





*The Sector Skills Council for
Chemicals, Pharmaceuticals,
Nuclear, Oil and Gas, Petroleum
and Polymers*

Annual Report and Financial Statements 2006





Contents

Foreword by Dr John Beacham, Chairman	04
Building a skills agreement: Joanna Woolf, CEO	06
The Cogent sector business and economic environment	10
Cogent's mission and strategic aims	14
Delivering the SSA: working with our industries	16
The evidence	19
Education, standards and qualifications	20
Delivering through National Skills Academies	22
Cogent in the Devolved Administrations	24
Cogent in the English Regions	26
Addressing cross-sector skills	29
Cogent and the Skills for Business Network	30
OPITO	32
SASL	33
Our people	35
The Cogent Board	36

Annual Accounts 2006

Reference and administrative details	44
Structure, Governance and Management	45
Consolidated statement of financial activities for the year ended 31 December 2006	48
Balance Sheets at 31 December 2006	49
Consolidated income and expenditure account for the year ended 31 December 2006	50
Consolidated cash flow statement for the year ended 31 December 2006	51
Notes to the financial statements for the year ended 31 December 2006	52

**Cogent Sector Skills Council
has the task of helping to develop
and boost the skills base of the
strategically important Cogent
sector and is directed by a Board
of business leaders from its sector.**

Foreword



This role is fundamental to economic success and wealth creation. We have calculated that the increased productivity and competency derived as a result of industry upskilling is worth a staggering £1.5bn to the Cogent industries, based on all companies working at the highest productivity levels in the sector. There is a multitude of evidence which clearly shows that increasing skill levels, embodied in people who are suitably empowered, is critical to improving both performance and growth, through innovation.

We need ambition, vision and leadership to raise skills levels. Employers must not only invest more in their people, but also create the working environment in which they can apply their know-how and take responsibility for improving business performance and organisational competence.

To assist employers Cogent is working to help reconfigure the skills supply infrastructure so that it responds more directly to their needs and also those of their employees. From schools, through to colleges and higher education institutions and then into the workplace, the system is responding to this employer focused agenda. It is becoming more decentralised, with employers and providers working together to design standards, reform qualifications and ensure that every type of workplace training is accredited and transferable.

We were pleased that 2006 saw us finalise our Sector Skills Agreement (SSA) which enabled us to create deliverable action plans to meet the priority skill needs of the Cogent sector. Another significant success for us in the last year has been the design and bidding for two potential Skills Academies. Shadow Board employers are now taking the lead in their management and commissioning.

Both the National Skills Academy for the Process Industries and the National Skills Academy for Nuclear have already and will continue to receive significant support from Cogent to enable them to deliver the skills agenda for their industries. They will be able to design skills programmes specific to their needs on a national scale and have them delivered in a way that suits them – locally, through appropriate centres of excellence.

We cannot, however, deliver our task alone – and so we are working with a range of stakeholders including employers, government agencies, providers, regional development agencies and trades unions. I would like to particularly take this opportunity to thank all these partners for their continued support and commitment to our important work as a Sector Skills Council.

**Dr John Beacham CBE
Chairman**



Nearly everything we use in our daily lives is derived from the chemicals, pharmaceuticals, nuclear, oil and gas, petroleum and polymer industries.

These are the industries that keep our lights on. They provide the fuel for our transport, workplace and homes; the product-enhancing additives found in everything around us as well as curing diseases and saving lives.

Building a skills agreement

The employers which process and manufacture these products and services range from companies making bulk chemicals through to speciality pharmaceuticals. They include bottle blowers, manufacturers of automotive parts and medical devices. Nuclear processing and site decommissioning, oil and gas extraction and petroleum refining all sit in our sector.

The sector encompasses some of the very largest industrial sites in the UK. Sites which can cover many acres of land and operate all day and all night. Those who pass by them can find themselves amazed at the scale of the technology they observe on the horizon. These refining and processing operations stand out as tremendous beacons of engineering, science and technology.

The sector also includes smaller employers operating from local industrial parks and in town centres. And owner-managers grappling with the day-to-day challenges of running a business and making time to train staff – as well as working hard to retain them.

Cogent represents every single one of these employers from the very largest refinery to the smallest single-site sign-maker. All are underpinned by advances in science and technology and the need to apply it to make progress.

Over 900,000 people in the UK work in the Cogent industries. Jobs range from an operator on an oil platform in the North Sea to a machine tool setter in a plastics company; from the control room operator in a nuclear plant to an analyst in a chemicals processing laboratory.

Combined the industries are of huge economic and strategic importance to the UK, contributing £49bn to its Gross Value Added (GVA). Indeed the Cogent sector average GVA per employee is 46% higher than the UK economy average. The science-using sector leads the way on a number of fronts. In research and development, in greener technologies and in corporate responsibility.

However, these industries are undergoing major transition – they are changing; responding to a changing world.

Employers now face innumerable challenges: climate change, globalisation and emerging world economies; an ageing workforce and heightened energy insecurity. The global competition isn't just from low cost producers, but from new hi-tech innovators all over the world – including in India and China, no longer simply the “workshops” they were very often described as being.

The process industries also face an ever increasing requirement to be safer, healthier, cleaner and more sustainable and unrelenting public expectations for newer, and better and greener products.

Our Sector Skills Agreement (SSA), finalised during 2006, is aimed squarely at supporting employers in coping with this constant change and the new demands that go with it. This agreement was signed off by representative employer Advisory Councils and key stakeholders in training and education as well as by funding agencies.

The in-depth employer research which underpins the SSA told us that meeting these challenges means constantly innovating, growing new markets and operating to world class standards in every area. And this requires 1000s of skilled, adaptable, productive and committed employees to build and sustain successful company performance.

This means enhancing the attractiveness of careers in the sector to ensure we get the best talent; growing apprenticeships; expanding the demand for business-led qualifications and engaging with the smaller companies in our sector to support them in their workforce development.

Reflecting this, in 2006, we put in place five key strategic programmes we have termed our “Big Tickets.” These programmes address the common skills needs right across the sector.



A key programme to come from the SSA research is Career Pathways. This one-stop-shop web based careers portal includes detailed advice on career progression, jobs and qualifications right across the Cogent sector.

Our SSA showed that the sector needs to boost its apprenticeship intake. Responding to this we are developing an overarching Cogent Apprenticeship Framework which has the flexibility to meet the specific needs of individual industries, via tailored industry “top ups”.

Our *Upskill* programme addresses the pressing skills gaps identified through our research. It will work with our *Passport* scheme: an easy to use, web-based service (sharing the Upskill IT platform) for individuals to assess, record and develop their skills and provide a transferable record of their training.

Finally the research showed us that competence is being managed in a variety of ways across the sector. During the year we piloted a universal *Cogent Competence Assurance* online tool which enables companies to assess their management of risk and benchmark competence standards.

A clear part of our remit is developing qualifications which are fit for business. 2006 saw us build the team to deliver this. We've listened to employers and we are now reflecting their views back to funders, qualifications authorities, awarding bodies and providers.

Our strategy is fundamental to the planning of future standards and qualifications. Qualifications are a key tool to affect change, close skills gaps and refine training provision and are central to everything we do.

We will continue to ensure we have the best possible evidence-base to ensure our activities going forward are based firmly on employer need. We will also continue work to influence government regarding skills and education policy, maximising the opportunities for Cogent employers.

2006 was also the year we secured the green light for the development of business plans for National Skills Academies for the nuclear and process industries. We were delighted with this outcome: these academies will drive up standards and will be Cogent's delivery arm into the sector.

The recommendations from the Treasury sponsored Leitch Review of Skills published in December 2006 are a key part of the UK's journey to developing a leading economy based on world class skills. The Leitch report asserts that employers, individuals and the Government must improve their efforts to raise skill levels, through increased investment and increased action. The review estimates a net benefit of around £80 billion over 30 years, if the recommendations are taken up – a prize that would also see many other benefits for our society.

We continue to put great emphasis on the development of our own people – through the Investors in People programme and a commitment to developing a culture designed to respond to our customers. It is employer needs that are at the heart of our strategy going forward. Thanks must go to everyone at Cogent for their input to transforming our strategy into a deliverable action plan.

I am confident that we can build on everything we have so far achieved to meet the challenges that lie ahead and I look forward to working with our wide range of informed partners to progress our work. It is consensus with them that gives us our own license to operate and we appreciate their ongoing and essential participation across our programmes.

Joanna Woolf, CEO





The Cogent sector business and economic environment

A major contributor to the UK economy and to its energy supply, the Cogent sector operates in a demanding regulatory environment and highly competitive global economy. The nuclear industry includes nuclear propulsion, the fuel cycle, the nuclear deterrent, nuclear power and decommissioning. It employs over 56,000 people.

Nuclear power provides about 18% of the UK's electricity and by doing so, saves the equivalent of the carbon emissions from most of the UK's cars on the road. The nuclear fuel cycle operations in the UK are of major international importance and can provide for all the needs of the UK and for much of the export demand. The Ministry of Defence operates a fleet of nuclear-powered submarines, including the new Astute class and maintains the Trident programme.

The UK's nuclear power stations are now being decommissioned via the Nuclear Decommissioning Authority (NDA). Over the next 10 years, both existing staff and those coming into the industry will need in-depth training to start work on new industry imperatives including both decommissioning and waste management.

By the end of that 10 year period, the industry may also need a growing number of nuclear power operations staff to start up and run the potential new power stations: the government has clearly signalled support for nuclear power's contribution to the UK's energy mix and we await the outcome of consultation on this matter.

The Cogent process industries, which include chemicals, pharmaceuticals and polymers manufacturing, have a combined turnover of £67 billion and a Gross Value Added in excess of £23 billion, which is over 15% of total UK manufacturing GVA. Combined they employ over 445,000 employees.

They continue to face considerable challenges: competition from companies all over the globe, the requirement to be safe, healthy, clean and sustainable and ever increasing public expectations for new and enhanced products.

Cogent employers are also part of a global manufacturing sector which is exposed to the vagaries of the price of oil and competition from emerging low cost economies. Technical innovation and world class performance sit at the forefront of an ongoing transformation that requires a highly skilled workforce to manage and operate advanced technology, safely and efficiently.

The chemicals and pharmaceuticals industry is manufacturing's number one exporter, with an annual trade surplus of just under £5.5 billion. There may be many stages between the processing of a chemical and the final consumer, but it is estimated that each UK household either directly or indirectly spends around £30 a week on chemicals.

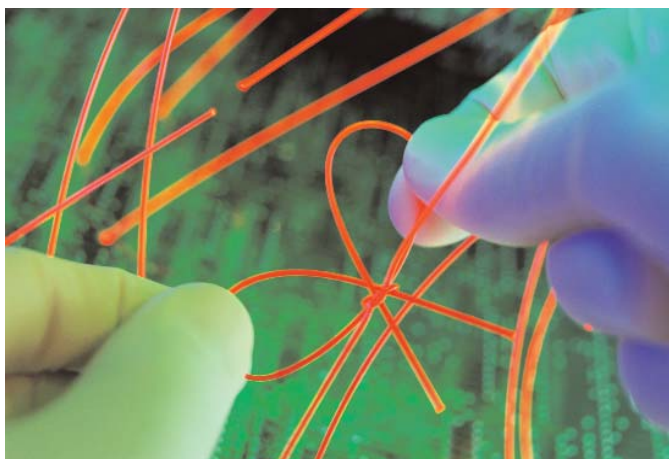
It is of note that in 2005 pharmaceutical companies in the UK spent £3.3 billion on pharmaceutical research and development – an investment of around £9 million every day. Indeed around a quarter of all UK industry-supported research and development comes from the pharmaceutical industry.

