

CONSTRUCTION INDUSTRY TRAINING BOARD (CITB)

# Annual Report and Accounts 2018/19



For the year ended  
31 March 2019





# CONSTRUCTION INDUSTRY TRAINING BOARD (CITB) ANNUAL REPORT AND ACCOUNTS 2018/19

FOR THE YEAR ENDED THE 31 MARCH 2019

ANNUAL REPORT AND ACCOUNTS PRESENTED TO PARLIAMENT  
PURSUANT TO S8 (4) OF THE INDUSTRIAL TRAINING ACT 1982.

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## Chairman's foreword

The UK construction industry faces two major challenges: filling all the jobs the industry has and modernisation to meet the challenges of a digital world.

There are thousands of construction opportunities available for people of all ages and backgrounds but the industry is not yet attracting enough people who want to work and develop their careers in our sector. For years, the supply of skilled workers from Eastern Europe has enabled UK construction to expand its output without investing fully in skills. However, it is clear that industry cannot – and should not – continue to rely on our European neighbours for our future supply. We need to attract and develop more home-grown talent to meet demand.

CITB's latest figures estimate that, between now and 2023, **168,500** jobs will be created in the UK construction sector. There are great opportunities to build fulfilling careers; the challenge is to fill these roles so that a thriving industry can build the projects that will help boost our economy, society and communities across the UK.

The second challenge is modernisation. Construction is changing rapidly – that's part of its appeal. Radical changes to industry standards and construction methods are underway, including a greater reliance on digital techniques in both building and site management, and a greater use of factory-built systems for housing and schools. The industry's skills and talents must keep pace with these changes. CITB has listened to industry feedback, refocused the way we attract people into the industry and continued to develop the means to best support businesses of all sizes with the training they need to be successful. We are also radically changing the nature of our role. CITB will stop doing things that are better done by others. Instead, we will focus on where we can add value to the industry and support partners such as the further education sector and independent providers.

In the last 12 months we've achieved much.

For example:

- We launched a new Grants Scheme, providing greater support for apprenticeships and qualifications. We know we've got more to do to make sure we're supporting the training that is needed most and will address that further in 2019/20
- Construction Ambassador visits to schools gave thousands of young people a positive insight into the industry, with two visits happening every working day
- We supported over **277** Open Doors events, showcasing the diversity of skills and professions within the industry to over **5,000** people across England, Scotland and Wales.

We have some big plans for 2019/20:

- We will launch a three-year behaviour-change campaign, in partnership with industry, to confront the barriers to attracting new and diverse talent – and to build the reputation of the sector
- We will create thousands of work experience and training opportunities through the Construction Skills Fund. We have already drawn on funding from the government to start **26** onsite training hubs, a **£21.4m** investment in England. We expect this to provide 17,000 people with the experience to be site-ready for employment. From September, CITB will launch a further £18m programme to deliver **14,000** more work experience opportunities in Wales and Scotland and in smaller sites in England
- In 2019, we'll extend the Skills and Training Fund to help medium-sized firms (those with up to 250 employees), and continue to invest in small and micro employers by growing the fund to £8m, reaching **1,900** firms



- We will work ever more closely with further education colleges to create clear pathways from further education in order to double the number of learners entering construction from **9,000** to **18,000** in the next six years, starting with bricklaying.

At the end of my first year as Chair of CITB, I am able to reflect on the significant changes that have taken place in our governance. 2018 saw the establishment of the three Nation Councils chaired by Tony Elliot for Scotland, Leigh Hughes for Cymru Wales and Seamus Keogh for England. These are key to gaining critical insights into the skills and training needs of the industry. I am grateful to each Council for its invaluable guidance and support in shaping CITB's strategy.

We have also seen significant change at Board level. There were three retirements – Maria Pilfold, Karen Jones and David Harris – who concluded their terms at the end of December 2018. The Board was fortunate to secure the appointment of Steve Fox, Robert Williams and Kevin Mcloughlin in June 2018 and, more recently, Holly Price and Yvonne Kelly in February 2019. My thanks go to all Trustees for their support and contribution to CITB, both past, present and future.

Finally, I am conscious that the significant changes required of CITB will necessarily impact many colleagues who have worked for the organisation for many years. My particular thanks go to these individuals for their continued service and support through challenging times as we continue our transition toward a CITB that can best serve the sector.

The construction industry is a vital part of our nation. We need skilled construction workers in every part of Great Britain to build the projects and services the public needs. CITB is determined to create a skills system that will provide a world-class workforce for employers and for Great Britain. I look forward to working in partnership with the sector to achieve this ambition.

**Peter Lauener**

Chairman

## Chief Executive's introduction

### Delivery was CITB's main aim in 2018/19.

During a busy year, we began delivering our bold, ambitious Vision 2020 programme and new three-year business plan.

Organisational change of this magnitude is never easy and we saw much delivered over the last year. While there is more work to do, I am happy to report that we are on track to deliver all aspects of our transformation plan.

We are also continuing to attract and support highly-skilled talent to the construction sector across England, Scotland and Wales.

Our latest figures show that an estimated **168,500** construction jobs will be created between now and 2023; CITB's work will focus on serving industry with world class talent to fill these roles by prioritising greatest need.

The October launch of our biggest funding opportunity, Pathways into Construction (PIC), was a huge step forward in that regard.

The fund will connect employers to those who don't traditionally enter construction, including the long-term unemployed, women and service leavers. Benefits of the fund will include improved social mobility for target groups, enhanced industry diversity and, with Brexit on the horizon, it will boost employers' pool of domestic talent. It's estimated that PIC will benefit approximately **12,000** people in this initial stage alone.

The lack of work experience for young people is another major concern CITB targeted in 2018/19. The June 2018 launch of the UK government's

Construction Skills Fund (CSF) will go a long way to addressing that problem.

CITB is administering the CSF across England. It will allow **17,500** learners to apply their knowledge in a real-world environment. This programme will be extended to include Scotland, Wales and rural England, reaching **31,000** learners in total over the next three years. This is good news for employers and good news for young people keen to develop their skills and experience working life.

CITB initiatives to attract young people in 2018/19 included collaborative events across the three nations and the launch of the Go Construct youth campaign – **900,000** people accessed the Go Construct website last year.

Collaboration is at the heart of CITB's work. Indeed, throughout 2018/19 we worked with Governments, training providers and trade federations and associations to support industry initiatives. Our work with employers saw us engage with enterprises of all shapes and sizes to improve training and skills, CITB's work in Scotland and Wales led to major industry benefits in 2018/19. Our *Local Construction Needs for Scotland* report provided industry north of the border with the most wide-ranging skills-mapping exercise it had ever seen.

Meanwhile, Wales saw the opening of the Construction Wales Innovation Centre (CWIC). CITB invested £6.5m in CWIC, a unique, Swansea-based all-Wales facility which will see an estimated **1,200** students trained annually.



Our work and reorganisation is quickly developing in line with our promise to industry.

We have sold parts of our business to trusted industry partners, securing that service while removing conflicts of interest; and we're on track to sell our own training provision by early 2020 (we will ensure the supply and quality of training is protected when we do). We've also secured our new, more accessible head office in Peterborough and CITB has addressed concerns over our governance, setting up new Councils in each nation to advise the Board.

