

SummitSkills

The Sector Skills Council for Building Services Engineering

Annual report and financial statements

For the year ended 31 March 2010

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	Ian Livsey
Trustees	Patrick G Allen Richard J Clarke Roy A Colman Andrew C P Gooding Mary Gowing Graham P Manly A John Miller Ian J Pattle David W H Smith George N Thomson William H Wright
Company Secretary	Anthony J Smith
Executive team	Keith M Marshall, OBE Chief Executive Officer Lindsay C Gillespie Development Director Cathryn E 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 2010.

SummitSkills' purpose

SummitSkills is both a charity and a private company limited by guarantee. It is governed by its Memorandum and Articles of Association. Its objects 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.*

Principal aims and objectives

SummitSkills short and medium term aims and objectives are those outlined in the planning documents indicated below. In producing these documents we referred to the Charity Commission's general guidance on public benefit and were keen to ensure that our strategic objectives and planned activities were both consistent with our objects as stated above and would meet the public benefit criteria.

- **5 year Strategic Plan 2008-13**
Recognising the challenges posed by a global economy and picking up the themes of the Leitch Review of Skills 2006 and those identified by our own SSA (Sector Skills Agreement) the 5 year Strategic Plan outlines our vision and mission and identifies 6 strategic objectives (see page 8). It also outlines the values which we aim to demonstrate in our work.
The plan is intended as an external document and has been widely distributed to stakeholders and other partners. It is also available on the SummitSkills' website www.summitskills.org.uk.
- **3 year Business Plan 2008-11**
Our Business Plan outlines what we expect to achieve within the first 3 years of the Strategic Plan and how we intend to do it. It links strongly with the implementation of the SSA and includes budget projections. It is designed primarily as an internal document aimed at giving staff a comprehensive overview of SummitSkills, our aims and the environment in which we work.
- **Annual Operating Plan**
The Annual Operating Plan for each year lists the activities that staff will be involved in during the year in question and provides estimated staff time and a budget for each activity. It is in effect an outline programme of work for the whole organisation.

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 Alliance of Sector Skills Councils, formerly the Skills for Business Network (SfBN).

The SSCs were set up for the public benefit to ensure that for each sector of the economy the UK has an appropriately skilled and internationally competitive workforce.

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
Total	61,000

Source: SummitSkills' SSA for the BSE sector: SNA p29, 2007 using data from various sources 2004/5

There are 613,000 employees across the above industries (SSA for the BSE sector: SNA p33, 2007) 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 30,000 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 Chair 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 advertising campaign. In all cases the CVs of prospective Board members are reviewed first by the Nominations and Governance sub-committee so that a recommendation can be put to the Board. 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 Board committees the director/trustee was a member.

Patrick G Allen	FAC		(appointed as a director 3 December 2009)
Richard J Clarke	Green		(appointed as a director 4 March 2010)
Roy A Colman	FAC	Rem	
C John Fraser	FAC		(resigned as a director 31 Dec 2009)
Andrew C P Gooding	Mgt	FAC	
Mary Gowing	FAC	Rem	
Thomas J Hardacre	FAC		(resigned as a director 3 March 2010)
Diane T Johnson	QSAG		(resigned as a director 2 December 2009)
R Stuart Lyon	Mgt		(resigned as a director 31 December 2009)
Graham P Manly	N&G	Green	
A John Miller	FAC		(appointed as a director 1 January 2010)
Ian J Pattle	Mgt		
David W H Smith	N&G	Green	
R David Stevenson	N&G		(resigned as a director 31 December 2009)
George N Thomson	FAC		(appointed as a director 1 January 2010)
William H Wright	N&G	Green	

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	Green	Green Agenda sub-committee

Board development

New trustees are inducted by the Company Secretary and are issued with a Trustee Information Pack giving guidance on the role and duties of a company director/ charity trustee as well as information on SummitSkills and the sector. The Chair carries out annual performance reviews with each member of the Board and identifies training needs.

Chair

The Chair of SummitSkills is a non-executive position and has been held since 1st January 2009 by Ian Livsey, chief executive of the Gangmasters Licensing Authority (GLA). The Chair is ex-officio a member of all the Board committees mentioned above.

Committee structure

The Board of SummitSkills has two standing sub-committees:

- **Nominations and Governance sub-committee**
which meets as required and reviews nominations to the Board and deals with other matters of a governance nature.
- **Finance and Audit sub-committee**
which meets quarterly in advance of Board meetings and 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.

