the sector develops a sustainable workforce at all competence levels to match growth of the new technologies, SummitSkills agreed to develop National Occupational Standards for this important area. These standards are well on track and will support qualification developments, as well as underpin their integration into the mainstream qualifications already available within the sector.

As expected during the year the Qualifications and Curriculum Authority (QCA) commenced a pilot to investigate the possibility of accrediting the training carried out by employers directly into the qualification system. This is an approach that is potentially of interest to many employers, and particularly manufacturers, in the building services engineering sector as it will allow national recognition of company training schemes. SummitSkills is on the steering group for the project and both nominated companies to take part in the pilot and ran a series of workshops to explore the possibilities.

Champion the sector's skills agenda

A major review of National Occupational Standards (NOS) for the building services engineering sector was undertaken during the year as planned. This project, managed by SummitSkills and supported by key employers and the sector's main trade and professional bodies was a great success. NOS describe the competencies which form the basis of qualifications such as National Vocational Qualifications (NVQs) and Scottish Vocational Qualifications (SVQs). The project was progressed through technical working groups for each of the main industries within the sector, together with a series of focus groups and web-based consultations.

2007 also saw the expected launch of Skill M&E which covers three skills competitions organised by SummitSkills for building services engineering:

- SkillFRIDGE for refrigeration and air conditioning,
- SkillPLUMB for plumbing and
- SkillELECTRIC for electrical installation.

A high level promotional campaign began at the end of the year when invitations for entries were sent out across the UK in the search for the sector's best mechanical and electrical engineers. SummitSkills has established a dedicated website (www.skillMandE.org.uk) to provide competition information, nomination forms, news, events and sponsorship packages. To date the competitions have been of a very high standard and some competitors have been selected to go on to represent the UK in the World Skills finals.

Looking forward

The UK economy

The present downturn in the UK economy is likely to result in a reduction in construction activity within the UK. This in turn will put pressure on companies within the BSE sector and inevitably spending available for training may be reduced for a time. SummitSkills role in this situation is threefold:

- To produce accurate Labour Market Information helping employers to form a longer term view of future requirements.
- To continue to promote the benefits of skills and training.
- To feedback to government the situation that employers are finding themselves in and to lobby on their behalf.

Implementation of the SSA

The sector priorities outlined above under the section headed 'The Sector Skills Agreement (SSA)' have effectively become the basis of SummitSkills' ongoing business plan for the next three years. The intention is that SummitSkills will work with partners to deliver what the sector's employers are seeking. This will be achieved through implementation groups in each region and nation which have already been set up and have the accountability and responsibility to ensure the delivery of the SSA solutions. The groups will meet on a quarterly basis to review and monitor progress and to plan ahead.

Some of the major activities planned under each heading are shown below:

- **Image and competence:** promoting a positive image of the sector
 - Launch of the '**Good Day**' campaign promoting careers within the sector
 - Schools project – promoting the sector through visits to schools
 - Research into diversity within the sector
- **Communication and Information:** creating a knowledge centre for all sector skills development needs
 - Establishment of a cyclic LMI forecasting model for BSE across the UK
 - Development of a CRM system to improve employer engagement.
 - Working with others to improve IAG for the sector.
- **Training Provision:** ensuring pro-active, high quality and relevant training
 - Ongoing development of NOS for renewable technologies
 - Establishment of basic skills ambassadors in Wales
 - Promotion of 14-19 diplomas in England
- **Funding:** flexibility in funding to meet fast-changing needs
 - Support for 'Train to Gain' and similar initiatives in the devolved nations
 - Redeployment of NEVS funding across the nations
(NEVS: not economically viable skills)
- **Management & Leadership:** supporting the sector to plan and develop profitable and competitive businesses
 - Development of model to promote the business benefits of manager training.
 - Establishment of career pathways from 'mate' to 'manager'.