These are significant achievements but there's more work to be done.

That's why in May we set out our revised plan to help industry meet skills and workforce challenges. Our 2019–2021 business plan outlines our 'Big Six' skills challenges, based on research from construction employers across Great Britain.

Challenges include developing a 'site-ready' workforce, increasing the number and diversity of apprentices, and helping smaller firms invest in transformative business training.

By collaborating with employers, learners and educators, I'm confident CITB will meet the 'Big Six' challenges, transforming UK construction in the process.

It would be remiss of me to say the last year has been entirely smooth. It has been a very difficult year for colleagues and it is fair to say that our

Construction Training Directory is not working as intended. We have already made great improvements in 2019 and will continue to improve the Grant Scheme support systems in the year ahead.

Our transformation programme has seen a number of excellent colleagues leave the organisation. I'd like to thank colleagues past and present for their contribution to CITB. Your work and legacy is greatly appreciated.

I hope our Annual Report and Accounts gives you a clear insight into CITB's work and aims for industry. I look forward to working with partners in the year ahead and delivering skills solutions for UK construction.

**Sarah Beale**  
Chief Executive

# Strategic report

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## Who we are

CITB provides support for registered employers undertaking training and aims to raise the level and quality of training for the construction workforce, for people joining the sector as apprentices, technicians or graduates, and for experienced workers improving their skills and qualifications.

We believe that better trained and qualified people deliver better results, and make the companies they work for more competitive and more productive. A better skilled construction workforce also helps to create a better quality built environment that benefits society as a whole.

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## Vision

For British construction industry to have a recognised, world-class, innovative approach to developing its workforce to deliver quality in the built environment.

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## Mission

To attract and support the development of people to construct a better Britain.

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## Our statutory basis

CITB's charitable activities are partly funded by the statutory Levy established by the Industrial Training Act 1982 and confirmed by Levy Orders passed by both Houses of Parliament. The most recent came into force on 29 March 2018. Full details of CITB's powers and responsibilities, as well as the restrictions placed on it, can be found in the Industrial Training Act 1982 and subsequent amendments.

CITB is registered as a charity in England and Wales (264289) and in Scotland (SC044875).

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## Public benefit

CITB is a non-departmental public body (NDPB) and has been a registered charity since 1972, with aims and activities to ensure the construction industry has the right skills in the right place at the right time. We help employers to ensure that there are, and will continue to be, enough trained people available to meet the needs of the construction industry and to promote and improve the standard of training for the sector. The Board has regard to the Charity Commission's general guidance on public benefit and the Charities Act 2011 when planning activities to achieve its aims.

Our priorities are:

### Careers

To support recruitment and retention in the industry, and to promote career progression across the construction industry.

### Standards and Qualifications

To support employers in developing and maintaining standards and qualifications.

### Training and Development

To ensure access to, and assure the provision of, high-quality training that presents good value for money.

We'll do this by:

### Improving our Evidence Base

Developing knowledge of current and future skills needs and the supply of training.

### Building our Influence and Engagement

Working with the industry to influence skills funding and vocational training policies and provision.

### Improving Funding

Using employer funds to support construction employers in addressing their skills needs.

## Our leadership

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### Trustees

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The names of those serving as charitable Trustees of CITB as at 31 March 2019 were as follows:

- Peter Lauener, CB (CITB Chairman)
- Maureen Douglas, FCIPD, MIoD
- Steve Fox, CBE
- Diana Garnham, MA, DSc, LLD
- Yvonne Kelly
- Kevin Mcloughlin, MBE, FCI0B
- Holly Price
- Robert Williams, MBE

Trustees who stepped down during the period under review were:

James Wates (CITB Chairman), CBE, FCI0B, FRICS, FICE, FCGI, FRSA, CCMI (30 April 2018), David Harris MBE, FICE, FCI0B, FRICS (31 December 2018), Karen Jones, MCIPD (31 December 2018) and Maria Pilfold, MBA, FCIPD (31 December 2018).

As specified in Schedule 1 of the Industrial Training Act 1982, Trustees are appointed by the Secretary of State (normally for four years) following a public appointment process governed by the Office for the Commissioner of Public Appointments (OCPA). The process includes the advertising of vacancies on the HM Government Public Appointments website ([publicappointments.cabinetoffice.gov.uk](http://publicappointments.cabinetoffice.gov.uk)).

Peter Lauener was appointed as Chair of CITB on 1 May 2018 and comes with a wealth of experience in skills and education. Five Trustees have been appointed during this reporting period, all of whom will bring to the Board a broad understanding of the sector.

Effective from the beginning of June 2018, Steve Fox CBE, Kevin Mcloughlin MBE and Robert Williams MBE, were appointed to the CITB board. There were a further two appointments to the Board in February 2019: Holly Price and Yvonne Kelly.

These appointments align with the new CITB governance structure which was implemented following the ITB review in 2017. Trustees are introduced to CITB's work through an induction meeting with the Executive Team on appointment and they receive ongoing support from the Corporate Governance Team. All Trustees are required to have relevant senior experience. Currently, five Trustees work within the construction industry; the remaining three Trustees were appointed as independent members and bring additional and appropriate experience.

Further support and training (both formal and informal) is provided to support specific duties, such as participation in the Audit & Risk Committee. Trustees liaise regularly with relevant Executive Team members in relation to specific Committee items. They also receive a policy update each week. An annual programme of visits and meetings with stakeholders and staff ensures that the Trustees have necessary insight into operating practice.

Declarations of interests by Trustees serving in 2018/19 are listed at Appendix B on pages 63–5. Where no entry appears, the Trustee concerned has declared that they have no conflicting interests.

Further details in relation to the Trustees are also available on the CITB website: [citb.co.uk/trustees](http://citb.co.uk/trustees)

## Our professional advisors

### **CITB's bankers**

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Barclays Bank plc  
17 Market Place  
Fakenham  
Norfolk NR21 9BE

### **CITB's auditor**

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Comptroller and Auditor General  
National Audit Office  
157–197 Buckingham Palace Road  
London SW1W 9SP

### **CITB's investment advisers**

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JP Morgan  
1 Knightsbridge  
Belgravia  
London SW1 7LX

### **CITB's legal advisers**

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CITB Legal Team  
Bircham Newton  
King's Lynn  
Norfolk PE31 6RH

### **Principal office**

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See Appendix D (page 67) for details of principal and registered offices.

## Board outcomes: key performance indicators (KPIs)

There are 12 Board key performance indicators (KPIs). The results are shown in Table 1 (opposite).

In summary:

- Four of the 12 measures have a green status, being measured at higher than target
- Five of the 12 measures have a red status, being measured at lower than target
- Three of the 12 measures required baselines to be set, and did not have a target.

We continue to focus on improving our performance and more detail on specific action that we are taking will be highlighted in our Annual Review.

The results across the Employer and Stakeholder Research (ESR) KPIs have a range of outcomes, some disappointing. Support of the Levy and Grant system remains strong. There is a strong improvement of **9%** from the perspective of importance to firms ('my firm') in maintaining the level and quality of training within their own company.