Products and component parts developed using polymers are used in many, many applications and each year the demand steadily grows. Sectors using polymers include aerospace, automotive, marine, medical, electrical and consumer products.

The UK offshore oil and gas industry makes a vital contribution to the UK economy, providing energy for the nation, investment and employment.

The industry and induced employment employs 480,000 people across the UK. Employment is spread across the country with over a 100,000 skilled jobs in Scotland directly employed by the industry. Other centres of employment include South East England (21% of oil and gas employment), North West England (6%) and East Anglia (5%).

The oil and gas supply chain has an increasingly global reach with Scottish exports growing 10% per annum over the last five years to £4 billion. In 2006 the UK produced 2.9 million barrels of oil equivalent (boe) per day; 588 million barrels of oil and 80 billion cubic metres of gas.



It saw its total expenditure rise to £11.5 billion, a 40% increase over the last two years, with capital investment increasing 66% over the last two years to £5.6 billion, the largest of any industrial sector and an exploration expenditure of £0.6 billion.

Over the last four decades the industry has (in 2006 money) invested £241 billion in exploration and capital development; spent £126 billion on operating these assets and provided £232 billion in tax revenues to the UK Exchequer.

Oil and gas from the UK Continental Shelf (UKCS) provided 70% of the nation's total energy demand in 2006 (avoiding imports costing £30 billion). It also provided 96% of the UK's oil needs and 92% of its gas needs. The UK was ranked as the twelfth largest producer overall (oil and gas combined).

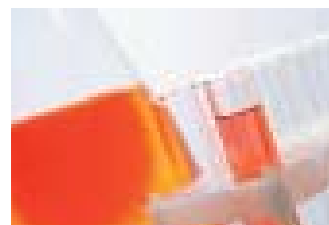
Around 500 million boe were discovered in 2006, an improvement on 2005. This rate of discovery will need to be sustained if the full exploration potential of the UKCS is to be realised.

The UK petroleum industry (downstream) consists of over 200 companies involved in the refining, distribution and marketing of petroleum products. The industry employs over 120,000 people. Employers range from large, multinational oil companies, supermarket chains and independent retail groups, through to the independent retailer with a single site.

The main product of the downstream sector is transport fuels (aviation fuel, diesel and unleaded petrol) which can amount to 60% of a refinery output. The market for transport fuels in the UK amounts to about 50 million tonnes per year and this is split into commercial and retail markets as well as aviation. The commercial market includes industrial transport (cars, trucks, buses, and trains), marine (marine diesel for ships) and agriculture (tractors etc), as well as Government; which includes public services and military vehicles.

The downstream petroleum industry is undergoing a product shift, moving towards lower carbon fuels such as biodiesel and bioethanol. This means large scale investments in process improvement technologies and new ways of working, with a subsequent impact on the development of new skills.

The Cogent industries demand high skills levels and industry success is dependant on having the right skills in place. In addition, industry sustainability requires management of complexity, not least in the areas of the health and safety of staff and the local population as well as the management of environmental impact and risk. These are complex activities requiring highly skilled and capable people at all levels in the organisation.







Cogent's mission and strategic aims

The Cogent mission is:

To meet the skill needs of the Cogent Industries to allow them to compete successfully.

We have a unique place in the skills infrastructure which facilitates the execution of this mission.

- We are custodians of the National Occupational Standards (NOS)
- We manage the apprenticeship frameworks
- We are the Government recognised employer voice on skills
- We have a UK wide skills agenda
- We have a strategic role, not just a commercial one
- We have Sector Skill Agreements

In addition, "skills" is very much recognised as a key strategic issue for the UK and there is a desire to increase the pace of change on skills delivery. Cogent endorsed the recommendations outlined in the Treasury sponsored Leitch Review of Skills published in December 2006.

The review presented a major proposal to reshape the direction of the whole education and skills system from school through to employment – from young people to adults employed in the current UK workforce. Lord Leitch recognised that the Government cannot second-guess what employers want and Cogent is confident that the forthcoming Leitch implementation plan will give SSCs more teeth and a stronger position in the skills infrastructure.

Cogent has four strategic aims

1. Understand industry skill needs:

Cogent must have a sound understanding of the skills issues facing industry both now and in the future. This requires an evidence base both in the form of Labour Market Information (LMI) and qualitative information based on engagement with industry. This will ensure we are working on those priority interventions that will make a difference. The SSA has been significant in providing the basis for the actions going forward. This is the beginning of a process which seeks to collect the evidence, requiring periodic refreshment and complementary research to further build the national picture on skills.

2. Ensure skills delivery meets industry needs:

The availability of public and private provision which meets the needs of companies in the sector is at the heart of Cogent's agenda. Cogent is responsible for the National Occupational Standards (NOS) and making sure that these are fit for purpose. The NOS form the basis of qualifications for the sector and it is Cogent's role to make sure that they meet industry needs both in terms of content and delivery format.

3. Attract and supply the people required both now and in the future:

It is imperative that the education infrastructure delivers skills at all levels to provide a skilled people resource to industry and that Government policy supports those programmes. Cogent is responsible for ensuring that the appropriate training is in place and that careers support, advice and guidance is relevant and appropriate to attract appropriately skilled people.

4. Influence Government and industry to deliver appropriate investment in skills:

Cogent is responsible for directing Government policy so it supports the programmes we require to meet industry skill needs: including how funding is channelled. Cogent must also influence industry to invest and engage in the skills agenda. Having good intelligence is at the heart of making the case and having processes for engagement in place is essential. Having the best available training and education programmes in place will remain ineffectual without the investment in skills.



Delivering the SSA: working with our industries

In 2006 we finalised our Sector Skills Agreement (SSA). It is underpinned by robust sector labour market information on issues ranging from skills needs, vacancies and occupational gaps through to age brackets and turnover rates within the sector.

Cogent developed Skills Gap Analysis reports specific to each industry. In addition, primary research was undertaken with expert industry panels to explore the possible future scenarios for the Cogent industries 5, 10 and 15 years ahead, and the implications for skills.

The Gap Analysis included an examination of the Skills Needs Assessment (SNA) and Assessment of Current Provision Documents (ACP) that were completed in 2005. Together with the results of the scenario workshops, conclusions and recommendations for action were highlighted.

These recommendations for action were put forward for industry voting which was analysed by the Cogent Research Team for inclusion and prioritisation in the Action Plans for Industry.

In response to industry voting, Cogent moved towards the creation of the Sector Skills Agreement final documentation. The UK SSA encompassed all the work completed in both 2005 and 2006 and was the main instrument used to get sign-off from employers on the actions Cogent would carry forward through to implementation in 2007.

In addition to the full UK SSA Cogent also developed Devolved Administration SSA reports, beginning with Scotland and Wales. The research included in these reports augmented the country-specific data and allowed for more specific actions and collaboration within these countries.

The SSA was signed off with the Cogent industries (through the Advisory Councils) and with Government, Trades Unions and other key stakeholders.

Overall, the research identified a pressing need to generally upskill the workforce and skills shortages in specific areas:

- Innovation and Business Improvement Techniques
- Change and Project Management
- Health and Safety
- Management and Leadership

It also confirmed that with an ageing workforce the demand for new recruits over the next ten years will be high; and confirmed pressing skills gaps within the process operative constituency in the Cogent sector.

During the year, five strategic actions arising from the SSA, which we have termed our "Big Tickets" and which cut across industry boundaries, were drawn up.

Cogent Career Pathways

Cogent began the development of a one-stop-shop web based careers information advice and guidance centre which contains information on career progression, jobs and training.

Working with each of the industries we defined the career pathways and key roles across the sector, as well as the skills standard for each of the roles. We will identify the provision to achieve the standards as well as the providers capable of delivering this training.

The Cogent Career Pathways website is being developed in stages and during the year we consulted with employers, relevant stakeholders and potential users.

For example, we created a pathway for the Chemicals industry with 13 roles, each of which contains entry level and industry standard requirements. The careers pathway details progress from operator through to management levels concentrating on process related roles. Details of typical pay and conditions for each role are included.

The site also includes real case studies from industry including high quality video clips.

The Career Pathways site was showcased at various events including Skills City in Manchester and the North East Process Industry Cluster (NEPIC) Annual Conference.

www.cogent-careers.com

Cogent Apprenticeships

During the year we began the process of developing an over-arching Apprenticeship Framework to meet the needs of the operating companies in our sector, with the flexibility to meet the specific needs of individual industries.

It addresses the unique process operations and process management in our highly regulated industries and is therefore differentiated from other available frameworks. We will also develop appropriate regional and industry approaches to increase the supply of future technicians to our industries.

The framework is setting a clear and understood standard for our industries with the appropriate balance of generic and industry-specific skills. Development of the 'best' approach to funding to enable buy-in by a wide cross-section of companies will be an important part of this programme.

Cogent Upskill

This focuses on addressing the skills gaps identified through the SSA. Through the Careers Pathways project, we are developing the skills standard for the key roles. Upskill will then provide the mechanism to take individuals from their current skill level to the industry standard, via a modular approach. This will require the accreditation of existing skills and then the modular accreditation of new skills as they arise. A new platform will be developed to enable progression and Continuing Professional Development (CPD).

Fundamental to this Upskilling programme is the Cogent "Gold Standard" which we are rolling out across the sector. The Gold Standard is an aspirational world class standard to raise the bar upwards from minimum industry standards and help companies to compete globally.

During the year Cogent identified the key skills and competency requirements for the core roles in the Chemicals Industry, based on world-class standards. This followed a major consultation exercise with chemicals employers.

This part of the Gold Standard process defines the skills, competencies and qualifications required for a world-class chemicals industry. It means that employers can benchmark their job roles against an industry recognised and endorsed standard. They will then be able to better define their skill needs and make clear what kind of training provision they require. All of this can then be dovetailed with available funding.

The templates for Process Technician Level 3 and Craft Technician Level 3 were completed and were fully endorsed by the Gold Standard employer working group.

These aspirational templates encompass the qualifications, knowledge, skills and competencies required in three key areas critical to these key roles:

- Improving Productivity
- Licence to Operate (safety, health and environment, SHE)
- Innovation

Cogent Passports

The skill base of the contractor workforce was identified as a concern through the SSA. We are introducing contractor Passport schemes for the industries within the sector as required.

We are focusing initially on nuclear and downstream where a particular need has been expressed. Cogent is building on what already exists by developing industry specific material - for example Nuclear Site Induction.

The nuclear application will be managed in collaboration with the National Skills Academy for the Nuclear Industry.

Passports will share the Upskill IT Platform.

Cogent Competence Assurance

Our research showed that companies manage their organisational competence in a variety of ways with varying degrees of success.

We began the development of a universal competence assurance framework designed to enable companies to assess their management of risk, benchmark competence standards and promote best practice. In conjunction with the North East Process Industries Cluster (NEPIC) this was piloted in the North East of England (see Cogent in the English Regions) and sponsored by One NorthEast.

The framework enables companies to assess their systems and procedures against an industry standard and to assess and understand their level of competence across the organisation. The product contains an initial web-based assessment, with the potential for company specific follow-up and assessment against the standard with accreditation/certification.