The Board also convenes, usually annually, as required, the

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

After conducting a governance review during the course of the year the Board decided to also establish a

- Green Agenda sub-committee
which meets to identify and coordinate strategic initiatives in respect of the green agenda.

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 all the groups mentioned below and on the basis of these makes recommendations to the Board. The Management Committee also reviews the Operating Plan on an annual basis before this is 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 Advisory Groups (2)
namely the *Electrotechnical Strategic Advisory Group* and the *Mechanical Strategic Advisory Group* covering the plumbing, H&V (heating and ventilating), and RAC (refrigeration and air-conditioning) industries.
These groups give employers and other interested parties the opportunity to keep abreast with and feed into the work that SummitSkills is doing across the relevant industries.
- Sector Advisory Groups (2)
namely the *Careers and Diversity Strategic Advisory Group* and the *Manufacturers and Sustainability Strategic Advisory Group*.
These groups give employers and other interested parties the opportunity to help SummitSkills address relevant cross sector issues.

In addition to the above groups, in order to implement the Sector Skills Agreement for the sector, SummitSkills has set up in each region and nation:

- SSA Implementation Groups (12)
These groups consist of employers and stakeholder partners and address the issues raised by the SSA on a regional basis.

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

Volunteer contribution

SummitSkills has calculated that the total number of volunteer days given to the company by:

- those attending the Board, its sub-committees and the various committees and groups outlined above
- those participating in QCF workshops
- those involved in the steering group and selection panel for skills competitions and those who helped in developing, testing and judging the competitions

during the year amounted to approximately 1,124 days (2009: 1,030 days) with a value in the region of £618,000 (2009: £568,000)

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
Change of government policy following the establishment of the new coalition government in the UK results in changes to the present structure of SSCs.	The Conservatives previously indicated that, should they come into power, they intended to keep SSCs in place and possibly give them greater responsibilities. Employers in the sector wish to retain a separate SSC for BSE.
SummitSkills has insufficient funding to achieve the outputs and outcomes of its 2010/11 Business Plan.	Although all SSCs have been notified by government that the previously agreed level of core funding for 2010/11 cannot be assured it is unlikely that there will be further significant cuts in the year. SummitSkills is not reliant wholly on core income and: <ul style="list-style-type: none"> ◦ has the ongoing support of the stakeholder trade associations with guaranteed income until March 2011 ◦ has reserves which have built up to a level higher than that required by the Board ◦ has been successful in raising grant income from institutional donors and expects this success to continue.
SummitSkills long term income declines as a result of a number of possible factors including: <ul style="list-style-type: none"> • reduction in core income • reduction in stakeholder subscriptions • handing over of apprenticeship certification for England to the National Apprenticeship Service (NAS) 	The Finance and Audit sub-committee (FAC) review 3 year financial projections, including sensitivity analysis, on a quarterly basis. If income was to reduce significantly in future then the level of activity in the SSC may need to reduce correspondingly. This could be offset to some extent by a transfer of staff from the SSC to the National Skills Academy for Environmental Technologies (see page 11).

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

Internal audit

The Finance and Audit sub-committee (FAC) reviews the need for internal audit on an annual basis. At its meeting in July 2009 the committee came to the conclusion that internal audit would not add anything to their understanding or confidence at that time.

Internal control

The company has a documented system of internal control which was reviewed in depth by the Finance and Audit sub-committee (FAC) in November 2008. Proposed changes to the system are a standing agenda item at all FAC meetings.

Vision, mission and strategic objectives

SummitSkills' vision for the sector is to have
"World class skills that drive performance in a profitable and competitive sector."

Our mission is
"To influence and promote investment in skills at all levels".

Strategic objectives

In order to fulfil its mission SummitSkills has identified six key objective areas:

- **Employer engagement**
To engage with employers and individuals to promote the benefits of skills development
- **Offering expertise, safeguarding standards**
To be the authoritative voice of the sector in defining future skill needs
- **Enhancing quality and delivery**
To ensure the supply of people, skills and qualifications is employer-led
- **Raising ambition**
To raise employer ambition and investment in skills and to champion the sector's skills agenda
- **Effectiveness and evolution**
To continuously develop the capacity and capability of our organisation, using our resources efficiently and effectively.
- **Partnership approach**
To forge effective partnerships to deliver these objectives

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

Staff

Members of staff are our greatest asset in achieving our aims. At 31 March 2010 SummitSkills had a staff team of 37 (2009: 39) including 1 member of staff (2009: 2) seconded from another organisation. Staff turnover during the year was 21% (2009: 23%).