However, measures of product-level satisfaction (where CITB has traditionally scored well in terms of Grant, funding, and apprenticeships) are all weaker. This reflects issues with Training Model implementation, the slow adoption of the new Grants Scheme, and the uncertainty created by the lack of a contract for Non-Apprenticeship Levy employers, who represent the majority of employers that CITB Apprenticeships support.

The ESR survey was previously annual but was run twice in 2018 to provide better data on the key questions. All ESR-based results have improved from their mid-year position, with the exception of, the Importance of Levy and Grant for Industry and My Firm which returned the same result in both surveys,

The result for familiarity of construction careers campaigns result was **59%**, exceeding the target of **53%**. Increases were experienced in all targeted audiences and it is the fourth consecutive year that familiarity has increased.

The result for favourability of construction careers was **62%**, below the target of **66%**. Parents' favourability score has increased again in 2018 and the influencers' result has remained steady, but there has been a fall in the youth score. Message reach is stronger in the current year; therefore, it appears that the messages being used are not resonating with the youth audience.

The apprenticeship starts result of **22,640** exceeded the target of **19,000** by **19%**. The target spans the whole sector and includes aspects of the industry that fall outside the scope of CITB. In-scope construction apprenticeships were **18,390**, which is a reduction of **8%** when compared to the 20,080 starts achieved in 2016/17. Out-of-scope built environment (BE) apprenticeships grew from **1,130** in 2016/17 to **4,250** in 2017/18. This is partially in relation to the introduction of degree apprenticeships in these subjects and the resulting change in learners' status.

The number of diverse applicants for CITB Apprenticeships finished the year below target (actual **2,050** vs 3,900 target). With England dominating the total number of apprentices, the loss of the contract for managing apprentices for firms who do not pay the Apprenticeship Levy affected both the number of applicants (including diverse applicants) and the total number of starts. Conversely, in Scotland and Wales, growth was achieved on the prior year, **38%** increase in Scotland from **95** to **125**, and a **78%** increase in Wales from **37** to **66**.

The targeted funding commissions did not achieve the **30%** target, achieving only **20%**. While the level of engagement and quality of bids have both seen significant improvements during the year, it has taken longer than planned to convert bids into funding contracts that enable work to start.

**Table 1:** Summary Board KPIs – Results and Status

| Priority                                                                                                         |              | Baseline           | 2018/19 Target | Result        |
|------------------------------------------------------------------------------------------------------------------|--------------|--------------------|----------------|---------------|
| CITB is seen as credible and reputable, adding value to the Industry                                             |              | Establish baseline |                | <b>35%</b>    |
| Employers say there is a talent pool sufficient to meet industry's recruitment need                              |              | 30%                | 33%            | <b>27%</b>    |
| Employers say they can access the training they need in a timely manner                                          |              | 40%                | 45%            | <b>39%</b>    |
| Employers believe that the content and method of training and assessment reflects industry's need (Monitor only) |              | Establish baseline |                | <b>38%</b>    |
| Importance of Levy Grant system at maintaining the level and quality of training for industry and my firm        | Industry     | 65%                | 60%            | <b>67%</b>    |
|                                                                                                                  | My firm      | 44%                | 40%            | <b>53%</b>    |
| CITB is a trusted source of information and enhances our reputation as an insight-led organisation               |              | Establish baseline |                | <b>51%</b>    |
| Familiarity and favorability of construction careers campaigns (young, influencers, educators)                   | Familiarity  | 53%                | 53%            | <b>59%</b>    |
|                                                                                                                  | Favorability | 66%                | 66%            | <b>62%</b>    |
| Increase in construction / built environment apprenticeships                                                     |              | 17,500             | 19,000         | <b>22,640</b> |
| Increase in diversity of applicants for CITB Apprenticeships (BAME/Sex)                                          |              | 3,800              | 3,900          | <b>1,655</b>  |
| Funding commissioned targeted: % of Flexible and Structured funding                                              |              | N/A                | 30%            | <b>20%</b>    |

## Performance highlights

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### Careers

**Go Construct:** The co-designed industry-led portal to showcase careers in construction and the built environment was originally developed in 2015 to be the primary source of careers information for the whole sector. In 2018/19 it received **965,000** users (+130% overall with +23% returning visitors) and **548,000** activity goal completions (136%) including personality quiz completions, careers searches and video views on site. **30%** of visitors are in the 18–24 age bracket and there has also been a **9%** increase in women visiting the website. Good progress has been made with the Department of Work and Pensions and Skills Development Scotland (SDS) for Go Construct to be used by their advisers as their source of information on construction careers.

**Open Doors 2019:** This campaign provides opportunities for people to experience the construction industry through visits to live construction sites. The programme is delivered jointly by Build UK and CITB. Across the UK, a record **294** sites were opened up and received nearly **6,000** visitors from schools, colleges and the general public. The results exceeded the target of **275** sites and **5,500** visitors and the 2018 results of **275** sites and **5,200** visitors.

**Construction Ambassadors:** During the year, this programme has been refreshed and focused on a core group of **500** Ambassadors who are more actively engaged in the programme. This has seen a record for the highest monthly Ambassador interactions in January 2019 (**94**) compared with the previous high of **63**, with, on average, two Ambassador events take place every working day. CITB is working with Build UK to further improve the programme.

**Pathways to Construction:** This funding commission to help attract under-represented groups into construction was launched in January 2019. Due to an unprecedented response during the bid window, with **121** bids totalling **£51m**, the fund has been doubled in value to **£10m**, allowing **16** projects to be funded.

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### Standards and Qualifications

**Training standards:** In support of the Training Directory, a target of **500** standards was set for development and publication.

**Apprenticeship frameworks:** The year began with a target of **50** new approved apprenticeship standards that was increased to **80** as a stretch target. By the end of March **78** standards had been approved with **five** standards relating to higher level professional civils occupations which at one point were in danger of being 'de-listed' due to issues with the End-Point Assessment. This was resolved and is a significant achievement for the sector as these standards have been in development for three years.

**End-point assessment (EPA):** Guidance documents and videos have been developed to promote awareness of the EPA requirements and CITB has worked in conjunction with the Institute for Apprenticeships to ensure compliance and consistency with advice to EPA organisations and external quality assurance organisations.

**National Occupational Standards (NOS):** These are used to underpin vocational qualifications and frameworks for apprenticeship and other training programmes. CITB works with industry to ensure those NOS relating to construction are reviewed and updated. There were **11** NOS suites cited for review in the year: **eight** were completed in full and **two** more were completed by the end of April.

**Further education qualifications review:** CITB has facilitated a coordinated response on behalf of the industry for the government review, which is looking to simplify the qualifications structure in the light of the introduction of T-Levels. Key points raised included the importance of Level 2 as a key progression route to employment in construction, the need to retain the Level 3 qualifications until such time that the T-Level route is proven, and for the construction specialist sector championing the fact that low-volume qualifications do not equate to low-importance qualifications.