Kevin Allars, Head of Chemical Industries Division Health and Safety Executive said: "The Cogent SSC Competence Assurance toolkit will ultimately provide companies in the process industries with tools and guidance to help them develop and maintain effective competence management systems. I am keen to support and encourage this type of initiative, as a competent workforce is central to the reduction and control of both major accident hazards and health and safety in general."



Cogent works to keep employers up-to-date with the most recent research trends and labour market information (LMI) in our industries. Our aim is to add real value through a strong research capability and the provision of accurate and up-to-date LMI and intelligence to employers, employees and stakeholders in the sector.

During 2006, the Cogent Research Team was primarily focused on the Sector Skills Agreement process. Other work undertaken included:

Refineries review: this was the bi-annual survey of UK refineries' HR managers to provide a benchmarking tool for core operational job roles in the industry.

Humberside review: similar to the above refineries review this is a survey of a cluster of Cogent (and wider-manufacturing sector) employers in the Humber region.

Cogent Foundation Degree Feasibility Study: this was a qualitative research study with both providers and employers exploring current Foundation Degree provision within the Cogent sector and examining the possibility of developing further Foundation Degree programmes.

Research report recommendations formed Phase 1 of the project, which in turn generated additional funding from Foundation Degree Forward to progress onto full development of Foundation Degree qualifications within the Cogent sector as Phase 2 of the project commencing in 2007.

STEM: Choices, Destinations and Intake to the Cogent Sector: this study focused in on the take-up of STEM subjects, as other existing reports tended to have a broader focus (including areas outside our remit such as computing).

The report drew together findings and conclusions from the existing evidence base and further investigated trends and pull-through rates in the education supply system in the subject areas identified by Cogent sector employers as being critical to their skills base.

This study also investigated these trends over a longer period.

The evidence

During 2006 Cogent developed National Occupational Standards, Apprenticeship Frameworks and was part of the 14-19 Diploma Development Team for the Engineering and Manufacturing Diplomas.

Education, standards and qualifications

Cogent continued to be involved in Education and Qualifications Policy including the Vocational Qualifications Reform Programme. The Education and Qualifications team continued development and production of career pathways and case studies for the Cogent Careers website (www.cogent-careers.com).

Cogent, as a member of the Engineering Diploma Development Partnership (EDDP), completed the writing of the Engineering Diploma Statement of Content and Statement of Criteria. Once this was finished then the Awarding Bodies were able to start work on writing the specifications to be delivered in schools in 2008. The EDDP continued to promote the Diploma amongst employers, Higher Education and prospective consortia who would be delivering the diploma.

As one of the second tranche Diplomas, the Manufacturing Diploma Development Partnership (MDDP) was formed from the Sector Skills Councils including Cogent covering various parts of the manufacturing sector. Work started on the Manufacturing Diploma through extensive consultation with employers, Higher Education and other stakeholders to develop the Statement of Content.

National Occupational Standards (NOS) have been reviewed with employers for Processing Operations - Hydrocarbons, Deck Operations and Drilling Operations. An Occupational and Functional Map was developed and produced for the emerging Bioethanol industry. Refinery Field Operations, Refinery Control Room Operations and Well Services were incrementally reviewed.

Cogent's assessment strategy was reviewed and amended.

Work commenced with SEMTA to develop the Business Improvement Techniques NOS for the Processing Industry.

Cogent was involved in cross sector NOS projects including Management and Leadership.

During the year Cogent worked with Awarding Bodies to produce new NVQs for Nuclear Decommissioning and Radiation protection.

The Apprenticeship Framework Development and Review commenced with employers and providers for Chemical, Pharmaceutical, Petro-Chemical Manufacturing and Refining Industries; Polymers and Signmaking.

The Foundation Degree (FD) report was produced reviewing Foundation Degrees in the Cogent footprint and proposing an FD which is a flexible, modular upskill programme initially developing courses in the Polymers and Refining areas.





Delivery through National Skills Academies

During the year Cogent was successful with its National Skills Academy (NSA) expressions of interest for the nuclear and process industries.

Responding to employer demand within the sector the focus of the Academies will be UK-wide. They will be responsible for delivering the training to agreed skills standards and will be Cogent's link with training provision right across the sector.

Both the National Skills Academy Nuclear and the National Skills Academy Process Industries will work to identify the best in class education and training provision and roll this out through accredited regional delivery centres in England, Scotland and Wales. For the nuclear industry this will include the flagship Nuclear Academy in Cumbria.

Cogent employers will be able to drive the training agenda for their industries. For the first time they will be able to design skills development programmes specific to their unique needs on a national scale and have them delivered in a way that suits them: on site, online or through a college, as well as nationally or regionally.

The training will be steered to consistently high standards and increasingly to national frameworks. The Academies represent the demand-led approach employers have been wanting for many years.

David Bonser, Director, BNFL, said: "It is vital that the education and training provision we require is led by the needs of the nuclear industry. The challenges of the NDA programme and of new build and operation will add to demand for high quality training for much of the workforce. A National Skills Academy means that employers will be able to determine the programmes on offer and to shape the content, design and delivery of training and development, taking intelligence-based decisions."

Paul Londesborough, Vice President of GSK Pharmaceuticals said: "The process sector has a long tradition of investing in training and the Academy will bring a tremendous boost to this commitment. It will also ensure that the training provision is underpinned by world class standards and is consistent right across the process industries."

The Academies will:

- deliver high quality training based on world class standards;
- build networks with a range of existing learning providers, so that new approaches and higher standards are shared across the sector;
- provide leading edge teaching in a modern learning environment;
- establish centres of innovation aimed at shaping training programmes to meet the sectors' needs;
- be flexible, working closely with employers;
- be part of the formal education system;
- deliver to SMEs through regional clusters.

Scotland

During the year we undertook regular engagement with key Scottish stakeholders and achieved sign-up to our Sector Skills Agreement.

We continued to support the Scottish Managers Forum, SFEU (Scottish Further Education Unit), FREDS (Forum for Renewable Energy Development in Scotland) Highlands and Islands Enterprise (HIE) SSC network and NSIG (North Scotland Industry Group).

We were awarded a grant to develop a *Preparation for Work Programme* aimed at secondary school pupils in remote areas of the Scottish Islands looking to enter the world of work in industries within the Cogent footprint.

Wales

Cogent held a number of meetings with Bangor Council in North Wales regarding future developments at the Wylfa nuclear site. We were also involved in the West Wales Pembrokeshire Energy Group, inputting to the skills agenda.

Cogent's industry skills profile project for the chemical refining, storage and polymers sectors in South Wales was developed during the year. It identified critical skills gaps in these industries and the outcomes of the research will be communicated to employers upon completion of the final report.

Cogent held regular meetings with Wales TUC, the Welsh Assembly Government, Careers Wales, Higher Education Funding Council Wales and Jobcentre Plus Wales.

Northern Ireland

Cogent participated in the Northern Ireland Polymer Association (NIPA) Executive Forum Employers Group and Skills for Business Network Northern Ireland Group.

We completed a Department of Learning Northern Ireland (DELNI) funded bespoke training project and evaluation report for NIPA/ Polymer Processing Research Centre (PPRC) Queens University.

During the year we also commenced development of a project on NIPA's behalf to establish educational/vocational training facilities in Northern Ireland with assistance from the Association of Northern Ireland Colleges (ANIC).

Cogent in the Devolved Administrations



East and West Midlands

Cogent completed a regional Skills Needs Assessment (SNA) for the polymer industry in the region. We also co-ordinated the East Midlands Polymer Employer Executive Forum and Network. A Network of Midlands based Education and Training providers was established during the year.

Cogent added in-company NVQ Assessor/Verifier capacity in the region, via brokering the training of fourteen additional company employees through an LSC funded project.

The Learning and Skills Council's (LSC) Train to Gain service provides impartial, independent advice on training to businesses across England. It is designed to help businesses improve their productivity and competitiveness by ensuring that employees have the right skills to do the best job. At a local level, we have provided support services to employers to enable them to get maximum benefit from Train to Gain and produced case studies highlighting successes to date.

During the year our Regional Director also conducted a sector induction programme for newly appointed Skills Brokers in the regions.

Cogent also continued to provide Investors in People advisory services to employers in the East and West Midlands.

East of England

Cogent completed a project commissioned by high level employers in the East of England which provided a series of tools for employers wishing to improve their recruitment and competence management systems (funded by the East of England Development Agency (EEDA) and the Offshore Training Foundation (OTF). We enlisted eight companies in pilot Competence Masterclass series as part of this.

We participated alongside the Engineering Construction Industry Training Board (ECITB) in promoting careers to over 20 schools in the region. Cogent also exhibited at the Schools Festival of Science in Norwich and offered a workshop in partnership with British Energy.

Cogent was awarded funding to develop a composites cluster and to research skills and training needs of the East of England composites sector.

Cogent led on the development of the East of England regional protocol for the delivery of Train to Gain. This was signed up to by the LSC, RDAs and brokerage organisations to ensure that there was a coordinated delivery of Train to Gain in the region.

Cogent began working with Lowestoft College to develop a Foundation Degree for the all important Energy sector in the region.

Cogent in the English Regions

London and the South East

Following the success of an Expression of Interest application to the South East of England Development Agency (SEEDA) for a £200,000 Training Pool, Cogent submitted a final application for the development of a specific Composite Technologies course leading to a nationally recognised qualification in composites.

Cogent began the development of a common induction passport scheme in conjunction with the UK Petroleum Industry Association (UKPIA) for the loading of vehicles at terminals around the country. We also commenced a project to be submitted to SEEDA for funding to investigate the skills needs of the process side of the pharmaceutical / bio-science sector in the South East.

North West

Cogent launched a fully-funded Apprenticeship Programme in collaboration with ChemiCol the Centre of Vocational Excellence for the Chemicals Sector, Chemicals Northwest and the Learning and Skills Council (LSC).

The LSC is funding the scheme, with a cost to chemicals employers of £5,000 per trainee to provide a training allowance and to cover the administration.

The scheme involved 24 trainees focusing on Electrical/Instrumentation and Mechanical craft specific training. Trainees can achieve an advanced apprenticeship in the employment of their sponsoring employer.

The programme is being delivered by TTE Training in Ellesmere Port, at its £4m state-of-the-art facility.

South West

During the year Cogent began the process of producing an SSA for the South West region.

Cogent met with key stakeholders at Bridgewater College to review the possibility of establishing a nuclear decommissioning Centre of Vocational Excellence (CoVE) at Bridgewater.

We also engaged with the Learning and Skills Council to review the level of support Cogent would require in the region going forward.

North East

During the year Cogent continued a pilot competence project supported by One NorthEast. Cogent's Competence Assurance Framework was used as the basis of the development a validated online competence self-assessment appropriate to each of the main sub-sectors within the North East Process Industries Cluster (NEPIC): chemicals, biotechnology, specialty, pharmaceuticals and services.

In partnership with NEPIC the programme was tested with a range of both top and lower tier COMAH and non COMAH sites. Uniquely, it provided them with a confidential self-examination of organisation-wide competence without any third-party involvement, allowing the company, rather than the regulator, to identify areas of weakness.

The result of this North East pilot is an online organisation-wide health-check which ensures competence management enshrines all business processes. This is now being rolled out nationally www.cogent-competence.com

Yorkshire and The Humber

During the year we carried out broad employer engagement alongside Humber Chemical Focus (HCF) and Yorkshire Chemical Focus (YCF). We presented on Cogent's strategic programmes with focus on apprenticeships and upskilling the existing workforce.