- **CEO and three executive directors** (4) (2009: 4): Largely outward facing as well as giving direction to the company and managing the various teams.
- **Development team** (7) (2009: 8): 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** (2) (2009: 1): Engaged in ongoing research to provide sectoral LMI (labour market information) and other information of use to the sector and the government.
- **Communications team** (3) (2009: 3): Ensuring that the work of SummitSkills is well publicised both within our own publications and in the press. Also responsible for the website.
- **Operations team** (13) (2009: 16): 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** (8) (2009:7): Including finance and admin support across the company.

SummitSkills is an **Investor in People** and was awarded **Gold** status during the year (see below).

Review of the year

A full report of the year's activities is included in the SummitSkills' 2009-10 Annual Review (available on request or to download from the website www.summitskills.org.uk). Some key achievements are highlighted below:

Employer engagement

The aim of SummitSkills' first strategic objective is engage with employers and promote the benefits of skills development.

To help us in achieving this objective one of our aims for the year was to introduce a CRM (customer relationship management) system. Such a system has now been installed and this has been populated using contact lists from across the organisation. We now have all our contact data in one place and are able to track our engagement with employers and other stakeholders as well as using the database to run surveys and keep employers informed.

Another of our aims for the year was to help employers to continue to train despite the restraints of the recession. One successful example of this was in the north west of England where SummitSkills, working in partnership with ConstructionSkills, supported local employers through the establishment of employer-led group training associations.

Using funding made available through the European Social Fund and the Learning and Skills Council the project also aims to match redundant apprentices with employers on a temporary or short-term basis so they can continue to train and to complete their apprenticeships.

Offering expertise, safeguarding standards

The aim of this objective is to provide authoritative research and information relevant to the sector.

One of the principal research reports issued during the year was the Apprenticeship Cost-Benefit analysis. The research showed that across various industries within the BSE sector significant labour cost savings can be achieved through the use of apprentices with minimal changes to the overall skills of the team. For instance employing apprentices on a large electrical contract could save a company up to 15% in labour costs.

As intended, SummitSkills worked with Experian during the year to update the cyclic LMI (labour market intelligence) forecasting model for the BSE sector and we have now been able to forecast labour requirements up to 2014.

We also commissioned a telephone survey of 2,000 employers towards the end of 2009 in order to provide an update to our SNA (Sector Needs Analysis). This data is the basis for predicting the future skills needs of the sector and will be the subject of a number of research reports early in 2010/11.

Enhancing quality and delivery

This objective covers SummitSkills work on NOS (National Occupational Standards), apprenticeships and qualifications.

During the year, as planned, SummitSkills carried out extensive work to ensure that the BSE NOS can be incorporated into the QCF (qualifications and credit framework) and the Scottish CQF (credit and qualifications framework). We worked closely with awarding organisations City & Guilds and EAL to develop appropriate units from which qualifications for the sector can be built.

The above process has included the development of units to cover environmental technologies and by 31 March units were complete for the following technologies:

- Solar thermal
- Solar photovoltaic
- Heat pumps
- Water recycling

with nine further units in the pipeline.

Raising ambition

One of the key recommendations of the Leitch report was that we need to raise ambition among employers, employees and prospective employees with regard to skills.

One of our aims in the year was to develop a model to prove to employers that training pays. This was successfully achieved by the Apprenticeship Cost-Benefit analysis as reported above.

Another aim was to further develop our skills competitions in the lead up to WorldSkills 2011. Once again we conducted highly successful skills competitions for each of the four industries in the sector including holding the UK finals of SkilleLECTRIC and SkillPLUMB in front of thousands of visitors at the annual Interbuild show in Birmingham. Furthermore last year's SkilleLECTRIC UK champion, Richard Sagar, came back from WorldSkills 2009 in Calgary with the coveted gold award whilst SkillPLUMB 2008 winner, Christopher Lonsdale, received a medallion of excellence.

Other milestones in the year included the launch of Enterprise Essentials, a free online tool produced to help businesses improve their enterprise skills, and the sponsorship of a number of awards in the environmental arena.

Effectiveness and evolution

SummitSkills is a people and knowledge organisation. Its effectiveness in these two areas is essential to be able to effectively deliver for our sector. We therefore strive to continuously develop our existing staff capability and ensure that we get maximum value from our resources, people, money and time. We encourage all staff to take their own personal development seriously and many are enrolled on specific training programmes.

These ideals were reflected during the year in the award to SummitSkills of the liP (Investors in People) GOLD standard (something achieved to date by approximately only 100 companies out of 35,000 on liP's books). Presenting the award, Mark Lancaster, MP for Milton Keynes North, said "it is tremendously encouraging to see the people behind SummitSkills recognised in this way. liP isn't about what happens to people, it's about what people make happen."