## Training and Development

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**Training model:** The Construction Training Directory, to support easier access to training backed by standards for employers, and the Construction Training Register, where employers can see the qualifications each construction worker holds and providing an invaluable database of training across the industry, were launched on time in April 2018, along with the new Grants Scheme. It is recognised that the functionality in phase 1 is not working as intended and, during the year phase 2 development is due to start work, based on priorities highlighted by user feedback. Work continues in providing effective support to employers and training providers as we continue to embed the new ways of working that the Training Model introduces.

At 31 March the Training Directory had:

- **1,047** Approved Training Organisations (ATOs) approved
- **22,625** courses added with **7,032** live bookable courses for future teaching
- **60,000** training achievements added by ATOs.

**CITB Apprenticeships:** In England CITB was not awarded a contract to provide apprentice training for employers who do not pay the Apprenticeship Levy employers from April 2018 to March 2019. However, separately, the Department for Education made a direct award to the CITB to provide apprentice training in a small number of specialist construction frameworks and standards for employers who do not pay the levy to address identified gaps in availability of provision.

In Scotland, CITB Apprenticeships had a strong performance, with a seventh consecutive year of growth with **2,184** starts (1,925 in 2017/18) and Skills Development Scotland (SDS) awarded CITB's provision a Grade 2 'Very Good' rating which places CITB in the highest rank of providers in Scotland.

Following the collapse of Carillion, CITB Apprenticeships helped over **800** apprentices find new jobs.

**Construction Skills Fund (CSF):** On behalf of the DfE, CITB is managing the Construction Skills Fund, which is the construction sector's portion of the National Retraining Scheme. Through the CSF there will be **24** training hubs set up and over 18 months, **17,000** training outcomes delivered. Due to the interest in the scheme, CITB funded an additional two training hubs that fell outside the CSF guidelines and has announced it will launch a fund for training hubs, using the same model, in Scotland, Wales and rural England during 2019.

**Future CITB: Vision 2020:** 2018/19 has seen CITB continue to deliver the changes in response to industry feedback and as set out in *Vision 2020*. One major milestone was the signing of a ten-year contract with Shared Services Connected Limited (SSCL) to deliver many of our back-office functions. The service went live in February 2019 and by the end of the year all outsourced work will be delivered from SSCL's centres of excellence across the UK. Divestment of non-core businesses continues, specifically with the sale of CPCS in March 2019. In January 2019 CITB announced that it will be moving its head office from Bircham Newton to Peterborough and has started consultation with all impacted staff. CITB hopes to take up occupancy of the new office in the autumn of 2019 and to have moved all remaining administrative functions by the end of the year.

Notable highlights include the following:

- Allocating a **£0.5m** fund to train **156** construction workers as mental health first aid instructors and the introduction of mental health first aiders across CITB
- In Scotland our *Local Construction Needs for Scotland* report provided industry with the most wide-ranging skills-mapping exercise it's ever seen
- The opening of the Construction Wales Innovation Centre (CWIC). CITB invested £6.5m in CWIC, a unique all-Wales 'hub and spokes' training facility
- The Health, Safety and Environment Test redevelopment (phase 2) was delivered on time, introducing three more new question types (five new question types have been added in total) and supported by study materials.

## Financial review for the year ending 31 March 2019

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### Result for the period

2018/19 was the first 12-month period since CITB realigned its year-end to match that of key stakeholders such as the Department for Education (DfE). Net incoming funds were £30.2m compared to net outgoing funds of £68m in the prior 15-month period. The surplus is a combination of factors, including lower levels of claims from employers, lower levels of apprenticeships across the country and an increase in non-levy income.

During the year, £115.1m in total employer funding was made across Grants Schemes and programme-based funding.

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### Levy income

Levy income for the period was £188.7m (2017/18 £211.4m) comprising £187.3m (2017/18 £207.1m) in respect of the current year's assessment (net of current Levy year's bad debt) and an adjustment of £1.3m (2017/18 £4.3m) in respect of the prior year's charges.

The Levy rate was reduced to 0.35% on direct labour payments (PAYE) and remained at 1.25% on net Construction Industry Scheme (CIS) payments. The small business exemption level of £79,999 remained unchanged and the threshold for the small business Levy reduction of 50% remained at £399,999. The slight decline in Levy income was as a result of the reduced Levy rate on direct labour payments.

The number of employers in the Levy and Grant register was 75,605, compared to 69,070 as at 31 March 2018.

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### Non-Levy income

Within non-Levy income, restricted income from CITB's Apprenticeship activities, on behalf of the Education and Skills Funding Agency (ESFA) and others, was £47.8m, while Construction Skills Fund income accounted for the other £4m restricted income. This income can only be used for the purposes defined by the relevant funders.

Other non-Levy income, which CITB uses to help fund its core operations, amounted to £51.9m, a small, pro rata, decrease on the £67.4m in the 15 months to 31 March 2018.

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### Other income

Other income includes £3.5m sales proceeds from the divestment of CPCS.

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### Grants Scheme

CITB publishes a Grants Scheme annually and registered employers are entitled to claim training grants in line with its conditions. Grant Scheme expenditure fell from £181.9m to £91.8m, due in part to the previous period being 15 months long. Claims for all categories of grant were generally lower than the previous period, partly due to a fall in economic activity and also due to employers adjusting to our new claims system.

Grants paid helped support 23,822 apprentices, 2,522 Training and Development Plans, 15,721 vocational qualification (VQ) achievements and 21,821 plant tests. The total number of employers in receipt of grant in 2018/19 was 16,121 (in 2017/18, this was 16,919, over 15 months).

CITB offers three principal types of programme-based funding:

- Skills training fund offering up to £10,000 for small employers
- Flexible Fund to address industry needs and CITB priorities
- Structured fund where CITB has identified a particular need for investment.

In total, £22.2m was spent on programme-based funding in 2018/19, a relative increase on the £24.8m spent in the 15 months to 31 March 2018. Our detailed plans for increasing grants in the future can be found in our Annual Review.

## Transition payments

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CITB implemented a one-year transition package to help employers who had to pay both the CITB 2016 Levy Assessment and the government's Apprenticeship Levy in the 2017/18 tax year. Those employers received an enhancement to the training grants they claimed in 2017/18. As a result, £1.1m of transition payments have been accounted for in this financial period as final claims were made.

## Restructuring

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As part of Vision 2020, CITB will be relocating its head office from Bircham Newton, Norfolk to Peterborough and has outsourced some back-office roles to its chosen partner SSCL. As a result of those changes and movement of work, a provision of £10.9m has been charged to the accounts to cover the cost of inevitable redundancies.

## Pensions

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CITB is a member of a multi-member defined benefit pension scheme that is now closed and the scheme, like many similar schemes, is in deficit. Currently, however, annual income from assets is outweighing expense and the debt is reducing. The latest valuation, in March 2018, has shown a reduction in the overall scheme debt and estimates CITB's share at £71m. The debt is not only estimated but also does not become payable unless CITB ceases business, and these financial statements have been prepared on a going concern basis. The Trustees of the pension scheme have plans in place to continue to reduce the deficit and current estimates are that the scheme debt will be eliminated in the period 2024 to 2028.