Relicensing

On the 1 April 2008 the Sector Skills Development Agency (SSDA), responsible for monitoring the performance of SSCs, was replaced with the newly formed UK Commission for Employment and Skills (UKCES). A major role for the UKCES will be to oversee the reform and relicensing of the SSCs as proposed by the Leitch Review of Skills. In preparation for this the SummitSkills Board took the decision in December 2007 to set up a sub-group to carry out an in depth strategic review and to prepare for relicensing. Based on past and current performance and with the ambitious targets outlined in its SSA there is every reason to expect that SummitSkills will be relicensed within the next 12 months.

Financial report

Income

The total incoming resources for SummitSkills rose during the year by £800,000 to £3.8mil (2007: £3.0mil).

- The principal source of income was the SSDA 64% (2007: 64%).
- SummitSkills also received employer contributions by way of subscriptions from the principal trade associations within the sector 10% (2007: 13%).
- In addition further amounts were raised from institutional donors to fund specific projects 16% (2007: 12%)
- and from certification, training and other activities 8% (2007: 10%).

SummitSkills was particularly successful during the year in raising grant funds for specific activities and the income from this source £1,322,085 (2007: £773,625) was 71% higher than the previous year. Some of this grant income has been carried over to 2008-09 in accordance with the grant conditions and is shown as restricted income (Note 13).

Expenditure

Total expenditure was £3.1mil (2007: £2.5mil) of which

- 90% was spent on charitable activities (2007: 90%)
- 3% on fundraising (2007: 2%)
- 7% on the governance of the company (2007: 8%)

Spending on charitable activities increased to £2,817,155 (2007: £2,225,811). The increase in expenditure over the previous year was made possible largely as a result of the increased level of grant funding achieved in the year to 31 March 2008 as mentioned above.

Spending on fundraising increased to £82,010 (2007: £54,914). This increase represents the extra time spent on this activity by staff and senior management in negotiating grants.

Spending on governance increased to £220,684 (2007: £200,688) and is due primarily to the fact that all the Board meetings in the period were held at locations other than Milton Keynes.

An explanation of how costs are allocated to the headings above is given in the 'principal accounting policies' section below and further detail is given in Notes 3 & 4 to the accounts.

Reserves

SummitSkills' policy is to retain free reserves at a level which provides adequate working

capital and allows it to meet its anticipated commitments in the short and medium term. For this purpose free reserves are defined as total reserves less restricted reserves. It is considered that free reserves to cover a 6 month period are sufficient and this equates to approximately £1million.

This has been an exceptional year for SummitSkills however and at 31 March 2008 total reserves stood at £1,995,582 (2007: £1,262,441) of which £1,863,875 (2007: £1,145,981) represented free reserves.

It is anticipated that during the coming year, as SummitSkills leads on the implementation of the Sector Skills Agreement for the Building Services Engineering sector, the surplus achieved in 2007-08 will be reversed and reserves return to a more normal level.

Two restricted reserves operated during the year; one in respect of a grant received in 2005 towards the purchase of fixed assets and the second representing project monies received in advance (see Note 12).

Three designated reserves are in existence:

- An IT reserve (£50,000) was set up in March 2007 to cover the cost of replacing and renewing IT equipment, a process which at 31 March 2008 is approximately 50% complete. (see Note 13)
- A Recruitment reserve (£50,000) was set up in March 2007 to allow for the recruitment of senior executives without adversely affecting the operating budget for any given year. High calibre senior managers are vital to the effective running of the company and experience has shown that recruitment costs for employees at this level can be significant (circa £40,000). The directors considered it prudent therefore to set up a designated reserve rather than build into a yearly budget a large amount that may or may not be required.
- A Skills reserve (£200,000) has been set up specifically to fund projects to help further the attainment of skills within the sector. Income from registration and certification activities during the year ended 31 March 2007 exceeded expectations by just over £200,000 and the Board were keen to ensure that this money would be spent on specific activities for the benefit of the sector.

Trustees' indemnity insurance

SummitSkills has in place 'Executive Liability' cover in respect of the Chairman, the trustees and the principal officers of the company. The premium paid during the year was £2,700 (2007: £2,100).

Auditors

A re-tendering process for audit services was conducted early in 2008 by the Finance and Audit Committee on behalf of the Board and a number of companies were considered. The outcome of this was to recommend to the Board the re-appointment of Grant Thornton UK LLP as auditors.