One of the changes in the year was in the way we work together. Concentrating on the major items that we want to achieve over the next 12-18 months we created a number of cross team working groups to lead on these items. An example would be the Green Agenda team which draws staff from all the teams, Executive, Operations, Development and Business Services.

Partnership approach

SummitSkills cannot operate effectively unless it engages with partners. Employers, stakeholders and other partners have an interest in what we do and how we do it.

One key area where we have continued to use a partnership approach is in the implementation of the SSA (Sector Skills Agreement) and this is being achieved through implementation groups in each English region and in the devolved nations. In an interview with Mike Malina, chair of the East of England group he said "the East of England Implementation Group plays a key role to ensure that we can develop the diverse and competent workforce required for the future. Under the guidance of employers it concentrates on advising and shaping the evolution of skills for the BSE sector."

Other examples of working in partnership include

- Leading the built environment group of SSCs in Northern Ireland in a project, funded by DEL (Department for Employment and Learning) to revise the content of courses for environmental technologies.
- Working with stakeholders in Scotland to develop a series of learning packages for supervisors and managers.
- Consultation with employers, universities, FE colleges, trade associations and professional bodies to develop a foundation degree framework specification.

Measuring success

SummitSkills performance is monitored by the Board using the following reports:

- Quarterly report to the Management Committee on progress against the annual Operating Plan.
- Quarterly financial update to the Finance and Audit sub-committee including a report on all grant funded activities.
- Quarterly report to the Board from the CEO detailing activities, achievements and issues in the previous three months.

SummitSkills is also required under contract to report quarterly to the UKCES (UK Commission for Employment and Skills) whose role includes the monitoring and evaluation of all SSCs.

In addition to the above SummitSkills has established KPIs (Key Performance Indicators) for each section of its Strategic Plan and these are measured and reviewed by the Executive team on a quarterly basis. A number of these KPIs are also embedded in the contract with UKCES.

The above measures (and the review of the year on the preceding pages) show that overall it has again been a very successful year for SummitSkills with annual targets being achieved across the organisation.

In addition SummitSkills led the bid to establish a National Skills Academy for the sector and has been given a contract by the Skills Funding Agency (formerly the Learning and Skills Council) to move to the development phase. The academy (see below) will be known as the National Skills Academy for Environmental Technologies.

Looking forward

The UK economy

As the UK economy recovers from recession the BSE sector is well placed to respond to increased activity. There is one growth area however where increased investment in training is vital if we are to meet government targets and the potential demand from the public. This is the low carbon arena. For this reason SummitSkills applied in January 2010 to establish a National Skills Academy for Environmental Technologies.

National Skills Academy for Environmental Technologies

The approval to develop a National Skills Academy for Environmental Technologies was announced by Lord Mandelson in March 2010 and highlights the critical role the BSE sector will play in the installation of the UK's low-carbon infrastructure and the need for the sector to change to improve its skills to meet this challenge.

The aims of the academy are

- to co-ordinate skills training in the design, installation and maintenance of environmental technologies
- to work with the existing provider network to provide centres of excellence for training in environmental technologies

- to encourage employers in the sector to upskill the workforce
- to provide the public with an appropriately trained workforce
- to lobby government to ensure that environmental technologies are installed only by suitably competent people

Other planned activities

SummitSkills' ongoing objectives are those outlined in its Strategic Plan. Over the next year SummitSkills will continue to work with partners to meet its priorities nationally and in each region and nation.

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

- **Employer engagement**
 - Further development of the CRM system to manage employer engagement.
 - Promotion of environmental technologies and the need to train.
- **Offering expertise, safeguarding standards**
 - Further refinement of the cyclic LMI forecasting model for BSE across the UK
 - Analysis of the labour market requirements and existing training provision for environmental technologies.
- **Enhancing quality and delivery**
 - Completion of work to populate the QCF (qualifications and credit framework) and Scottish CQF with appropriate BSE units and support for awarding bodies in producing relevant qualifications.
 - Review and development of apprenticeship frameworks in the sector.
- **Raising ambition**
 - Promotion of management and leadership training within the sector.
 - Further development of skills competitions as we approach WorldSkills 2011
- **Effectiveness and evolution**
 - Further use of cross team working to fully utilise the experience and expertise that staff bring.
 - Staff training programme for all staff including further in-house training for those with managerial responsibility.
- **Partnership approach**
 - Work with key employers and stakeholders to implement the NSA
 - Collaboration with other SSCs to lobby government on matters of common interest or concern.