## Reserves

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Reserves are required to cover delays in income receipts, accelerated grant claims and costs that are outside of CITB control and to ensure continued construction industry funding, in line with our charitable objectives. During the year CITB, has been able to reset reserves at a level the Board of Trustees deems appropriate as we move in to the next three-year plan and complete our internal transformation programme. General reserves as at 31 March 2019 were £64.8m and the Board expects reserves to remain at a similar level at the end of the 2019/20 to 2021/22 business plan.

The unrestricted fund is available for use at the discretion of the Board in furtherance of the general objectives of the charity. Restricted funds are those funds that have been received for a particular purpose and may not be used for any other.

As at 31 March 2019, there were no material amounts of reserves designated or committed but £12.7m does relate to property, plant and equipment required to operate the business and £2m relates to commitments to leases. Therefore, the amount of reserves available to the organisation for industry funding and working capital is £50.1m

## **Investment Income**

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Investment objectives and strategy are in line with strict guidelines set by government. These are designed to ensure that the risk of loss is minimised and the range of investments available is consequently tightly controlled. Environmental, social and ethical factors are considered to the extent permitted by the current guidelines.

Investment income during 2018/19 has fallen to £0.3m (15 months 2017/18: £0.9m) as interest rates continue at low levels, and there was a period between ending our relationship with Investec and placing funds with our new investment partner, JP Morgan.

## How we support industry

The following table and narrative gives a breakdown on how resources have been allocated to support industry.

|                                        | 12 months 2018/19 |              | 15 months 2017/18 |
|----------------------------------------|-------------------|--------------|-------------------|
|                                        | £m                | £m           | £m                |
| <b>Levy Income</b>                     |                   |              |                   |
| Levy income                            | 188.7             |              | 211.4             |
| Less cost of collection                | (3.7)             |              | (5.2)             |
|                                        |                   | <b>185.0</b> | <b>206.2</b>      |
| <b>Employer funding</b>                |                   |              |                   |
| <b>Grants Scheme</b>                   |                   |              |                   |
| Apprenticeship grants                  | 48.8              |              | 75.0              |
| Training plans                         | 2.9               |              | 65.6              |
| Plant grants                           | 5.7               |              | 7.5               |
| Other grants                           | 34.4              |              | 33.8              |
|                                        |                   | <b>91.8</b>  | <b>181.9</b>      |
| <b>Transition arrangement</b>          |                   | <b>1.1</b>   | <b>41.7</b>       |
| <b>Programme-based funding</b>         |                   |              |                   |
| Legacy funding                         | 6.1               |              | 8.3               |
| Structured funding                     | 4.8               |              | 6.6               |
| Flexible funding                       | 11.3              |              | 9.9               |
|                                        |                   | <b>22.2</b>  | <b>24.8</b>       |
| <b>Total employer funding</b>          |                   | <b>115.1</b> | <b>248.4</b>      |
| <b>Other support</b>                   |                   |              |                   |
| Apprenticeship support:                |                   |              |                   |
| Travel – new-entrant trainees          | 0.8               |              | 1.6               |
| Trainee allowance and accommodation    | 3.6               |              | 4.5               |
| Standards                              | 0.9               |              | 1.0               |
| Career products                        | 0.7               |              | 1.3               |
| Engagement and evidence base           | 9.1               |              | 10.3              |
|                                        |                   | <b>15.1</b>  | <b>18.7</b>       |
| <b>Total funding including support</b> |                   | <b>130.2</b> | <b>267.1</b>      |

The comparison between the prior period's accounts and this year is distorted by the fact that the 2018 accounts covered a 15 month accounting period: by exceptional payments in that year such as the Transition Payment described on page 18; and by the fact that this was a transition year with new grants replacing former funding streams.

## **Other support**

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CITB bears other expenditure that provides a direct benefit to the industry. These figures are taken directly from note 5 ('Expenditure on charitable activities') in the Financial Statements, and include the direct activities of standards and qualifications, careers, engagement and evidence base. CITB also provides travel and accommodation allowances to apprenticeships at its own cost, a further funded activity.

Note that this table does not include other CITB expenditure which is designed to benefit industry but is not funded directly to individual employers. Further detail on broader CITB income and expenditure is on page 38.

# Remuneration report

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## Membership

The Remuneration Committee is a committee of the Board. Its terms of reference provide, among other matters, that the committee will advise and provide assurance to the Board on senior appointments, the remuneration policy, succession planning of the Executive and Leadership Team, and the monitoring of human resources KPIs against the Strategic Plan.

Its membership is made up of three Board Trustees, one of whom is appointed as Chair. The CEO, Corporate Performance Director and People Director provide information to the committee to inform its decisions.

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## Policy on the remuneration of directors

Individual remuneration for directors is reviewed annually with regard to external market changes and an assessment of individual performance, evidenced by the performance management process. Individual performance payments, which are not consolidated into annual salaries, range from 0–10% of basic pay for the directors, excluding the CEO, for whom the range is 0%–15%.

All employees, including directors, are eligible for membership of the ITB Pension Funds Scheme.

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## Policy on contracts, notice periods and termination payments

All the directors are permanent employees of the organisation, each with a notice period of six months.

Termination payments, if applicable, are paid in accordance with CITB contractual terms and conditions. No additional or discretionary payments are made outside of contractual terms.

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## Non-cash remuneration

With the exception of company cars, health insurance, dental insurance and critical illness cover (the last two are not provided as a right of office), no non-cash remuneration is provided. The provision of company cars and health screening are part of the standard terms and conditions of employment for senior grades of staff. As alternatives, a cash option for cars and a business mileage allowance are paid.

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## Salary and pension entitlements (audited)

The sections on the following page provide details of the remuneration for the year and the pension benefits of the most senior members of CITB's staff.

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## Board members' remuneration

The Remuneration Committee is not responsible for considering Board members' remuneration.

Payments to the Chair are authorised under Schedule 1(4) of the Industrial Training Act 1982. No other Board members are remunerated. Note 18 Board Members Remuneration (page 55) provides more information about this.

## 2018/19 12-month period remuneration

|                                                                                              | Salary  | Benefits in kind | Bonus | Pension Benefits | 2018/19 Total |
|----------------------------------------------------------------------------------------------|---------|------------------|-------|------------------|---------------|
|                                                                                              | £'000   | £'000            | £'000 | £'000            | £'000         |
| <b>Sarah Beale</b><br>Chief Executive                                                        | 145-150 | 6.7              | 10-15 | 13.5             | 180-185       |
| <b>Stephen Radley</b><br>Policy Director                                                     | 115-120 | 1.9              | 5-10  | 6.5              | 125-130       |
| <b>Mark Noonan</b><br>Industry Relations Director                                            | 110-115 | 0.2              | -     | 6.8              | 115-120       |
| <b>Braden Connolly</b><br>Director of Products and Services                                  | 100-105 | 1.4              | 5-10  | 8.6              | 115-120       |
| <b>Steve Hearty</b><br>Director of Apprenticeships and Standards                             | 95-100  | 6.1              | -     | 8.4              | 105-110       |
| <b>Craig Pemberton</b><br>Interim Chief Financial Officer and Corporate Performance Director | 100-105 | 0.4              | 5-10  | 5.8              | 115-120       |
| <b>Adrian Beckingham</b><br>Corporate Performance Director – (from 1 January 2019)           | 25-30   | 0.1              | -     | 2.1              | 25-30         |

The full-time equivalent annual salary bandings (£'000) of those staff that joined during 2018/19 were:  
Adrian Beckingham :100 to 105.