Cogent's Competence Assurance framework was introduced to Total Lindsey Oil Refinery which is located on the South Bank of the Humber estuary.

Engaging and Influencing

Cogent facilitates various forms of engagement, both with individual companies and with Industry Groups, to deal with specific and common industry issues and to represent employer views.

Employer Advisory Councils are aimed at enhancing the effectiveness of Cogent in taking forward the needs of each industry and include both employers and stakeholders. These Councils make decisions on behalf of the industry and sign-off plans which have been the subject of broader consultations. In addition, industry working groups have steered the development of National Occupational Standards and of the "top up" element of our new Apprenticeship Framework.

Industry representatives have also helped us to shape and deliver surveys and reports on skills gaps, sector qualifications and training. Such evidence provides us with a sound basis for action.

We continued to manage regional employer engagement through both cluster organisations and local employer networks. During the year we developed a membership scheme which will have the key aim of raising awareness of Cogent and our role.

We also put in place a process to engage with stakeholders on their role in the delivery of our "Big Ticket" projects including funding and began the development of regional action plans to deliver our strategy locally.

During the year we produced our quarterly magazine Focus, regular eBulletins as well as developing articles and messages for both the national and trade media. We began the process of refining and updating our database – a key tool in communicating tailored materials to both employers and stakeholders. We remain committed to ensuring our website is easy to navigate and constantly updated. We also exhibited at a number of events around the country, showcasing our work to a range of stakeholders.



During the year Cogent worked in collaboration with other SSCs in Scotland in supporting the Workforce Plus initiative sponsored by Scottish Enterprise aimed at improving the chances of continued employment for vulnerable and disadvantaged people in Scotland.

More Choices, More Chances: Cogent worked in collaboration with other SSCs in Scotland supporting the Scottish Executive's strategy for tackling the problem of young people who are not in education, employment or training (NEET).

Cogent CEO Joanna Woolf is Chair of the Skills for Energy Programme for the East of England. The Skills for Energy Programme is already starting to have an effect in the region by pursuing three strands: appealing to young people; making it easy for people to join from outside the industry; and upskilling the current workforce.

Finally an SME owner manager represented Cogent on the cross-sector organised *Action Learning for Leaders* course. Participants attended a series of workshops run over a period of five months. All were asked to bring a real leadership business problem to the programme.

Cogent's representative described personal improvements in many areas, including a better work-life balance, improved time management, greater confidence to change the company, improved delegation, increased personal motivation and instigating new initiatives to improve staff motivation.

Addressing cross-sector Skills

Cogent led a project funded by SSSDA to develop a Brokerage Prospectus encompassing services offered by all 25 SSCs.

Cogent took part in three Skills for Business Summer Receptions which marked the progress and outcome of the Sector Skills Agreements (England, Scotland and Wales).

Cogent and the Skills for Business Network

We also participated in the production of a video for the Scottish SSA launch, which featured spokespeople from the polymer and oil and gas industries.

Cogent collaborated with the SSDA on developing material in the lead-up to the Leitch review, including working with employers to develop case study material as supporting evidence for SSCs making a difference.

During the year we co-ordinated the formation of a group of SSCs whose industries are dependent on new and existing staff with Science, Technology, Engineering and Mathematics (STEM) qualifications, skills and experience.

We began the process of examining areas of collaboration in online and other attraction activities to increase awareness, interest and take up of careers in STEM-based industries. Cogent was part of a cross-sector project to develop and update a central database/website. This is designed to present accessible Labour Market Intelligence to assist Careers practitioners in offering regional and industry-specific careers advice to adults.

Cogent is working on the development of a single web portal that can be shared by other SSCs www.quexis.org.uk

Cogent also contributed to an SSDA continuous improvement workshop for CEOs.

Cogent was asked by SEMTA to sit on the steering group for its Bioscience SSA to ensure that the needs of the Bioscience industry are addressed across both footprints.

Cogent also sits on the HEFCE advisory group looking into the review of Strategically Important and Vulnerable Subjects and represents the Skills for Business Network.



Cogent sister company OPITO's role is to ensure that education and training arrangements are in place to meet the needs of the oil and gas industry. Based at Portlethen, near Aberdeen, it is also the body responsible, on behalf of the offshore oil and gas industry, for ensuring the quality and content of key safety and emergency training.

During the year we agreed the principles between Cogent and OPITO to define the relationship between the two organisations.

Under these principles Cogent now delegates to OPITO responsibility for ascertaining and responding to the training and skills needs of the UK Upstream Oil and Gas industry. This will be done on behalf of Cogent as the Sector Skills Council, who retains under the terms of its license with Government, the accountability for ensuring this is fully accomplished on behalf of the industry.

This means that Cogent has a delivery organisation right in the heart of the industry. Cogent will maintain its link with Government and its role in linking into public provision and the public agenda.

OPITO's specific responsibility will therefore be for delivering the skills agenda for the Upstream Industry. This model of delegation will be used elsewhere as appropriate (for example Skills Academies).

OPITO

SASL is a wholly owned subsidiary organisation within the Cogent Group. SASL is an awarding body working almost entirely within the Polymer Industry. SASL has a strategic objective of expanding across the Cogent sector and is seeking to award qualifications with a wider application such as Business Improvement Techniques.

SASL is accredited and regulated by the Qualifications Curriculum Authority (QCA) and the Scottish Qualifications Authority (SQA) to enable it to provide awards in accordance with the National Qualifications Framework. These qualifications attract mainstream funding. Its qualifications are offered by colleges, training providers and organisations across the UK.

SASL



People are at the core of our organisation and their energy, enthusiasm and talents drive our progress. We aim to provide a working environment that both encourages our people to use the skills they have as well as developing new ones.

At their appraisal, employees are asked to discuss any training needs or skills they would like to develop, which then forms the basis of a training plan for the year.

Our *Going the Extra Mile* reward and recognition scheme is designed to celebrate the values and behaviours that embody our organisation and to recognise outstanding examples of the following behaviours in action:

- Communication and understanding
- Order and quality
- Continuous self-development
- Results driven
- Team worker
- Pro-activity and innovation
- Commercial awareness
- Customer focus
- Flexibility

Cogent's approach to its people is focused on enabling the organisation achieve its strategic priorities in an incredibly complex and fast changing environment: through ongoing communication both face-to-face and via our intranet; through staff development and through the opportunity to participate in regular cross-company meetings.

Cogent is committed to retaining its much-valued Investors in People status.

Our People



The Cogent Board

1 Dr John Beacham, Chairman

Dr John Beacham's experience and expertise are in new product innovation, science and technology strategy, R&D, Business-Higher Education partnerships and Networks. He has recently written *A 60 minute Guide to Growth, Innovation and Added Value*. He has spent 35 years in the Chemical and Pharmaceutical Industry where his last post was Research Manager and Chief Scientist for ICI plc. He was awarded a CBE in the 2000 New Year's Honours List for services to the Chemical Industry. He was also recently awarded The Society of Chemical Industry Lampitt Medal for his outstanding contribution and significant achievements to SCI and for his breadth of impact on the society.

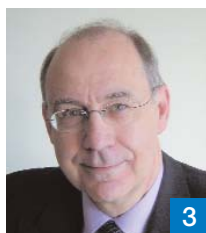
He is Chairman of University of Liverpool Enterprises Ltd (ULivE) and a Director of the newly formed Bioscience for Business Knowledge Transfer Network. He is also a director of "TrusTech", an NHS North West exploitation company and CLIK, the CCLRC Exploitation Company, and President of the SCI (The Society of the Chemical Industry). He has strong links to the Academic Sector where he is an Honorary Professor at both Liverpool and Liverpool John Moores Universities and was awarded a DSc in 2004 by the University of Manchester. Dr Beacham has also served as Chairman of the National Chemical Sector Foresight Panel, as a member of the EPSRC User Panel, as a Member of Liverpool University Council and as a Director of LGC, an Analytical Services company. From 1998-2006 he was an advisor on innovation to the former DTI.

2 Dr Colin Bayliss, Nuclear – United Kingdom Atomic Energy Authority

Dr. Colin Bayliss is the Main Board Major Projects and Engineering Director of the United Kingdom Atomic Energy Authority (UKAEA). Previously, since 1997, he was the Planning, Performance and Engineering Executive Director of UKAEA and before that the Fixed Equipment Engineering Executive Director for TransManche Link – the Channel Tunnel main contractors – for the last two years of the tunnel's construction and commissioning. He has worked on major power design and construction projects throughout the world for contractor, client, and consulting organisations. Following a DTI/HSE Nuclear Installations Inspectorate Initiative, he has become particularly interested in training in the nuclear industry. He has helped to lead the drive for post -graduate courses in nuclear decommissioning, waste management and site environmental remediation in conjunction with Birmingham University, the Nuclear Technology Education Consortium, and the University of the Highlands and Islands. He has written the standard text covering this subject and has been granted honorary professorships at both Birmingham University (2003) and the University of the Highlands and Islands (2005).

3 Professor Phil Coates, Academia – University of Bradford

Phil Coates is Pro Vice Chancellor for Research and Knowledge Transfer, and Professor of Polymer Engineering at the University of Bradford. He is Associate Director of the internationally recognised Interdisciplinary Research Centre (IRC) in Polymer Science and Technology. The Centre's in-process measurement research was honoured by the award of the Institute of Materials Netlon Gold Medal for Innovation in Polymer Processing. Professor Coates has published extensively – some 280 papers, in scientific and international conferences, where he has regularly been a keynote speaker, and has co-authored 6 books, and edited 4 books. He is Chairman of the Institute of Materials Polymer Processing and Engineering Committee, a member of the IoMat Polymer Division Board, and has been a technical advisor to the DTI and German Research Council. He is Chief Editor of the *Institute of Materials, Minerals and Mining journal; Plastics, Rubber and Composites: Macromolecular Engineering*. Professor Coates was elected a Fellow of the Royal Academy of Engineering in 1995. Professor Phil Coates is a Physics graduate from Imperial College, London; his PhD research was on solid phase deformation processing of polymers with Professor Ian Ward FRS at Leeds University.



4 Dr Michael Cross, Academia

Dr Michael Cross is the Executive Chair of the Navigate Group and a Board Member of the Enterprise Board University College London. He is a Fellow of University College London, and Vice President of their Global Campaign. Michael is a Trustee of Polymer Industry Education and Training Trust which owns Polymer Training in Telford, Founder and Trustee of Cross and Salmon Charitable Trusts at University College London, and the Universities of Edinburgh and Leicester.

Michael Cross built and ran the Thomson Group of packaging companies across Europe and the Far East for 20 years. He also built and ran REW Textiles – a high fashion clothing production company and was Principal/Professorial Fellow at The Technical Change Centre, and Fellow of Imperial College London, Manchester Business School and City University Business School. He is the author of 8 books and over 100 papers on skills and working practices, best selling books being Changing Job Structures and Towards the Flexible Craftsman.

5 Chris Horton, Polymers – LINPAC Plastics

Chris Horton is currently a board Director of LINPAC Plastics, the largest division as part of the £1.1 billion LINPAC Group. He has line responsibility for the European supply chain and functional responsibility for the division's worldwide supply chain and new product development. This has recently involved the development and deployment of the LINPAC Plastics Operations System across 6 European Countries. Along with his LINPAC Plastics responsibilities he has recently been appointed to lead a worldwide Lean Implementation Programme for the LINPAC Group. He has spent his previous career operating as Project Manager, Manufacturing Manager, Operations Manager, Plant Manager and Operations Improvements Manager. He is a Fellow of the Institute of Electrical Engineers and holds a BSc and MBA.