Financial report

Income

Incoming resources for SummitSkills during the year totalled £2,958,667 (2009: £3,476,312).

- The principal source of income was the UK Commission for Employment and Skills 68% (2009: 63%).
- Grants (excluding those from the UKCES) were raised from institutional donors to fund specific projects 20% (2009: 13%).
- Certification and training activities accounted for 11% (2009: 11%) of total income.

The main reason for the drop in income against the previous year was the agreement with the Stakeholder Trade Associations that they should be given a one year break from paying subscriptions. This was proposed by SummitSkills for two reasons:

- To partially offset accumulated surpluses from previous years.
- In recognition of the fact that many of the trade association members would be feeling the effects of recession and might struggle to pay their membership fees.

SummitSkills income was, as a result, reduced by £390,000.

Income from grants, £717,676 (2009: £672,842), was higher than the previous year but includes a large multi-year grant of £150,000 from UKSkills.

Income from certification and training activities held up well in the year and amounted to £338,332 (2009: £367,884). This included income from the production of 10,370 apprenticeship completion certificates (2009: 10,119) a very encouraging result given the economic pressures on the sector in the period.

Expenditure

Overall expenditure in the year, £3,419,965 (2009: £3,433,777), was little different to the previous year and the amounts spent under each heading were comparable:

- 91% was spent on charitable activities (2009: 91%)
- 2% on generating funds (2009: 2%)
- 7% on the governance of the company (2009: 7%)

Spending on charitable activities decreased very slightly to £3,109,296 (2009: £3,111,291). This is the amount spent on the 6 main objectives of the Strategic Plan.

Spending on fundraising was slightly down at £72,311 (2009: £81,445). This represents the time spent by staff and senior management in negotiating grants, subscriptions and core funding.

Spending on governance decreased slightly to £238,358 (2009: £241,041).

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.

Going concern

The Trustees have concluded, based on the cashflow forecasts prepared that there are no material uncertainties that lead to significant doubt upon the ability of SummitSkills to continue as a going concern for the foreseeable future.

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.

At 31 March 2010 total reserves stood at £1,576,818 (2009: £2,038,116) of which £1,466,812 (2009: £1,981,803) represented free reserves.

Restricted reserves at the year end £110,006 (2009: £56,313) consisted of project grants received in advance (see Note 12). In each case it is expected that these grants will be fully used, for the purposes for which they were given, during the course of the year to 31 March 2011.

Three designated reserves were in existence at the year end:

- The IT reserve was set up in March 2007 to cover the cost of replacing and renewing IT equipment. The work has now been completed and the reserve is being depleted over time as depreciation is charged on the relevant assets (see Note 13). The amount in the reserve at 31 March 2010 was £19,435 (2009: £31,500).
- The Recruitment reserve 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. The amount in the reserve at 31 March 2010 amounted to £44,217 (2009: £44,217).
- The Skills reserve was established 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. It was agreed to spend £100,000 in 2009/10 and a further £100,000 in 2010/11 towards the cost of skills competitions in the sector in the lead up to WorldSkills 2011 in London. The amount in the reserve at 31 March 2010 was £100,000 (2009: £200,000).

Trustees' indemnity insurance

SummitSkills has in place 'Executive Liability' cover in respect of the Chair, the trustees and the principal officers of the company. The premium paid during the year was £1,961 (2009: £1,931).

Auditors

SummitSkills has entered into a liability limitation agreement with Grant Thornton UK LLP, the statutory auditor, in respect of the statutory audit for the year ended 31 March 2010. The proportionate liability agreement follows the standard terms in Appendix B to the Financial Reporting Council's June 2008 Guidance on Auditor Liability Agreements, and was approved by the trustees on 5 September 2009.

A resolution to re-appoint Grant Thornton UK LLP as auditors for the ensuing year will be proposed at the annual general meeting.

Statement of trustees' responsibilities

The trustees (who are also directors of SummitSkills Limited for the purposes of company law) are responsible for preparing the Trustee's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under that law, the trustees have elected to prepare financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company 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
- 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 adequate 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. They are also responsible for safeguarding the assets of the charitable 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:

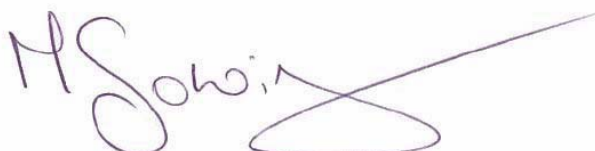
- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable 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 15 of the Companies Act 2006.