## 2017/18 15-month period remuneration (restated)

|                                                                                                                       | Salary  | Benefits in kind | Bonus | Pension Benefits | 2017/18 Total |
|-----------------------------------------------------------------------------------------------------------------------|---------|------------------|-------|------------------|---------------|
|                                                                                                                       | £'000   | £'000            | £'000 | £'000            | £'000         |
| <b>Sarah Beale</b><br>Chief Executive                                                                                 | 180-185 | 5.8              | 20-25 | 16.5             | 225-230       |
| <b>Stephen Radley</b><br>Policy Director                                                                              | 140-145 | 2.0              | 15-20 | 8.0              | 165-170       |
| <b>Carl Rhymer</b><br>Commercial Director<br>(resigned with effect from 28th June 2017)                               | 55-60   | 0.4              | -     | 4.6              | 60-65         |
| <b>Mark Noonan</b><br>Industry Engagement Director                                                                    | 135-140 | 0.2              | 5-10  | 7.7              | 145-150       |
| <b>Christopher Brooks</b><br>Interim Chief Executive and Corporate Performance Director – (1 January-12 October 2017) | 80-85   | 0.1              | -     | 6.1              | 85-90         |
| <b>Braden Connolly</b><br>Director of Products and Services – (from 1 July 2017)                                      | 70-75   | 2.2              | -     | 6.3              | 80-85         |
| <b>Steve Hearty</b><br>Director of Apprenticeships and Standards<br>(from 1st July 2017)                              | 65-70   | 8.3              | 0-5   | 6.3              | 85-90         |
| <b>Craig Pemberton</b><br>Interim Chief Financial Officer and Corporate Performance Director (from 1st November 2017) | 40-45   | 0.1              | 0-5   | 2.4              | 45-50         |

The restatement was correcting Pensions benefits, this previously included employer and employee contributions. It has now been corrected to include only employer contributions.

The full-time equivalent annual salary bandings (£'000) of those staff that left during 2017/18 were:  
Carl Rhymer: 105 to 110; Christopher Brooks: 95 to 100

The full-time equivalent annual salary bandings (£'000) of those staff that joined during 2017/18 were:  
Braden Connolly: 100 to 105; Steve Hearty: 90 to 95; Craig Pemberton: 100 to 105.

Salary includes gross pay, payments in lieu of car and luncheon allowance. Benefits in kind include the use of allocated cars, flexible benefits (including critical illness cover and dental insurance) and medical insurance. For members who accrue only defined contribution pension benefits, the value represents the total of employer contributions paid in respect of the individual.

## Comparison of median pay to highest earner's remuneration

CITB is required to disclose the relationship between the remuneration of its highest-paid director and the median remuneration of the organisation's workforce (based on full-time equivalents). CITB is also required to disclose the range of remuneration received by all employees. Comparison is given for annualised figures for consistency.

|                                                                           | 2018/19<br>Year | 2017/18<br>Year |
|---------------------------------------------------------------------------|-----------------|-----------------|
| Highest earning executive director's total remuneration (£000)            | 165–170         | 165–170         |
| Median total remuneration                                                 | 31,273          | 31,923          |
| Ratio of median remuneration to remuneration of highest earning executive | <b>5.3</b>      | <b>5.3</b>      |

In 2018/19 , no employees (2017/18: 0) received remuneration in excess of the highest paid director.

Details about exit packages are disclosed in Note 19 ('Particulars of staff') on pages 56 and 57.

**Peter Lauener**

Chair

12 June 2019

**Sarah Beale**

Chief Executive

12 June 2019

## How we are structured

The Construction Industry Training Board is an executive non-departmental public body accountable to the Secretary of State for Education and is required to comply with its statutory obligations and functions as set down in the Industrial Training Act 1982. CITB is also a registered charity, making the Board members charitable Trustees.

For the period 2018/19, in accordance with the statutory requirements, the Board comprised a majority membership of employer Trustees supported by independent Trustees. The Board is supported by an Executive Team and the following Committees: Audit & Risk, Appointments & Remuneration, and Investment Funding. In addition, the Board receives strategic insights and feedback from three Nation Councils: Scotland, Cymru Wales and England.

### Board performance

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The duty of the Board is to set and maintain the vision, mission and values of CITB to develop and shape CITB's future direction and strategy, adhere to the principles of the Framework Document and ensure good corporate governance. It acts in accordance with the Board standing orders and financial delegations and provides leadership, advice and challenge to the Executive on the management and performance of the organisation.

The governance cycle incorporates a board effectiveness review, an annual Chair appraisal undertaken by the Department for Education and an individual Trustee appraisal conducted by the Chair. A board effectiveness review took place in September 2018. The results were analysed and reviewed at a board development day in October 2018. The overall results of the review were positive, demonstrating that the Board was able to provide assurance and appropriate challenge, and enable the Executive to undertake effective and transparent decision making. The Board did identify the need for a performance dashboard to improve the accessibility of performance information between the quarterly Board meetings, and also confirmed the need to secure a Trustee with financial experience

to enhance the Board's skills. The Board has 12 agreed key performance indicators (KPIs), each of which has a baseline and a target for the current year and the following two years. At the quarterly Board meetings, a full review of progress against the KPIs is held and actions agreed for the following quarter. Clear lines are drawn between the agreed strategic outcomes and the measures monitored by the KPIs to ensure we are monitoring and measuring the correct information. The KPIs will continue to evolve, in content and measure, as the organisation moves through its three-year business plan to ensure the current sufficiency of data reviewed by the Board is maintained.

| Board attendance                        | 76.36%       |
|-----------------------------------------|--------------|
| Peter Lauener (Chairman)                | 6/7          |
| Maureen Douglas                         | 6/7          |
| Steve Fox (Appointed 01.06.2018)        | 2/5          |
| Diana Garnham                           | 7/7          |
| David Harris (Term expired 31.12.2018)  | 2/5          |
| Karen Jones (Term expired 31.12.2018)   | 4/5          |
| Yvonne Kelly (Appointed 19.02.2019)     | 1/2          |
| Kevin Mcloughlin (Appointed 01.06.2018) | 4/5          |
| Maria Pilfold (Term expired 31.12.2018) | 4/5          |
| Holly Price (Appointed 19.02.2019)      | 2/2          |
| Robert Williams (Appointed 01.06.2018)  | 4/5          |
| <b>Total</b>                            | <b>42/55</b> |

## Audit & Risk Committee

During 2018/19, the Audit & Risk Committee provided assurance to the Board and Accounting Officer on CITB's risk and control environment. It received update reports on the business's key strategic risks, progress against the internal audit plan and the external auditor's opinion on the Annual Report & Accounts. It sought further information from individual areas of the business where members felt they would benefit from a more in-depth explanation on the control environment from the senior manager responsible. The information received during the review period enabled the Committee, following the review of a draft, to provide a recommendation to the Accounting Officer and the Board to approve and sign the Annual Report & Accounts.

| <b>Audit &amp; Risk Committee attendance</b> | <b>85.00%</b> |
|----------------------------------------------|---------------|
| Diana Garnham (Chair)                        | 5/5           |
| Maureen Douglas                              | 5/5           |
| Richard Plumb                                | 4/5           |
| Chris Richardson                             | 3/5           |
| <b>Total</b>                                 | <b>17/20</b>  |

## Appointments & Remuneration Committee

During 2018/19, the Appointments and Remuneration Committee continued to provide specialist advice to the Board on matters relating to Executive accountabilities and respective pay packages. Furthermore, parameters regarding the negotiation of the annual pay review were discussed and agreed. The committee approved proposed structural changes to the Executive Board, namely the departure of Steve Hearty from his role as Director of Apprenticeships and the appointment of Adrian Beckingham to his new role as Director of Corporate Services. The roles of Apprenticeship and Products & Services Director were combined with Braden Connolly, who was also promoted to this new joint role. The role of Chief Financial Officer was agreed to be no longer required, with Craig Pemberton concluding his interim role at the end of April 2019.