6 Dai Hudd, Trades Unions – Prospect TU

Dai Hudd has been Assistant General Secretary since February 2005 and is based at Prospect HQ in London, with the largest coverage of union members in the nuclear industries. Previously Senior National Officer with responsibility for BNFL. Dai looks forward to continuing his work on the Board to which he brings extensive experience with the nuclear industry.

7 Chris Hunt, Sector Expert – UKPIA

Chris Hunt is Director General of UKPIA. Chris joined UKPIA in 1997 and has many years of experience at a senior level within the downstream oil industry, heading up Elf's retail operations in the UK prior to joining UKPIA. Chris also has responsibility for a number of UKPIA Committees including Legal and Retail. Chris has always been a strong believer in pan-industry dialogue and collaboration. Chris started his working life as an electrical engineer firstly with the London Electricity Board then joining a company which manufactured and installed television studio lighting. He made a career change in the late 70s, moving into accounting. He progressed through the 80s in a variety of accounting posts, eventually running the sales and marketing operation of a US multinational business unit. In 1989 Chris joined Elf Oil UK Ltd and was promoted through the organisation to head its retail division from 1995-7. Chris was elected Fellow of the Royal Society of Arts in 1997.

8 Gareth James, Sector Expert – BP Group

Gareth James is the Vice President Operations Excellence, HSE and Operations Function, BP Group based in Sunbury on Thames. He has worked for BP for 29 years since graduating from Nottingham University in 1978 with a degree in Chemical Engineering. In 1990 he gained a Masters in Business Administration degree from Warwick University.

During his career Gareth has worked in a variety of technical, manufacturing and commercial roles and the last 11 years has been spent in manufacturing leadership positions. From 1995-8 he was the Works General Manager of BP's Baglan Bay factory in South Wales. He then became the Vice President of Petrochemicals Manufacturing Excellence for three years and then in 2001 became Works General Manager of BP's European Acetyls site at Saltend, Hull. He took up his current post in April 2007.

Gareth is a Director of Sirius Enterprise Agency, a not for profit organisation that promotes the economic regeneration of Hull and the Holderness area of East Yorkshire.



9 Paul Londesborough, Pharmaceuticals – GlaxoSmithKline

Paul Londesborough is the Vice President and Site Director of the GlaxoSmithKline Pharmaceutical Secondary Manufacturing Site at Barnard Castle. The site is a global supplier, but the USA is its single biggest customer. There are approximately 1,200 staff on site, and production is focused on Sterile liquids in vials and syringes, inhaled liquids, creams, ointments and antibiotics. Paul has a Chemical Engineering Degree from Loughborough University and is a Chartered Engineer with 28 years experience within GlaxoSmithKline in primary and secondary manufacturing and engineering roles. Previous roles include Site Director, Leader Global Manufacturing Strategy, Director Corporate Engineering and Leader European Manufacture Restructuring. Paul is a member of the North East Process Industry Cluster (NEPIC) Leadership Team and was recently elected deputy Chairman of NEPIC. He was previously Chairman of the NEPIC Manufacturing and Productivity Team.

10 Brian McCann, Polymers – Clarehill Plastics Limited

Brian McCann is Managing Director of Clarehill Plastics, Northern Ireland. He has chaired the Northern Ireland Polymers Association for the last five years and also serves on the CBI Economic Affairs Committee, Northern Ireland. Previously he worked for Shell Chemicals in numerous jobs spanning general management, new business development and business management in the UK, Ireland and Middle East.

11 Linda McCulloch, Trades Unions – TUC

Linda McCulloch joined Amicus as a Regional Organiser in 1999, and is currently National Officer for the Chemicals and Pharmaceuticals Industry, she was previously National Equalities Officer for two years.

Linda sits on the Cogent board and is also a member of the TUC General Purposes Committee.

12 Phil McNulty, Trades Unions – TGWU

Phil McNulty is National Secretary of the chemicals, oil and rubber (COR) trade group within the TGWU. The group has 40,000 members in the chemical, pharmaceutical, oil refining, rubber and plastic, and gases industries. Having successfully completed his apprenticeship with Shell Carrington - including Open University qualifications, Phil became the youngest T&G convenor in the Oil and Chemical Group of the British trade union movement.

As the Manchester and Cheshire District Officer, he pioneered negotiations leading to world class performance in his sector. Phil represented his union at the Windsor meetings, collectives brought together by Charles Handy in St. George's House Windsor Castle.

13 Les Thomas, Oil and Gas – The Wood Group

Les Thomas is Group director responsible for Production Facilities within the Engineering and Production Facilities Division. Appointed May 2004 he was previously President of Marathon Oil UK and Europe responsible for Marathon's operations in the UK, Ireland and Norway.



14 Malcolm Webb, Sector Expert – Oil and Gas UK

Malcolm Webb is Chief Executive of Oil and Gas UK. A graduate of Liverpool University, he is a qualified solicitor with an extensive knowledge of both the upstream and downstream oil industry, gained first as a lawyer and then in a series of management roles. Malcolm began his oil industry career with Burmah Oil in 1974, and went on to hold senior positions with a number of oil companies including the British National Oil Corporation, Charterhouse Petroleum Plc and Petrofina where his posts included, Legal and Corporate Services Director, Head of Group HR and finally Managing Director of Fina Plc. Prior to joining Oil and Gas UK predecessor organisation UKOOA in February 2004, Malcolm spent three years as Director General of the UK Petroleum Industry Association (UKPIA), which represents the UK oil refining and marketing sector. Malcolm Webb is a member of the Oil and Gas Industry Leadership Team (ILT) and of PILOT, the Government Industry forum which aims to secure the long-term future of the UK upstream oil and gas industry, chairman of Common Data Access Limited, a director of the Offshore Training Foundation and a trustee of the Aberdeen Oil Industry Chaplaincy Trust.

15 Steve Westhead, Chemicals – Solutia UK Ltd

Steve Westhead is a chemical engineer by profession and has an MBA from Henley Management College. He has experience of production, project, safety and engineering management, and is currently head of Human Resources, Environment, Safety and Health for Solutia UK Limited, the subsidiary of a \$3billion US chemical company. He is a member of the Chemical Industries Association Social Affairs Board, and has been a Cogent director since early 2004. The Newport site where Steve works is a Top-Tier COMAH site and Solutia are dependent on a highly skilled workforce with objective evidence of their competence. It is no surprise, therefore, that Steve and his company are long-standing supporters of workplace learning and skills development, for example NVQs, from Level 2 Process Operations to Level 5 Management.

16 Brian Worrall, Petroleum – Chevron

Brian Worrall has a varied background in UK based retail companies, in particular WH Smith and the bookstore chain Waterstone's. Brian had roles in store operations, buying and marketing, strategy and planning in both high street and airport retailing. He was educated at Manchester University, England and has a BA in History and Economics and a PhD in Modern English History. Brian is currently General Manager for Commercial and Industrial Sales in Europe with Chevron. Brian has worked with Chevron for the last five years, and has also worked in the forecourt retail sector, and spent time on assignment in Chevron's corporate office in San Ramone, California.



17 Richard Waite, Nuclear – Nuclear Decommissioning Authority (NDA)

Richard Waite joined the NDA from BAE Systems, where he was the Land Systems Business Improvement Director with responsibility for Project Management and Engineering across a diverse range of defence business areas.

He was also Programmes Director in the company's RO Defence business, responsible for the delivery of a large land weapons systems order book to time, cost and specification targets.

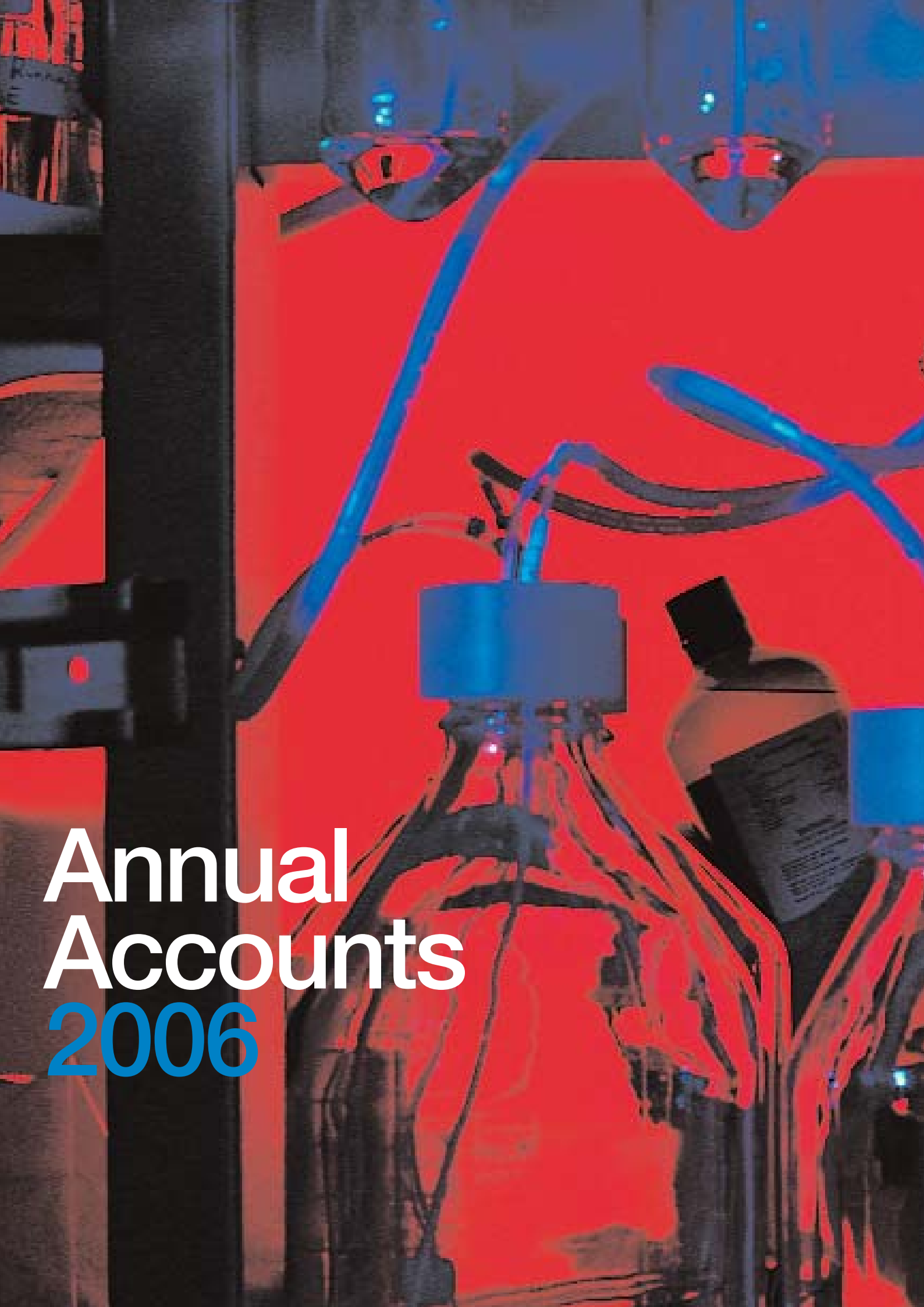
Richard joined the defence industry in 1998 as Prime Contracts Director for GEC Marine and, prior to his defence career, spent 18 years in the nuclear industry. His nuclear career has spanned a number of roles in Advanced Gascooled Reactor (AGR) design and construction before joining the Sizewell B project, where he became Site and Commissioning Manager before taking up the role of Projects Director in Nuclear Electric.