ON BEHALF OF THE BOARD



Mary Gowling
Director/Trustee

Date: 3 September 2010

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 2010 which comprise the principal accounting policies, the statement of financial activities, the balance sheet and related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

The trustees' (who are also directors of SummitSkills Limited 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 financial statements give a true and fair view 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, have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and have been prepared in accordance with the Companies Act 2006. We also report to you whether the information given in the Trustees' Report is consistent with those financial statements.

In addition we report to you if, in our opinion, the charitable company has not kept adequate accounting records, if the charitable company's financial statements are not in agreement with the accounting records and returns, 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 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 trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

Report of the independent auditor to the members of SummitSkills Limited

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 charitable company'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; and
- the information given in the Trustees' Report is consistent with the financial statements.

Grant Thornton UK LLP

Simon Jones
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Central Milton Keynes

Date *7 September* 2010

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 2006, and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

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 eight headings, these being

- Cost of generating funds
- Governance costs
- Employer engagement
- Offering expertise, safeguarding standards
- Enhancing quality and delivery
- Raising ambition
- Effectiveness and evolution
- Partnership approach

The final six 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 eight headings they are allocated directly (see Note 4). Other costs are apportioned as follows:

Principal accounting policies

Staff costs (including the costs of seconded staff if any):

according to the amount of time spent on each activity.

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

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 2010

	Note	Restricted £	Unrestricted £	2010 £	2009 £
Incoming resources					
Incoming resources from generated funds					
Voluntary income					
Core income – UKCES/SSDA	1	-	1,891,004	1,891,004	1,979,000
Investment income					
Bank interest		-	11,414	11,414	66,586
Disposal of fixed assets		-	241	241	
Incoming resources from charitable activities					
Stakeholder subscriptions	2	-	-	-	390,000
Grants for specific activities	1	717,676	-	717,676	672,842
Certification and training income		-	338,332	338,332	367,884
Total incoming resources		<u>717,676</u>	<u>2,240,991</u>	<u>2,958,667</u>	<u>3,476,312</u>
Resources expended					
Cost of generating funds					
Charitable activities	3	663,983	2,445,313	3,109,296	3,111,291
Governance costs		-	238,358	238,358	241,041
Total resources expended		<u>663,983</u>	<u>2,755,982</u>	<u>3,419,965</u>	<u>3,433,777</u>
Net incoming/(outgoing) resources for the year	5	53,693	(514,991)	(461,298)	42,535
Reserves at 1 st April		56,313	1,981,803	2,038,116	1,995,581
Reserves at 31st March	14	<u>110,006</u>	<u>1,466,812</u>	<u>1,576,818</u>	<u>2,038,116</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.

The accompanying accounting policies and notes form part of these financial statements.

Balance sheet

as at 31 March

	Note	2010 £	2009 £
Fixed assets			
Tangible assets	9	<u>62,411</u>	<u>58,887</u>
Current assets			
Debtors	10	226,552	201,633
Cash at bank		<u>1,592,009</u>	<u>2,270,026</u>
		<u>1,818,561</u>	<u>2,471,659</u>
Liabilities			
Creditors: amounts falling due within one year	11	<u>304,154</u>	<u>492,430</u>
Net current assets		<u>1,514,407</u>	<u>1,979,229</u>
Total assets less current liabilities		<u>1,576,818</u>	<u>2,038,116</u>
Capital and reserves			
Share capital	17	—	—
Reserves - restricted	12	110,006	56,313
designated	13	163,652	275,717
general	14	<u>1,303,160</u>	<u>1,706,086</u>
		<u>1,576,818</u>	<u>2,038,116</u>

These financial statements have been prepared in accordance with the special provisions of Part 15 Companies Act 2006 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

These financial statements were approved by the directors on 3 September 2010 and are signed on their behalf by:



Mary Gowing
Director/Trustee

SummitSkills, company registration number 4575759

The accompanying accounting policies and notes form part of these financial statements.