In 2019, two Appointments and Remuneration Committee members retired from their positions, with Holly Price accepting the role of Chair and one position remaining vacant. The Board Chair currently provides support as a temporary measure. In the coming year, the committee has requested that the business gives priority to the review and revision of the total reward framework, with a due date for implementation of April 2020. This should include a review of Executive pay principles and the Committee will obtain external consultancy support.

| <b>Appointments &amp; Remuneration Committee attendance</b> | <b>100%</b> |
|-------------------------------------------------------------|-------------|
| Peter Lauener (Chair)<br>(Appointed January 2019)           | 1/1         |
| Maria Pilfold (Chair)<br>(Term expired 31.12.2018)          | 1/1         |
| Diana Garnham                                               | 2/2         |
| Holly Price (Appointed March 2019)                          | 1/1         |
| Karen Jones (Term expired 31.12.2018)                       | 1/1         |
| <b>Total</b>                                                | <b>6/6</b>  |

## Investment Funding Committee

During 2018/19, the Investment Funding Committee provided assurance on behalf of the Board on CITB's funding provided through the Grants Scheme, the skills and training fund and structured and flexible funding. In each meeting, the Committee reviewed the performance of all funding channels and of the training model that supports the Grants Scheme, making recommendations to the Director of Strategy and Policy on the actions that CITB should take. It also discussed and made recommendations on the overall funding strategy and on CITB's proposals for the future direction of the skills and training fund that aimed to improve the effectiveness of CITB's funding support for smaller firms. It also discussed CITB's proposals for funding commissions, reviewing the evidence base that supported the outcomes that the funding was seeking to achieve, and made recommendations on the design of these commissions. The Committee also provided advice on how CITB could be more effective in communicating the effectiveness of its funding and commented on the case studies that CITB was developing to demonstrate this.

The Investment Funding Committee Chair (Karen

Jones) and Deputy Chair (Maria Pilfold) stepped down as Trustees at the end of 2018. Steve Fox, Board Trustee, has now been appointed as the Chair of the committee. It had been hoped that a new Deputy Chair would be secured following the recruitment of a Trustee with a background in finance. Due to the absence of a suitable candidate, the position remains vacant but a suitable Deputy will be appointed as soon as possible. The Committee has benefitted from additional independent members: Chris Jones had been a Co-opted member since its first meeting in February 2016 and resigned from the committee in February 2019. His replacement on the committee is being actively sought.

| Investment Funding Committee attendance                   | 78.57%       |
|-----------------------------------------------------------|--------------|
| Steve Fox (Chair)<br>(Appointed 1 February 2019)          | 1/1          |
| Karen Jones (Chair)<br>(Term expired 31.12.2018)          | 4/4          |
| Julia Evans                                               | 3/5          |
| Chris Jones (Resigned on 06.02.2019)                      | 2/4          |
| Alison Lamplough                                          | 4/5          |
| Rupert Perkins                                            | 4/5          |
| Maria Pilfold (Deputy Chair)<br>(Term expired 31.12.2018) | 4/4          |
| <b>Total</b>                                              | <b>22/28</b> |

## Nation Councils

Each Nation Council held its inaugural meeting in October 2018. In accordance with the governance cycle each Council will convene four times a year on a rolling schedule ahead of each Board meeting.

The purpose of the three Nation Councils is to:

- capture and articulate to the Board key issues affecting or likely to affect industry over a forecast period of three years
- assist the Board in accurately prioritising support for key issues affecting industry across Great Britain

- review and advise the Board on CITB's Strategic Business Plan ('the Plan') to ensure that it appropriately addresses industry opportunities, pressures and priorities as identified through CITB's evidence base, which the Nation Councils will help to enhance
- make timely recommendations to the Board about extraordinary matters arising that may impact on the ability of the Board to deliver the Plan.

## Cymru Wales Nation Council:

The Cymru Wales Nation Council recommendations and requests to the Board include but are not limited to a focus on an impactful industry **careers campaign** with an emphasis of **inclusion and diversity**; to consider the need to train **future skills**, not just traditional skills; the **Wales business plan** reviewed to ensure clarity of vision and delivery; a review of the **Board KPIs** against delivery to ensure impact is measured effectively against each nation; to ensure the **2018 Welsh Regional Skills Reports** are considered by the Board; to improve CITB's **communication strategy** to include regular detail on Wales-specific issues and key performance updates.

First meeting: 31 October 2018

| Cymru Wales Nation Council attendance                 | 95.65%       |
|-------------------------------------------------------|--------------|
| Leigh Hughes (Chair)                                  | 2/2          |
| Robert Williams (Deputy Chair)                        | 2/2          |
| David Harris (Deputy Chair) (Term expired 31.12.2018) | 1/1          |
| Gareth Davies                                         | 2/2          |
| Terry Edwards                                         | 2/2          |
| Andrea Green                                          | 2/2          |
| Jenny Hudson                                          | 2/2          |
| Simon Jehu                                            | 1/2          |
| Owain Jones                                           | 2/2          |
| Richard Owen                                          | 2/2          |
| Neal Stephens                                         | 2/2          |
| Paul Tedder                                           | 2/2          |
| <b>Total</b>                                          | <b>22/23</b> |

## England Nation Council

The England Nation Council recommendations and requests to the Board include but are not limited to the establishment, promotion and delivery of an effective **careers campaign and strategy**; the need to improve CITB's **communication strategy** to ensure that industry is aware of CITB activity; a review of the **Board's KPIs** to more accurately connect to the three priority pillars of Careers, Standards and Qualifications and Training and Development and for CITB to focus heavily on existing **delivery and impact**.