18 George Ritchie, Chemicals - SembCorp Utilities UK

George Ritchie is an engineering graduate from the University of Newcastle-upon-Tyne. He worked for Stetley Company Ltd for 13 years in a variety of engineering roles. In 1979 George joined ICI as a Construction Engineer managing projects in the Agricultural Division, before moving into production operations in plant engineering and management roles. He became Senior Manager of the Sites Central Engineering Resource Groups and then managed all the Services across the Teesside Sites. Following the ICI divestment programme on Teesside he has been the interface between ICI, the customer and the external blue light and security services.

He joined Enron Teesside Operations Limited as Services Operations Director in 1999 and became their HR Director in 2000. Following the sale of the company to SembCorp in 2003 he has operated in his current role, a member of the 'Wilton Site Stewardship Forum' leading on skills and resources development. George led the successful implementation of the Tees Valley Production Technician Advanced Apprenticeship. He is Chair of the Skills Team and Chairman of NEPIC's Skills & Education Engagement Strategy Group, Board member for Redcar & Cleveland College and Chairs the Employment Committee as well as being Chairman of the CoVE steering group TTE/Redcar & Cleveland College.





Annual Accounts 2006



Reference and administrative details

The charity, Cogent SSC Limited is registered with companies House with Company registration number 129351 and charity registration number SCO 003435

Chairman

J Beacham
appointed 19 June 2006

Directors

M Cross

S Westhead

B McCann

C Bayliss*

D Hudd

P Londesborough
appointed 7 March 2006

G James*
appointed 7 Feb 2006

C Hunt
appointed 8 May 2006

P Coates
appointed 12 March 2006

L Thomas*
appointed 1 January 2007

P McNulty
appointed 31 August 2006

L McCulloch
appointed 18 May 2006

R Waite
appointed 7 July 2006

M Webb
appointed 7 July 2006

B Worrall
appointed 18 May 2006

* indicates membership of audit committee

Other Directors who served during the financial year:

M Salter
Resigned 12 October 2006

B Wakeham
Resigned 1 July 2006

L Harrison
Resigned 1 July 2006

A Marks
Resigned 23 March 2006

J Mowatt
Resigned 1 July 2006

Chief Executive and Principal Office

Joanna Woolf
Unit 5, Mandarin Court
Centre Park
Warrington
WA1 1GG

Solicitors

The Commercial Law Practice
Commercial House
2 Rubislaw Terrace
Aberdeen
AB10 1XE

Secretary and Registered Office

J P Day
Cogent
Minerva House
Bruntland Road
Portlethen
Aberdeenshire
AB12 4QL

Auditors

PricewaterhouseCoopers LLP
Kintyre House
209 West George Street
Glasgow
G2 2LW

Bankers

Bank of Scotland
31 High Street
Montrose
DD10 8LT

Structure, Governance and Management

Governing Document

Cogent SSC Limited is a company limited by guarantee with charitable status, registered in Scotland with OSCR. It was awarded a five year license by government on 1st February 2004 and is governed by its revised Memorandum & Articles of Association to allow for its current governance arrangements. There are currently 18 members, each of whom agree to contribute £10 in the event of the charity winding up.

Appointment of Directors

As set out in the Articles of Association, the directors are appointed by the Members through the nominations committee. There are twelve employer (from the industry sectors that Cogent represents) nominated directors, three trade union directors and up to five others. All directors are in office for three years, with the option to be re-elected for a further term. A new chairman was recruited and began office on 19 June 2006, for a period of two years.

The nominations committee is made up of five directors. It considers the requirement for specialist skills and appropriate regional representation when recommending directors to the Board.

Training and Induction for Directors

All directors receive an induction pack on joining the Board which includes the Memorandum & Articles of Association, the Cogent business plan, annual report and market assessment on the sector industries. Training for directors took place in October 2006, to brief them on their legal obligations under charity and company law.

Organisation

The Board of Directors, which can have up to 20 members, administers the charity. The Board meets quarterly and there are sub-committees covering nominations, finance and audit and remunerations, which meet as and when required. A Chief Executive is appointed by the Board to manage the day to day operations of the charity. To facilitate effective operations, the Chief Executive has delegated authority, within the terms of delegation approved by the directors, for operational matters including finance and employment.

Internal control

The systems of internal control are designed to provide reasonable, but not absolute, assurance against material misstatement or loss. The directors review the strategic plan and annual budget and approve the same. They consider the financial results on a regular basis including variances from budgets. The audit committee meets at least twice a year under their terms of reference.

Related Parties

The charity has two wholly-owned subsidiaries – Cogent Sector Services Ltd (operating as OPITO), which provides products and services to the upstream oil and gas sector and Skills Assurance Services Ltd (SASL), which provides effective qualifications for the polymer sector. It also has one sub-subsidiary, OPITO Training Management Limited (OTML) which administers and manages the modern apprenticeship programme for the upstream oil and gas sector.

Cogent Sector Services Limited a subsidiary trading company of Cogent SSC Limited (the sector skills council for chemicals, pharmaceuticals, nuclear, oil and gas, petroleum and polymer industries) has a close relationship with Offshore Training Foundation (Charity) which shares a passion for promoting training and skills for the upstream oil and gas industry and which also provides day to day management of the charity.

Business Review

Cogent SSC Limited is the Sector Skills Council for the the sector skills council for chemicals, pharmaceuticals, nuclear, oil and gas, petroleum and polymer industries. The results for the year show a pre-tax surplus of £424,379, (2005: £30,382) with turnover of £9,599,862 (2005: £9,792,340).

The initial three year contract with the government expired at the end of January 2007 but a further three year contract has been awarded to allow the company to continue with its charitable objectives.

The management of the business and the execution of the company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the company are considered to relate to unknown income streams, product development and employee retention. Procedures are established to identify major risks to which the organisation is exposed along with appropriate systems to mitigate those risks. Our key performance indicators (business impact measures) are listed on page 11.

Financial Risk Management

The following statements summarise the charity's policy in managing identified forms of financial risk:

Price risk

The charity negotiates grants to finance the charity's activities and incorporates this information into its business plans and budgets. Incremental increases to salaries are communicated to staff during the formal annual review of salaries. Prices of materials and services purchased are subject to contract with suppliers, based on current market prices.

Credit Risk

Credit risk on amounts owed to the charity by its customers is low, as the majority of debtors are government and local authorities.

Liquidity risk

The charity has no long term borrowing. The charity will make use of its overdraft facility when required.

Interest rate cask flow risk

The charity is able to place surplus funds on short term deposit with the company's bankers.

Financial Review

In March 2004 Cogent was awarded a five year licence by government to act as the Sector Skills Council for the sector skills council for chemicals, pharmaceuticals, nuclear, oil and gas, petroleum and polymer industries and secured a three year contract commencing 1 February 2004 with funding of £4m over the three year period. During the latter part of 2006, Cogent negotiated a further three year contract starting 1 February 2007 with funding of nearly £5m.

The majority of Cogent (the company) income was received from government either as core funding or grant income to carry out specific projects.

CSSL, one of the trading subsidiaries had another successful year and had a surplus of £737,000. This allowed £460,000 to be gift aided to the parent company. This left £277,000 surplus before tax which CSSL chose to retain within the subsidiary. SASL, another of the trading subsidiaries had a challenging year and made a loss of £83,000. The Cogent board of directors are putting in place strategies to expand this Company from just polymer into its other industry sectors and thereby increase the market and also to increase the products available.

Reserves Policy

The Audit Committee have reviewed the reserves of the company. This review encompassed the nature of the income and expenditure streams, the need to match variable income with fixed commitments and the nature of the reserves. As at 31 December 2006, the unrestricted reserves of the group amounted to £1.6m and Cogent has a guarantee of £4.7m in grant monies from government which began in 2007 for a period of 35 months. At present, the Directors conclude that they have sufficient reserves to continue the activities of the charity at the current level. The audit committee in 2007 intend to review the reserves policy to determine the level of reserves required for the future and to make a recommendation to the Board of directors for adoption.

Income generation

Cogent's main source of revenue are products and services delivered both in the UK and overseas, employer contributions, project funding from Government and other agencies and core funding through a 3 year SSC contract for £4.7 m with the Sector Skills Development Agency.

The company enjoyed gift aid from its subsidiaries of £460,000 (2005: £300,000). The group reported a surplus for the year of £345,006 (2005 deficit: £ (877)).

The principal funding sources, aside from gift aid were funding from SSDA, external grant income and subscription income from employers.

Resources expended

The main expenditure continues to be remuneration costs amounting to 52% of total expenditure.

Statement of directors' responsibilities in respect of the Annual Report and the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and group and of the profit or loss of the Cogent group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and the group and to 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

The directors have taken all the steps that ought to have been taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

The directors confirm and are confident that all relevant audit information has been provided to the charitable company's auditors, and are not aware of any audit information that has not been provided to or given access to the auditors.

Directors' interests in shares of the company

No directors held beneficial interests in the shares of the company at 31 December 2006, or at any time during the year.

Auditors

The auditors, PricewaterhouseCoopers LLP have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

On behalf of the Board



Director

The financial information in this report has been extracted from the annual accounts, for which an unqualified audit opinion was issued.

Consolidated statement of financial activities for the year ended 31 December 2006

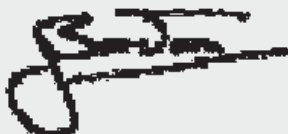
Unrestricted Funds	Note	2006 £	Restated 2005 £
Incoming resources			
<i>Incoming resources from generated funds</i>			
Voluntary Income	3	1,250,000	1,460,000
Activities for generating funds	4	7,053,814	7,466,805
Investment Activity	5	87,569	87,043
<i>Incoming Resources from charitable activities</i>	6	1,296,048	865,535
Total incoming resources		9,687,431	9,879,383
Resources expended			
<i>Cost of generating funds:</i>			
Trading , costs of goods and services	7	6,272,671	6,115,899
<i>Charitable activities</i>			
Occupational standards, education and qualifications		326,701	165,909
Research , policy and engaging with employers indirect		2,601,817	2,980,391
Secondment		95,939	80,674
Donation		-	500,000
<i>Governance costs</i>	7	45,297	37,387
Total resources expended	7	9,342,425	9,880,260
Net incoming resources and net movement in funds	8	345,006	(877)
Fund balance brought forward at:			
1 January 2006		1,303,559	1,304,436
31 December 2006		1,648,565	1,303,559

All of the above results are derived from continuing activities.