A resolution to re-appoint Grant Thornton UK LLP as auditors for the ensuing year will therefore be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Trustees' responsibilities

The trustees (who are also the directors of SummitSkills Limited 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, including the income and expenditure of the company for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable 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 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 company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

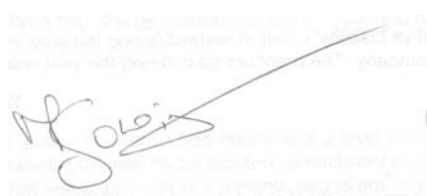
- there is no relevant audit information of which the company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Small company provisions

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

ON BEHALF OF THE BOARD

A handwritten signature in black ink, appearing to read 'M Gowing', is written over a faint, light-colored background that contains some illegible text and a large, thin, curved line.

Mary Gowing
Director/Trustee

Date: 5 September 2008

Report of the independent auditor to the members of SummitSkills Limited

We have audited the financial statements of SummitSkills Limited for the year ended 31 March 2008 which comprise the principal accounting policies, the statement of financial activities, the balance sheet and notes 1 to 17. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

The trustees' responsibilities for preparing the Trustees' Report and the financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Trustees' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, are properly prepared in accordance with the Companies Act 1985 and whether the information given in the Trustees' Report is consistent with the financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Trustees' Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company'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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2008 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Trustees' Report is consistent with the financial statements for the year ended 31 March 2008.

Grant Thornton UK LLP

GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
Central Milton Keynes

Date 8 September 2008

Principal accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention and follow the recommendations in the Statement of Recommended Practice: Accounting and Reporting by Charities (SORP 2005) and the Companies Act 1985, and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007).

There have been no changes to the principal accounting policies since the previous year.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is small.

Incoming resources

Income is accounted for on a receivable basis when it becomes an entitlement, is capable of measurement and there is reasonable certainty of receipt.

Grants receivable: Revenue grants are credited as incoming resources when they are receivable provided conditions for receipt have been complied with.

Grants for the purchase of fixed assets are credited to restricted incoming resources when receivable. Depreciation on the fixed assets purchased with such grants is charged against the restricted fund.

Resources expended

All costs incurred are allocated under one or more of seven headings, these being

- Cost of generating funds
- Governance costs
- Alleviate skills gaps
- Improve productivity
- Provide career progression
- Develop a competent workforce
- Champion the sector's skills agenda

The final five headings above, which are the strategic objectives of SummitSkills, represent charitable activities under SORP (2005).

Where costs incurred relate directly to one or more of the seven headings they are allocated directly (see Note 4). Other costs are apportioned as follows:

Staff costs: according to the amount of time spent on each activity.

Overheads: according to the combined staff time spent on each activity.

Principal accounting policies

The costs allocated to *Governance* include:

- Staff costs in relation to strategic planning and public accountability.
- All costs in connection with the Board and its principal sub-committees.
- The honorarium paid to the Chairperson.
- Direct costs of audit, legal advice relating to charity registration and HR in connection with the Investors in People award.
- Costs related to producing the Annual Review and the Annual Report and Financial Statements.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the statement of financial activities on a straight line basis over the period of the lease.

Pension costs

Defined benefit scheme: The company makes contributions to The Plumbing and Mechanical Services (UK) Industry Pension Scheme which is a multi-employer scheme made available to eligible employees. The pension costs charged to the statement of financial activities in the year represent the amount of the contributions payable in respect of the accounting period.

The company is unable to identify its share of the underlying assets and liabilities of the scheme and accordingly, no provision can be made for any under or over provision of funding within the scheme as required under Financial Reporting Standard No. 17 "Retirement Benefits".

Depreciation

Tangible fixed assets costing £250 or more are capitalised at cost. Depreciation is provided for on these assets and is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Computer equipment	25% straight line
Office fixtures and fittings	20% straight line

Depreciation is charged from the date the asset is brought into use and a full 12 months depreciation is charged in the first year.

Principal accounting policies

Irrecoverable Value Added Tax

The company is unable to recover the majority of the Value Added Taxation charged on its purchases. The irrecoverable amount is charged to the statement of financial activities.