Notes to the financial statements

1 Grant income

Grant income is derived from the following sources:

	2010	2009
	£	£
Unrestricted		
UKCES – core income	1,891,004	1,979,000
Restricted		
UKCES – non core income	118,375	215,979
UK Skills	161,772	52,478
London Development Agency	113,400	89,322
DEL Northern Ireland	46,811	52,750
Welsh Assembly Government	45,464	54,650
Skillset	33,300	32,800
HVCA	29,050	17,300
Construction Skills CITB	25,000	30,720
APHC	20,000	20,000
SEMTA	15,750	16,380
ESTTL	13,000	13,000
ECA	11,500	10,000
EAL	11,250	11,553
Skills Development Scotland	10,929	-
UK Copper Board	10,000	10,000
BPEC	10,000	10,000
Learning and Skills Council	10,000	-
Electrical Safety Council	7,500	-
Joint Industry Board	5,000	-
Durapipe	3,500	-
Monument Skills	2,625	625
Star Refrigeration	2,000	-
ACRIB	2,000	1,000
CIPHE	2,000	2,000
CIBSE	1,500	2,850
Unite the Union	1,500	2,850
Institute of Refrigeration	1,000	4,405
BRA	1,000	1,000
European Social Fund	-	10,000
The Alliance of SSCs	-	7,500
NICEIC	-	5,000
Foundation Degree Forward	-	(7,120)
Other	2,450	5,800
Total restricted	717,676	672,842
Total unrestricted and restricted	2,608,680	2,651,842

2 Stakeholder subscriptions

SummitSkills receives subscriptions from employer bodies representing specific elements of the building services engineering sector. For the year ending 31 March 2010 a payment break was agreed. Subscriptions for the previous year were as shown below:

	2010 £	2009 £
Electro-technical (ECA and SELECT)	-	130,000
Heating, Ventilating, Air Conditioning and Refrigeration (HVCA)	-	130,000
Plumbing (APHC and SNIPEF)	-	130,000
	<u>-</u>	<u>390,000</u>

3 Charitable activities

	Restricted £	Unrestricted £	2010 £	2009 £
Resources expended				
Charitable activities				
Employer engagement	63,265	413,892	477,157	417,970
Offering expertise, safeguarding standards	29,676	311,600	341,276	275,360
Enhancing quality and delivery	219,197	449,074	668,271	727,898
Raising ambition	238,327	470,496	708,823	751,702
Effectiveness and evolution	36,826	386,783	423,609	415,132
Partnership approach	76,692	413,468	490,160	523,229
Total charitable activities	<u>663,983</u>	<u>2,445,313</u>	<u>3,109,296</u>	<u>3,111,291</u>

4 Allocation of support costs

	Direct costs £	Support costs £		Total £	Total £
		Staff costs	Overheads	2010	2009
Resources expended					
Generating funds	-	58,778	13,533	72,311	81,445
Charitable activities					
Employer engagement	147,868	242,171	87,118	477,157	417,970
Offering expertise, safeguarding standards	111,485	179,419	50,372	341,276	275,360
Enhancing quality and delivery	268,428	320,615	79,228	668,271	727,898
Raising ambition	257,491	361,798	89,534	708,823	751,703
Effectiveness and evolution	60,964	224,148	138,497	423,609	415,131
Partnership approach	142,646	275,547	71,967	490,160	523,229
Governance	-	124,932	113,426	238,358	241,041
Total charitable activities	<u>988,882</u>	<u>1,787,408</u>	<u>643,675</u>	<u>3,419,965</u>	<u>3,433,777</u>

5 Net incoming resources

	2010	2009
	£	£
This is stated after charging:		
Depreciation of owned assets	40,832	32,379
Operating lease costs - land and buildings	34,190	34,035
- vehicles	-	-
Auditors' remuneration –		
fees payable to the charity's auditor for the audit of the financial statements.	7,755	9,125
fees payable to the charity's auditor for the audit of LDA grant.	650	605
fees payable to the charity's auditor for taxation advice.	-	3,910
	<u> </u>	<u> </u>

6 Staff costs

The number of employees at the end of the year was 36 (2009:37). The average number of employees during the year was 37 (2009:35) and the full time equivalent (FTE) number of employees during the year was 37 (2009:34). These figures exclude seconded staff.

Aggregate staff costs were as follows:	2010	2009
	£	£
Wages and salaries	1,509,287	1,431,330
Social security	149,954	121,430
Pension	110,328	105,861
Private medical insurance	17,839	20,029
	<u>1,787,408</u>	<u>1,678,650</u>

The company makes contributions to The Plumbing and Mechanical Services (UK) Industry Pension Scheme - a defined benefit revalued career average 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 2010, 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 2010 but the scheme received a positive Ongoing Funding Statement as at 31 March 2009.

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:

	2010	2009
£100,000 - £110,000	1	1
£80,001 - £90,000	2	-
£70,001 - £80,000	1	3

Pension costs payable to The Plumbing and Mechanical Services (UK) Industry Pension Scheme for the 4 staff included in the above bandings was £36,562 (2009: 4 staff £35,480).

In addition to the above, SummitSkills benefited in the year from the services of 2 staff (2009: 2) seconded from other organisations. The cost of these was £32,485 (2009: £49,670).