Balance sheets as at 31 December 2006

	Note	Group		Company	
		2006 £	2005 £	2006 £	2005 £
Fixed assets					
Intangible assets	11	44,628	47,254	-	-
Tangible assets	12	129,567	47,533	61,156	46,821
Interests in subsidiary undertakings	13	-	-	135,002	135,002
		174,195	94,787	196,158	181,823
Current assets					
Debtors	14	2,326,659	2,358,144	1,207,665	600,906
Cash at bank and in hand		2,310,099	2,044,126	181,678	486,466
		4,636,758	4,402,270	1,389,343	1,087,372
Creditors					
Amounts falling due within one year	15	(1,820,273)	(2,142,525)	(281,002)	(195,089)
Net current assets		2,816,485	2,259,745	1,108,341	892,283
Total assets less current liabilities		2,990,680	2,354,532	1,304,499	1,074,106
Amounts falling due after more than one year	16	(1,337,075)	(1,050,973)	-	-
Provisions for liabilities and charges	17	(5,040)	-	-	-
Net assets		1,648,565	1,303,559	1,304,499	1,074,106
Capital and reserves					
Unrestricted reserve	21	1,648,565	1,303,559	1,304,499	1,074,106
Shareholders' funds	22	1,648,565	1,303,559	1,304,499	1,074,106

The financial statements on pages 9 to 26 were approved by the Board of Directors on 14 June 2007 and were signed on its behalf by:



Director

Consolidated income and expenditure account for the year ended 31 December 2006

Unrestricted Funds	Note	2006 £	2005 £
Income			
Charitable income		1,296,048	2,416,854
Non-charitable trading activities income		8,303,814	7,375,486
Total income		9,599,862	9,792,340
Expenditure			
Charitable expenditure		3,024,457	3,127,179
Non-charitable trading activities expenditure		6,238,595	6,721,822
Total expenditure	7	9,263,052	9,849,001
Surplus for the year before interest and taxation		336,810	(56,661)
Interest receivable	5	87,569	87,043
Surplus for the year before taxation		424,379	30,382
Taxation	2	(79,373)	(31,259)
Surplus/(Deficit) for the year		345,006	(877)

All the above results are derived from continuing activities. The company has no recognised gains and losses other than those included in the Statement of Financial Activities. There is no difference between the net surplus for the year and the historical cost equivalents. The consolidated Income and Expenditure Account is derived from the Statement of Financial Activities.

Consolidated Cash flow statement for the year ended 31 December 2006

	Note	2006		2005	
		£	£	£	£
Net cash inflow from operating activities	24		367,941		382,352
Returns on investments and servicing of finance					
Interest received	5	87,569		87,043	
Net cash inflow from returns on investments and servicing of finance			87,569		87,043
Taxation			(79,373)		(31,259)
Capital expenditure and financial investment					
Purchase of intangible fixed assets	11		-	-	
Purchase of tangible fixed assets	12	(110,164)		(1,006)	
Net cash outflow for capital expenditure and financial investment			(110,164)		(1,006)
Increase in net cash			265,973		437,130
Reconciliation to net cash					
Net cash at 1 January			2,044,126		1,606,996
Increase in net cash			265,973		437,130
Net cash at 31 December			2,310,099		2,044,126

Notes to the financial statements for the year ended 31 December 2006

1. Principal accounting policies

The financial statements have been prepared for the 'Company', Cogent SSC Ltd and for the 'Group' Cogent SSC Ltd plus its subsidiaries Cogent Sector Services Ltd and Training Associate Services Ltd under the historical cost convention. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" published in 2005 and applicable accounting standards. A summary of the more important group accounting policies, which have been applied consistently, is set out below.

The adoption of SORP 2005 represents a change in accounting policy, and the comparative figures have been restated accordingly. This involved the re-analysis of certain items of income and expenditure, but had no impact on net incoming resources for the year ended 31 December 2005, or the total funds at 31 December 2005.

Consolidation

The statement of financial activities (SOFA) and balance sheet consolidate the financial statements of the charity and its subsidiary undertakings. The results of the subsidiaries are consolidated on a line by line basis. Acquisitions are accounted for under the acquisition method. On disposal of a business, the profit or loss on disposal is calculated after including any goodwill previously written off to reserves in respect of that business. A separate SOFA or income and expenditure account for the charity itself is not presented because the charity has taken advantage of the exemptions afforded by section 230 of the Companies Act 1985 and paragraph 304 of SORP2005.

Company status

The company is a company limited by guarantee with charitable status.

Fund accounting

All funds are classed as unrestricted funds which are available for use at the discretion of the members in furtherance of the general objectives of the company and which have not been designated for other purposes.

Incoming resources

All incoming resources are included in the SOFA when the company is legally entitled to the income and the amount can be quantified with reasonable accuracy. Income includes grants receivable, investment income and other income which represents the invoiced value of goods and services supplied. Income from donations and grants is included in incoming resources when these are receivable, except as follows:

- When donors specify that donations and grants given to the charity must be used in future accounting periods, the income is deferred until those periods.
- When donors impose conditions which have to be fulfilled before the charity becomes entitled to use such income, the income is deferred and not included in incoming resources until pre-conditions for use have been met.

When donors specify that donations and grants are for particular restricted purposes, which do not amount to pre-conditions regarding entitlement, this income is included in incoming resources of restricted funds when receivable.

The Central Database is a register of all candidates who successfully complete OPITO approved emergency response and other training courses. Income from the Central Database is included in incoming resources upon registration of the candidate on completion of the course.

Resources expended

Expenditure is recognised on an accruals basis as a liability is incurred.

- Costs of generating funds comprise those costs incurred in attracting voluntary income and those incurred in trading activities that raise funds
- Charitable expenditure comprises those costs incurred by the charity in the delivery of its aims and objectives. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.
- Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fees and board meeting expenditure.
- All costs are allocated between the expenditure categories of the SOFA on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly whereas support costs are apportioned on a per capita basis.

Intangible fixed assets

Intangible fixed assets acquired are capitalised at cost and amortised over a period of 20 years.

Investments

Investments in subsidiary undertakings are included at cost except where provision is made against an identified permanent diminution in value.

Fixed assets

The cost of tangible fixed assets is their purchase cost or transfer value, together with any incidental expenses of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned, as follows:

Freehold Properties	40 years
Furniture & Fittings	5-10 years
Computer Equipment	3-4 years

Leases

All leases are operating leases and are charged on a straight line basis over the lease term.

Deferred taxation

The Company has been granted charitable status by the Inland Revenue and therefore is not liable for corporation tax. The company's trading subsidiaries are liable to corporation tax.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more, or a right to pay less, tax in the future have occurred at the balance sheet date, with the following exceptions:

- Provision is made for gains on disposal of fixed assets that have been rolled over into replacement assets only where, at the balance sheet date, there is a commitment to dispose of the replacement assets.
- On the basis of all available evidence deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on a non-discounted basis at the rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Pension costs

The group and company participates in the ITB Pension Scheme, a defined benefit scheme. The assets of the scheme are in a separate trustee-administered fund. It is not possible to identify each participating employer's share of the underlying assets and liabilities of the scheme and hence contributions to the scheme are accounted for as if it were a defined contribution scheme. The cost recognised within the surplus for the period in the income and expenditure account being equal to the contributions payable to the scheme for the year.

2. Commercial trading operations and investments in trading subsidiaries

The charity has three wholly owned trading subsidiaries which are incorporated in the UK. Cogent Sector Services Limited develops standards of competence and assessment methodology for occupational roles, provides open learning support services to companies and individuals working in the industry. It also provides products and services to chemical manufacturing and petroleum companies. Skills Assurance Services Limited. (formerly Training Associate Services Limited), develops and provides effective Vocational Qualifications for the industry sectors. Cogent Training Management Limited provides management of the upstream Modern Apprenticeship scheme on behalf of the offshore oil and gas industry.

Income and expenditure accounts

	Cogent SSC Ltd £	Cogent Sector Services Ltd £	SAS Ltd £	Opito TM Limited £	Elimination of intercompany £	Total £
Turnover	3,413,194	2,772,057	194,470	4,447,039	(1,226,898)	9,599,862
Expenses (administrative)	(3,197,905)	(2,514,029)	(277,978)	(4,500,038)	1,226,898	(9,263,052)
Operating profit	215,289	258,028	(83,508)	(52,999)	-	336,810
Interest receivable	15,103	19,229	238	52,999	-	87,569
Profit before taxation	230,392	277,257	(83,270)	-	-	424,379
Tax charge	-	(79,373)	-	-	-	(79,373)
Profit retained	230,392	197,884	(83,270)	-	-	345,006

Current tax

	2006 £	2005 £
UK corporation tax on profits of the year	(79,373)	31,259

The tax assessed for the year is lower than the standard rate of corporation tax in the UK.

The differences are explained below:

	CSSL £	SASL £	Total 2006 £	Total 2005 £
Profit (Loss) on ordinary activities before taxation	277,257	(83,270)	193,987	137,432
Profit on ordinary activities *tax rate	81,940	(15,821)	66,119	41,230
CSSL – 30%				
SASL – 19%				
Effects of:				
Lower marginal rate	(3,205)	-	(3,205)	(10,319)
Losses not utilised	-	15,821	15,821	-
Other timing differences	(5,040)	-	(5,040)	-
Expenses not deductible for tax purposes	638	-	638	348
Current tax charge for the year	74,333	-	74,333	31,259

Cogent Sector Services Ltd generated £621,217 of overseas turnover in the year (2004 : £393,152). All remaining income was earned in the UK.

The assets and liabilities of the subsidiaries at 31 December 2006 were:

	Cogent Sector Services Ltd £	SAS Ltd £	Opito TM Limited £	Total £
Fixed assets – Intangible		44,628	-	44,628
– Tangible	66,693	1,718	-	68,411
Investment in subsidiary	1	-	-	1
Current assets	1,039,807	61,096	2,639,985	3,740,888
Creditors : amounts falling due within one year	(535,757)	(149,452)	(1,302,909)	(1,988,118)
Creditors : amounts falling due after more than one year	-	(49,628)	(1,337,075)	(1,386,703)
Provisions for liabilities & charges	(5,040)	-	-	(5,040)
Total net assets	565,704	(91,638)	1	474,067
Aggregate share capital and reserves	565,704	(91,638)	1	474,067

Cogent Sector Services Ltd generated £885,740 of overseas turnover in the year (2005: £621,217). All remaining income was earned in the UK.

3. Voluntary income

	2006 £	Restated 2005 £
Sector Skills Development Agency – core funding	1,250,000	1,460,000

4. Activities for generating funds

	2006 £	Restated 2005 £
Central Database	936,335	913,775
Accreditation	776,024	841,296
Technician Training	4,447,039	4,886,346
POL and other Sales	894,416	825,388
	7,053,814	7,466,805

5. Investment income

	2006 £	2005 £
Bank deposit income	87,569	87,043

6. Incoming resources for charitable activities

		2006 £	Restated 2005 £
Government and other grants	SSDA	764,830	449,878
	Other	309,218	198,317
Membership Fees		222,000	217,340
		1,296,048	865,535

7. Analysis of total resources expended

	Research, Policy & Engaging with Employers	Secondment	Occupational Standards, Education & Qualifications	Accreditation, Central Register, Competency Services & Distance Learning	Modern Apprenticeship Scheme & Technician Administration	Oil & Gas Industry Pinch Points Projects	Polymer Awarding Body	Governance	Total
Costs directly allocated to activities	£	£	£	£	£	£	£	£	£
Salaries	878,622	87,800	71,762	300,886	2,530,964	86,157	139,602		4,095,793
Other Staff Costs	131,386	8,139	11,785	34,072	968,303	4,813	14,179		1,172,677
Specific Projects/Consultancy	375,138		106,661	188,189	586,317	363,977	21,337		1,641,619
Stationery Printing & Postage			250	32,342	4,289		8,794		45,675
Technical Development				31,134					31,134
Meeting Expenses	10,582		1,181	2,632	664	439		25,397	40,895
International Marketing Costs				98,530					98,530
Bad Debts				5,023			9,965		14,988
Cost Of Sales				60,335			11,738		72,073
Audit								19,900	19,900
Telecoms	15,027						230		15,257
Marketing & Advertising/									
Events/Sponsorship	13,450			5,429	970	29,453			49,302
Web Development & Hosting	3,000			26,171			4,450		33,621
Other Costs	7,762			7,957	74,311		5,718		95,748
	1,434,967	95,939	191,639	792,700	4,165,818	484,839	216,013	45,297	7,427,212
Support Costs									
Premises/Office Costs	137,626		13,977	57,899	21,054	10,527	19,963		261,046
Staff Salaries	544,680		64,080	105,226	38,264	19,132			771,382
Other Staff Costs	137,603		18,541	36,474	13,263	6,632			232,513
Information Technology	99,611		11,719	64,453	23,438	11,718	23,439		234,378
Marketing & Communications	122,236		14,381	13,424	4,881	2,441			157,363
Other	105,094		12,364	39,924	14,518	7,258			179,158
Taxation				79,373					79,373
	2,601,817	95,939	326,701	1,189,473	4,281,236	542,547	259,415	45,297	9,342,425

The support costs have been allocated on a per capita basis.