Reserves

Restricted reserves are to be used for specified purposes laid down by the donor. Expenditure for these purposes is charged to the reserve, together with a fair allocation of overheads and support costs.

Unrestricted reserves arise from subscriptions and other incoming resources received or generated for expenditure on the general objectives of the company.

Designated reserves are amounts which have been put aside at the discretion of the Board.

The company's policy is to retain free reserves at a level which provides adequate working capital and allows it to meet its anticipated commitments in the short and medium term. For this purpose free reserves are defined as total reserves less restricted reserves.

Statement of financial activities

Incorporating an income and expenditure account

for the year ended 31 March 2008

	Note	Restricted £	Unrestricted £	2008 £	2007 £
Incoming resources					
Incoming resources from generated funds					
Voluntary income					
Core income – SSDA	1	-	1,750,995	1,750,995	1,499,067
Investment income					
Bank interest		-	65,834	65,834	36,222
Incoming resources from charitable activities					
Stakeholder subscriptions	2	-	390,000	390,000	390,000
Grants for specific activities	1	1,322,085	-	1,322,085	773,625
Certification and training income		-	324,075	324,075	299,401
Total incoming resources		<u>1,322,085</u>	<u>2,530,904</u>	<u>3,852,989</u>	<u>2,998,315</u>
Resources expended					
Cost of generating funds					
Charitable activities	3	-	82,010	82,010	54,914
Governance costs		1,300,189	1,516,966	2,817,155	2,225,811
		6,650	214,034	220,684	200,688
Total resources expended		<u>1,306,839</u>	<u>1,813,010</u>	<u>3,119,849</u>	<u>2,481,413</u>
Net incoming resources for the year	5	15,246	717,894	733,140	516,902
Reserves at 1 st April		116,460	1,145,981	1,262,441	745,539
Reserves at 31st March	14	<u>131,706</u>	<u>1,863,875</u>	<u>1,995,581</u>	<u>1,262,441</u>

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

Balance sheet

as at 31 March

	Note	2008 £	2007 £
Fixed assets			
Tangible assets	9	<u>48,453</u>	<u>55,608</u>
Current assets			
Debtors	10	349,704	320,363
Cash at bank		<u>1,956,943</u>	<u>1,206,239</u>
		<u>2,306,647</u>	<u>1,526,602</u>
Liabilities			
Creditors: amounts falling due within one year	11	<u>359,519</u>	<u>319,769</u>
Net current assets		<u>1,947,128</u>	<u>1,206,833</u>
Total assets less current liabilities		<u>1,995,581</u>	<u>1,262,441</u>
Capital and reserves			
Share capital	17	—	—
Reserves - restricted	12	131,706	116,460
designated	13	294,000	300,000
general	14	<u>1,569,875</u>	<u>845,981</u>
		<u>1,995,581</u>	<u>1,262,441</u>

These financial statements have been prepared in accordance with the special provisions of Part VII Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective January 2007).

These financial statements were approved by the directors on 5 September 2008 and are signed on their behalf by:



Mary Gowing
Director/Trustee

Notes to the financial statements

1 Grant income

Grant income is derived from the following sources:

	Restricted £	Unrestricted £	2008 £	2007 £
The Sector Skills Development Agency	718,482	1,750,995	2,469,477	1,914,127
European Social Fund	193,565	-	193,565	45,715
Foundation Degree Forward	68,445	-	68,445	-
Construction Skills CITB	61,500	-	61,500	18,427
London Development Agency	50,000	-	50,000	-
Welsh Assembly Government	46,000	-	46,000	25,105
The Learning and Skills Council	44,718	-	44,718	23,774
SEMTA	36,463	-	36,463	22,344
DEL Northern Ireland	24,076	-	24,076	-
Lifelong Learning UK	17,250	-	17,250	-
Skills for Logistics	14,100	-	14,100	-
ESTTL	13,000	-	13,000	8,000
Scottish Qualification Authority	12,300	-	12,300	-
Funding Finders	5,000	-	5,000	-
Asset Skills / GoSkills	4,736	-	4,736	-
The Scottish Executive	2,500	-	2,500	10,150
UK Skills	-	-	-	110,000
Department of Trade and Industry	-	-	-	58,500
The Qualifications and Curriculum Authority	-	-	-	14,000
HVCA	-	-	-	8,000
Other	9,950	-	9,950	14,550
Total	<u>1,322,085</u>	<u>1,750,995</u>	<u>3,073,080</u>	<u>2,272,692</u>