7 Trustees remuneration

None of the trustees received any remuneration for their services during the year. Travel and accommodation expenses relating to Board, committees and other meetings attended by trustees on behalf of SummitSkills were reimbursed to or paid on behalf of 13 trustees (2009: 11) and amounted to £16,027 in total during the year (2009: £19,149).

8 Related party transactions

The Chairman, Ian Livsey, received an honorarium of £12,000 in the year (2009: £3,000). Expenses reimbursed to him directly amounted to £8,811 in total during the year (2009: £3,405).

Expenses reimbursed to Simon Bartley, the previous Chairman, relating to his time as Chairman, amounted to £10,598 in total during the year (2009: nil).

9 Tangible fixed assets

Cost	Computer equipment £	Office fixtures and fittings £	Total £
At 1st April 2009	77,201	60,117	137,318
Additions	41,967	2,389	44,356
Disposals	(3,214)	-	(3,214)
At 31st March 2010	<u>115,954</u>	<u>62,506</u>	<u>178,460</u>
Depreciation			
At 1st April 2009	31,438	46,993	78,431
Charge for the year	28,331	12,501	40,832
Disposals	(3,214)	-	(3,214)
At 31st March 2010	<u>56,555</u>	<u>59,494</u>	<u>116,049</u>
Net book value			
At 31st March 2010	<u>59,399</u>	<u>3,012</u>	<u>62,411</u>
At 31st March 2009	<u>45,763</u>	<u>13,124</u>	<u>58,887</u>

10 Debtors

	2010 £	2009 £
Grants receivable	133,026	129,855
Other debtors and prepayments	93,526	71,778
	<u>226,552</u>	<u>201,633</u>

11 Creditors: amounts falling due within one year

	2010	2009
	£	£
Trade creditors	148,504	264,115
Social security and other taxes	41,609	40,697
Employers pension contributions	13,366	13,265
VAT Payable	-	22,301
Other creditors	100,675	152,052
	<u>304,154</u>	<u>492,430</u>

12 Restricted reserves

	Balance 1 April 09	Incoming resources	Outgoing resources	Balance 31 March 10
	£	£	£	£
Projects reserve				
London Development Agency	33,412	113,400	(142,056)	4,756
Welsh Assembly Government	8,000	45,464	(53,464)	-
UKCES	14,901	-	(14,901)	-
UK Skills	-	161,772	(56,522)	105,250
Other	-	397,040	(397,040)	-
	<u>56,313</u>	<u>717,676</u>	<u>(663,983)</u>	<u>110,006</u>
Total restricted reserves	<u>56,313</u>	<u>717,676</u>	<u>(663,983)</u>	<u>110,006</u>

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
London Development Agency	To train local people as electrical operatives to work on 2012 Olympic construction.
UK Skills	To lead on encouraging skills competitions in the sector.
Other (as shown in Note 1)	Additional grants to those detailed above were received and spent in the year and the purpose of these grants has been met.

13 Designated reserves

	IT reserve	Recruitment reserve	Skills reserve	Total
	£	£	£	£
Opening balance at 1 April 2009	31,500	44,217	200,000	275,717
Charge for the year	(12,065)	-	(100,000)	(112,065)
	<u>19,435</u>	<u>44,217</u>	<u>100,000</u>	<u>163,652</u>
Balance at 31 March 2010	<u>19,435</u>	<u>44,217</u>	<u>100,000</u>	<u>163,652</u>

The IT reserve was set up to cover the cost of replacing and renewing IT equipment. This project is now complete and depreciation charges over the next 2 years will reduce the reserve to zero.

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

The Skills reserve was set up specifically to promote the attainment of skills within the sector. The remainder in this reserve will be utilised in 2010/11 as we approach WorldSkills 2011.

14 Analysis of net assets between reserves

	Tangible fixed assets £	Current assets £	Current liabilities £	£
Restricted reserves	-	110,006	-	110,006
Designated reserves				
IT fund	19,435	-	-	19,435
Recruitment fund	-	44,217	-	44,217
Skills fund	-	100,000	-	100,000
General reserves	42,976	1,564,338	(304,154)	1,303,160
Total reserves	<u>62,411</u>	<u>1,818,561</u>	<u>(304,154)</u>	<u>1,576,818</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 £31,663 (2009: £30,883) under non-cancellable operating leases at 31 March were as follows:

	Land and buildings	
	2010	2009
	£	£
Expiry date:		
within one year	-	30,883
between 2 and 5 years	31,663	-
Total	<u>31,663</u>	<u>30,883</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.