8. Net income

	2006	2005
	£	£
Net income is stated after charging:		
Depreciation of tangible fixed assets	30,753	11,347
Auditors' remuneration:		
(Company £9,900; 2005 : £8,000)	19,900	19,750
Operating lease rentals – plant and machinery	128,351	160,374

9. Directors' emoluments

One director received emoluments of £10,000 during the year. Seven directors have received reimbursement totalling £5,008 for travel and subsistence expenses. Professional indemnity insurance, which cost the charity £ 14,700 is in place with a limit of £2 million.

10. Employee information

The average weekly number of persons employed by the group (including trading subsidiaries) during the year is analysed below:-

	2006 Number	2005 Number
Administration	54	64
Trainees	126	152
	180	216

	2006 £	2005 £
Employee costs in relation to the above employees		
Wages and salaries	4,216,970	4,922,240
Social security costs	402,071	493,792
Other pension costs	248,134	185,022
	4,867,175	5,601,054

The salaries and taxable benefits of higher paid employees were as shown in the table below.

	Pension Costs £	2005 Number	2004 Number
£60,001 - £70,000	35,769	5	3
£70,000 - £80,000	10,644	1	-
£80,000 - £90,000	12,980	1	-
£90,000 - £100,000	-	-	1
£100,000 - £110,000	-	-	1
£110,000 - £120,000	11,165	1	-

11. Intangible fixed assets

Group	£
Cost	
At 1 January 2006 and 31 December 2006	52,504
Amortisation	
At 1 January 2006	(5,250)
Charge for the year	(2,626)
At 31 December 2006	(7,876)
Net book amount	
At 31 December 2006	44,628
At 1 January 2006	47,254

12. Tangible fixed assets

Group	Office Equipment £	Kitchen Equipment £	Furniture and fittings £	Computer equipment £	Total £
Cost					
At 1 January 2006	-	-	122,175	154,080	276,255
Additions	1,010	213	10,627	98,314	110,164
Disposals	-	-	(55,380)	(130,902)	(186,282)
At 31 December 2006	1,010	213	77,422	121,492	200,137
Depreciation					
At 1 January 2006	-	-	76,452	152,270	228,722
Charge for year	53	5	7,500	20,572	28,130
Disposals	-	-	(55,380)	(130,902)	(186,282)
At 31 December 2006	53	5	28,572	41,940	70,570
Net book value					
At 31 December 2006	957	208	48,850	79,552	129,567
At 31 December 2005	-	-	45,723	1,810	47,533
Company					
			Furniture and fittings £	Computer equipment £	Total £
Cost					
At 1 January 2006			121,385	154,081	275,466
Additions			6,430	20,505	26,935
Disposals			(55,380)	(130,902)	(186,282)
At 31 December 2006			72,435	43,684	116,119
Depreciation					
At 1 January 2006			76,373	152,271	228,644
Charge for year			7,071	5,530	12,601
Disposals			(55,380)	(130,902)	(186,282)
At 31 December 2006			28,064	26,899	54,963
Net book value					
At 31 December 2006			44,371	16,785	61,156
At 31 December 2005			45,012	1,810	46,822

13. Fixed asset investments

Company Cost	Interests in subsidiary undertakings £	Loans to subsidiary undertakings £	Total £
At 1 January 2006 and 31 December 2006	130,002	5,000	135,002

Interests in subsidiary undertakings

Details of subsidiary undertakings are as follows:

Name of company and country of incorporation and operation	Description of shares held	Proportion of nominal value of issued shares held	Principal activity
Cogent Sector Services Limited – Scotland	Ordinary	100%	Training standards
Skills Assurance Services Limited – Scotland	Ordinary	100%	Administration services
Opito Training Management Limited – Scotland	Ordinary	100%	Management services
Petroleum Open Learning Limited – Scotland	Ordinary	100%	Dormant

14. Debtors

	Group		Company		
	Note	2006 £	2005 £	2006 £	2005 £
Amounts falling due within one year					
Trade debtors		2,286,565	2,270,010	689,192	114,163
Other debtors		9,263	67,165	2,413	52,103
Prepayment and accrued income		30,831	20,969	22,586	20,969
Amounts due by subsidiary undertakings		-	-	493,474	413,671
		2,326,659	2,358,144	1,207,665	600,906

Included within amounts due by subsidiaries is £5,000 (2004: £5,000) due after more than one year. No interest is charged, and there are no fixed repayment terms.

15. Creditors: amounts falling due within one year

	Group		Company		
	Note	2006 £	2005 £	2006 £	2005 £
Trade creditors		387,250	482,133	104,812	100,833
Other taxation and social security costs		436,604	417,066	88,527	59,638
Accruals		127,075	-	75,365	-
Other creditors		14,808	297,072	6,918	8,976
Deferred income		854,536	946,254	5,380	25,642
		1,820,273	2,142,525	281,002	195,089
Taxation and social security is made up of:					
UK corporation tax		74,333	31,259	-	-
PAYE and social security		150,144	158,080	57,676	59,638
VAT		212,127	227,727	30,851	-
		436,604	417,066	88,527	59,638

Deferred Income relates to income received from sponsors in advance for services due to take place in 2007 and beyond.

16. Creditors: amounts falling due after more than one year

Note	Group		Company	
	2006 £	2005 £	2006 £	2005 £
Deferred income	1,337,075	1,050,973	-	-

17. Provisions for liabilities and charges

	2006 £	2005 £
Analysis of deferred tax balances		
Accelerated capital allowances	5,040	-
Analysis of movement in provisions	-	-
Opening balance at 1 January 2006	-	-
Profit and loss account	5,040	5,040
Closing balance at 31 December 2006	5,040	5,040

18. Members' liability

Members' liability is limited by guarantee not exceeding £10 per member (18 members).

19. Lease commitments

At 31 December 2006 the group had financial commitments in respect of non-cancellable operating leases as follows:

	2005 Other	2004 Other
Date of lease termination within one year	37,354	20,119
In second to fifth years inclusive	15,030	74,675

20. Pensions

The group is a participating employer in a defined benefit scheme, the ITB Pension Scheme. Contributions are made as the agreed rate for the scheme, and are charged to the profit and loss account so as to spread the costs of pensions over employees' working lives.

The group and company participates in the ITB Pension Scheme, a defined benefit scheme. The assets of the scheme are in a separate trustee-administered fund. It is not possible to identify each participating employer's share of the underlying assets and liabilities of the scheme and hence contributions to the scheme are accounted for as if it were a defined contribution scheme. The cost recognised within the surplus for the year in the income and expenditure account being equal to the contributions payable to the scheme for the year.

The latest actuarial valuation of the scheme was at 31 March 2004. The assumptions which have the most significant effect on the result of the valuation are those relating to the rate of return on investments (ie the valuation interest rate) and the rates of increase in salary and pension. In relation to the past liabilities the financial assumptions were derived from market yield rates prevailing at the valuation date. It was assumed that the real investment yield would be 3% per annum, salary increases would be 5.5% per annum and pensions would increase by 7% per annum.

At the valuation date, the actuarial value of the assets of the scheme was £539.4 million and the value liabilities was £493.9 million, leaving a balance of assets of £45.5 million. Taking into account the employer pots of £63.5 million leaves a deficit arising at 31 March 2004 of £18 million.

Surpluses or deficits which arise at future valuations may impact on the group and company's future contribution commitment. The next formal actuarial valuation is due as at 31 March 2007 when the above rates will be reviewed.

The total ITB Pension cost for the group was £248,134 (2005: £185,022). This includes £nil (2005: £nil) outstanding contributions at the balance sheet date. The contributions rate payable by the company was 16% of pensionable salaries for old section members and 11% for new section members. New entrants after 1 October 2004 are only permitted to participate in the new scheme whereby employers contributions are 11%.

21. Unrestricted reserves

	Group 2006 £	Company 2006 £	Group 2005 £	Company 2005 £
At 1 January 2006	1,303,559	1,074,106	1,304,436	1,172,673
Surplus for the year	345,006	230,393	(877)	(98,567)
At 31 December 2006	1,648,565	1,304,499	1,303,559	1,074,106

22. Reconciliation of movement in shareholders funds

	Group 2006 £	Company 2006 £	Group 2005 £	Company 2005 £
At 1 January 2006	1,303,559	1,074,106	1,304,436	1,172,673
Surplus for the year	345,006	230,393	(877)	(98,567)
At 31 December 2006	1,648,565	1,304,499	1,303,559	1,074,106

23. Related party transactions

The company has taken advantage of the exemption available under Financial Reporting Standard 8 not to disclose details of intra-group transactions, on the grounds that the transactions are within the group and are fully eliminated on consolidation.

The Offshore Training Foundation and Cogent Sector Services Limited have five common directors.

Cogent Sector Services Limited continues to rent their office space from the Offshore Training Foundation. Rental payments in the year totalled £36,000 (2005 : £36,000) with management fees charged to the Offshore Training Foundation from Cogent SSC Limited of £15,000 (2005 : £6,200).

24. Reconciliation of net incoming resources and net movement

	Note	2004 £	2005 £
Net incoming resources and net movement		345,006	(877)
Depreciation	12	28,130	11,343
Amortisation	11	2,626	2,625
Interest	5	(87,569)	(87,043)
Decrease in creditors		(36,150)	37,753
Increase in provisions		5,040	–
Tax		79,373	31,259
Decrease in debtors		31,485	387,292
Net cash inflow from operating activities		367,941	382,352

25. Analysis of changes in net debt during the year

	At 1 January 2006 £	Cashflow	At 31 December 2006 £
Group			
Cash at bank and in hand	2,044,126	265,973	2,310,099

26. Surplus for the financial year

As permitted by section 230 of the Companies Act 1985 the parent company's Income and Expenditure account has not been included in the financial statements. The parent company's surplus for the financial year was £230,393 (2005 deficit : £98,567).

27. Controlling party

The company has 18 members representing chemical, nuclear, oil and gas, petroleum and polymers related businesses (see Note 20). The directors do not consider there to be a controlling party.



*The Sector Skills Council for
Chemicals, Pharmaceuticals,
Nuclear, Oil and Gas, Petroleum
and Polymers*

Cogent SSC
Unit 5, Mandarin Court
Centre Park
Warrington
WA1 1GG

www.cogent-ssc.com



INVESTOR IN PEOPLE

skills
FOR BUSINESS