2 Stakeholder subscriptions

SummitSkills receives subscriptions from employer bodies representing specific elements of the building services engineering sector. The amounts included in the accounts for the year (and the previous period) are as shown below:

	2008 £	2007 £
Electro-technical (ECA and SELECT)	130,000	130,000
Heating, Ventilating, Air Conditioning and Refrigeration (HVCA)	130,000	130,000
Plumbing (APHC and SNIPEF)	130,000	130,000
	<u>390,000</u>	<u>390,000</u>

6 Staff costs

The number of employees at the end of the year was 35 (2007:29) of which 4 (2007: 4) were engaged to work on dedicated projects and funded by specific grants. The average full time equivalent number of employees during the year was 33 (2007:29).

Aggregate staff costs were as follows:

	2008	2007
	£	£
Wages and salaries	1,123,404	1,043,616
Social security	111,488	102,629
Pension	88,548	82,759
Private medical insurance	12,942	12,586
	<u>1,336,382</u>	<u>1,241,590</u>

The company makes contributions to The Plumbing and Mechanical Services (UK) Industry Pension Scheme - a defined benefit pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge shown above represents contributions payable by the company to this scheme.

During the year ended 31 March 2008, employees contributed between 3.75% and 8.25% to the scheme and employers contributed between 7.5% and 14.5%. It has not been possible to ascertain whether the scheme was in surplus or deficit at 31 March 2008 but the scheme received a positive Ongoing Funding Statement as at 31 March 2007.

The number of employees whose emoluments (including taxable benefits-in-kind but excluding employer's pension contributions) exceeded £60,000 were within the following bands:

	2008	2007
£100,000 - £110,000	1	-
£90,001 - £100,000	-	1
£70,001 - £80,000	3	2

Pension costs payable to The Plumbing and Mechanical Services (UK) Industry Pension Scheme for the 4 staff included in the above bandings was £34,073 (2007: 3 staff £22,620).

7 Trustees remuneration

None of the trustees received any remuneration for their services during the year. Expenses paid on behalf of the trustees plus expenses reimbursed to them, if claimed, amounted to £15,408 in total during the year (2007: £7,728).

8 Related party transactions

Mr S Bartley, the Chairman, received an honorarium of £12,000 in the year (2007: £12,000). Expenses paid on his behalf plus expenses reimbursed to him directly amounted to £8,377 in total during the year (2007: £2,181). In addition, his company 'S4 Consulting' was paid £43,975 (2007: £12,250) for specific services rendered.

9 Tangible fixed assets

Cost	Computer equipment	Office fixtures and fittings	Total
	£	£	£
At 1st April 2007	66,193	56,702	122,895
Additions	24,002	3,415	27,417
At 31st March 2008	<u>90,195</u>	<u>60,117</u>	<u>150,312</u>
Depreciation			
At 1st April 2007	44,341	22,946	67,287
Charge for the year	22,548	12,024	34,572
At 31st March 2008	<u>66,889</u>	<u>34,970</u>	<u>101,859</u>
Net book value			
At 31st March 2008	<u>23,306</u>	<u>25,147</u>	<u>48,453</u>
At 31st March 2007	<u>21,852</u>	<u>33,756</u>	<u>55,608</u>

10 Debtors

	2008	2007
	£	£
Grants receivable	324,294	276,270
Other debtors and prepayments	25,410	44,093
	<u>349,704</u>	<u>320,363</u>

11 Creditors: amounts falling due within one year

	2008	2007
	£	£
Trade creditors	171,579	164,683
Social security and other taxes	40,293	32,287
Employers pension contributions	12,639	10,941
VAT Payable	43,623	23,411
Other creditors	91,385	88,447
	<u>359,519</u>	<u>319,769</u>

12 Restricted reserves

	Balance 31 March 07 £	Incoming resources £	Outgoing resources £	Balance 31 March 08 £
Fixed assets reserve	6,460	-	(6,460)	-
Projects reserve				
UK Skills	110,000	-	(110,000)	-
London Development Agency	-	50,000	-	50,000
Welsh Assembly Government	-	46,000	(11,590)	34,410
Foundation Degree Forward		68,445	(48,445)	20,000
Lifelong Learning UK		17,250	(2,250)	15,000
Learning and Skills Council		44,718	(32,422)	12,296
Other		1,095,672	(1,095,672)	-
Total restricted reserves	116,460	1,322,085	(1,306,839)	131,706

The Fixed assets reserve was established in 2005 by a grant from the SSDA which was given specifically for the purchase of computer equipment and software. This has now been fully used.

The Projects reserve represents the value of project monies receivable prior to the year end which have not been spent on the specified activities of the grant as at the year end. Further details are given below:

Funding body	Reasons grant given
UK Skills	To lead on the development of skills competitions across the Skills for Business Network (SfBN)
London Development Agency	To train local people as electrical operatives to work on 2012 Olympic construction.
Welsh Assembly Government	<ul style="list-style-type: none"> i. To fund a skills ambassador to work with Welsh employers encouraging them to sign the Basic Skills Pledge. ii. To conduct 50 training needs analyses with companies in Wales. iii. To support skills competitions in Wales. iv. To provide training in renewable technologies to 10 operatives in Wales
Foundation Degree Forward	To develop a strategy towards the establishment of a foundation degree for the BSE sector.
Lifelong Learning UK	To participate in strand 4 of the Catalyst programme 'Tutors into Construction'
Learning and Skills Council	To conduct research into future skill needs in respect of renewable technologies in London.
Other (as shown in Note 1)	A number of grants in addition to those detailed above were received and spent in the year and the purpose of these grants has been met.

13 Designated reserves

At its meeting on 15th March 2007 the Board took the decision to set up the following designated reserves:

	IT reserve £	Recruitment reserve £	Skills reserve £	Total £
Opening balance at 1 April 2007	50,000	50,000	200,000	300,000
Charge for the year	(6,000)	-	-	(6,000)
Balance at 31 March 2008	<u>44,000</u>	<u>50,000</u>	<u>200,000</u>	<u>294,000</u>

The IT reserve was set up to cover the cost of replacing and renewing IT equipment. During the year the cost of new computers and other equipment amounted to £24,002. Depreciation of £6,000 on this amount was charged to the reserve during the year. The remaining capital in the reserve will be used to buy new servers during the course of the coming year.

The Recruitment reserve has been set up to allow for the recruitment of senior executives without adversely affecting the operating budget for any given year.

The Skills reserve has been set up specifically to fund projects which promote and aid the attainment of skills within the sector.

14 Analysis of net assets between reserves

	Tangible fixed assets £	Current assets £	Current liabilities £	£
Restricted reserves	-	131,706	-	131,706
Designated reserves				
IT fund	18,002	25,998	-	44,000
Recruitment fund	-	50,000	-	50,000
Skills fund	-	200,000	-	200,000
General reserves	30,451	1,898,943	(359,519)	1,569,875
Total reserves	<u>48,453</u>	<u>2,306,647</u>	<u>(359,519)</u>	<u>1,995,581</u>

15 Taxation

As a registered charity the company is exempt from taxation on its income and gains to the extent that they are applied for its charitable purposes.

16 Operating leases

Annual commitments totalling £31,664 (2007: £35,106) under non-cancellable operating leases at 31 March were as follows:

	2008		2007	
	Land and buildings £	Motor vehicles £	Land and buildings £	Motor vehicles £
Expiry date:				
within one year	-	-	-	3,442
between 2 and 5 years	31,664	-	31,664	-
Total	<u>31,664</u>	<u>-</u>	<u>31,664</u>	<u>3,442</u>

17 Share capital

The company is limited by guarantee and therefore has no share capital. The members liability is limited to £10 per member in the event that the company is wound up whilst that person is a member or within 12 months of them resigning as a member if the liabilities exceed the assets