First meeting: 3 October 2018

| English Nation Council attendance                           | 90.90%       |
|-------------------------------------------------------------|--------------|
| Seamus Keogh (Chair)                                        | 2/2          |
| Kevin McLoughlin (Deputy Chair)<br>(Appointed January 2019) | 1/1          |
| Maria Pilfold (Deputy Chair)<br>(Term expired 31.12.2018)   | 1/1          |
| Diane Bourne                                                | 2/2          |
| Chris Carr                                                  | 2/2          |
| James Flannery                                              | 2/2          |
| Andrew Harvey                                               | 1/2          |
| Chris Last                                                  | 2/2          |
| Sharon Llewellyn                                            | 2/2          |
| Ged Simmons                                                 | 2/2          |
| Rob Tansey                                                  | 2/2          |
| Julie White                                                 | 1/2          |
| <b>Total</b>                                                | <b>20/22</b> |

## Scotland Nation Council

The Scotland Nation Council recommendations and requests to the Board, including but not limited to; the establishment, promotion and delivery of an effective **Careers Campaign and Strategy**, the need to tailor **Future Skills** to the local environment; to emphasise **Skills Retention** with a focus on the older workforce; to place a key focus on **Mental Health** within the industry; to provide clarity on the **Vision 2020 Roadmap** and its impact in Scotland and to ensure that the Board engaged the Council in good time on issues such as **Levy consultation** and the proposed **Nation Skills Fund**.

First meeting: 22 October 2018

| Scottish Nation Council attendance | 95.00%       |
|------------------------------------|--------------|
| Tony Elliott (Chair)               | 2/2          |
| Maureen Douglas (Deputy Chair)     | 2/2          |
| Zeshan Afzal                       | 1/2          |
| Nicola Barclay                     | 2/2          |
| Mark Bramley                       | 2/2          |
| Craig Bruce                        | 2/2          |
| Marion Forbes                      | 2/2          |
| Michael Smyth                      | 2/2          |
| Richard Steedman                   | 2/2          |
| Jim Young                          | 2/2          |
| <b>Total</b>                       | <b>19/20</b> |

## Risk management

Our system of internal control is designed to manage risks to a reasonable level, to evaluate the likelihood of those risks occurring, to mitigate the impact should they be realised, and to manage risks efficiently, effectively and economically. We manage risk by regular oversight and scrutiny, at strategic and team level, and with effective assurance from the Audit & Risk Committee.

The system of internal control has been in place for the financial period ended 31 March 2018 and accords with Treasury guidance.

A number of specific sources contribute to my annual review of these risks, including:

- reports and recommendations from the Audit & Risk Committee
- the Head of Internal Audit's annual opinion to me, as Accounting Officer
- recommendations from the National Audit Office
- annual accountability statements from members of the Executive and senior managers, outlining the governance, risk and control arrangements in their business areas
- external reports on CITB, produced by independent organisations, such as OFSTED
- legislative and regulatory guidelines, including those relating to charitable status, state aid and tax arrangements.

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### Risk management process

As a registered charity, we have a prudent and balanced attitude to risk, placing emphasis on our risk management and control framework.

There are several ways we manage risks, specifically for the year ending 31 March 2019:

- A review of CITB's strategic risks was undertaken as part of the 2018-21 Business Planning process. This involved a workshop with the Executive Team, sessions with the Leadership Team and sign-off by the Board
- Risks were also considered from an operational and project level and accountability of the risks was appropriate
- The Executive had collective oversight of risks at strategic levels and undertook deep-dive reviews of the management of these risks throughout the year
- At operational levels, the risk management framework categorised risks as financial, reputational, strategic, compliance and trading income, and was used to set the acceptable tolerance thresholds for risks across the organisation
- Each meeting of the Audit & Risk Committee received a risk update including details of the organisation's strategic risks and the deep-dive reviews undertaken by the Executive.

## Risk overview

The most significant risks faced by CITB during the 12-month period to 31 March 2019, which could impact on the delivery of its strategic objectives are shown below.

Each strategic risk is owned by a member of the Executive Team, with the key mitigating actions and controls for each risk being owned by a member of the Leadership Team. The extent to which these are operating effectively is RAG-rated and a target date to achieve a 'green' status is agreed. Performance is reviewed and updated regularly.

A programme of deep-dive reviews has been developed, ensuring that the management of each

strategic risk is subject to scrutiny and challenge during the course of the year, alongside a collective review at the CITB risk and performance hub.

The deep-dive reviews ensure that the Executive Team's risk discussion focuses upon whether sufficient action is being undertaken to bring the risks to an acceptable level of tolerance; they also ensure visibility and ownership by the entire Executive. This approach has led to a positive change in the nature of the conversation on risks at Executive and management levels, with mitigation owners regularly reviewing actions to ensure they are being delivered, as agreed, to reduce residual risk.

| Description |                                                                                                                                                                                                                                                                                   |
|-------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1           | <b>Vision 2020</b><br>There is a risk that CITB does not deliver on the commitments made in Vision 2020 because of a lack of focus on industry's core priorities.                                                                                                                 |
| 2           | <b>People</b><br>There is a risk that CITB does not have the sufficient number of the right people with the right skills in the right place.                                                                                                                                      |
| 3           | <b>Planning beyond 2020</b><br>There is a risk that CITB does not effectively plan or engage with industry for the long term beyond 2020 because of too heavy a focus on the short and medium-term horizons.                                                                      |
| 4           | <b>Agility and responsiveness</b><br>There is a risk that CITB does not effectively respond to changed requirements of industry or government because of not being sufficiently agile or connected.                                                                               |
| 5           | <b>Funding</b><br>There is a risk that CITB does not demonstrate to stakeholders its effective use of funding because of poor prioritisation or stewardship.                                                                                                                      |
| 6           | <b>Cash flow</b><br>There is a risk that CITB does not generate sufficient cash flows to achieve its reserve targets and maintain a sustainable business because of a lack of income and / or excessive costs.                                                                    |
| 7           | <b>Fraud</b><br>There is a risk that CITB does not protect itself adequately against high levels of fraudulent activity that is damaging due to profile, value or volume because of sustained and/or determined targeting in relation to cards, testing, funding and achievement. |
| 8           | <b>Brexit</b><br>There is a risk that CITB is not sufficiently prepared to support the construction industry in the event of a no-deal Brexit.                                                                                                                                    |

The Executive also assessed their level of risk maturity during the year. This identified that, as a group, they had an established approach in place, and it was agreed that the level of discussion had undergone a positive change. Actions were also agreed to improve the level of risk maturity further during 2019/20.

## **Internal Audit Opinion**

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The Internal Audit team, working to the Public Sector Internal Audit Standards, delivered reviews against a plan approved by the Audit & Risk Committee. This plan was developed to focus on areas of control and risk considered core to the system of internal control, as well as areas of known development needs and areas of low assurance and high risk. An annual report, summarising the work undertaken and containing the Head of Internal Audit's opinion was presented to the Audit & Risk Committee, which stated that the quality of governance, risk management and internal control during the year to 31 March 2019 was 'Satisfactory' and 'it continues on a trajectory towards High.'

This is based on delivery of the 2018/19 plan of work across activities, and inputs from risk management activity and governance arrangements.

## Statement by Accounting Officer, Sarah Beale

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### Our approach to data security

To achieve our aims, CITB processes personal information about individuals. Categories of data subjects include construction-related employers, employees and prospective employees within the construction industry, construction apprentices, suppliers, contractors, and internal staff.

We are committed to protecting the rights and freedoms of individuals in respect of the processing of their personal data, and undertake to comply with our legal obligations and responsibilities at all times.

We routinely review systems and processes for handling data securely against prevailing guidelines to ensure we continue to meet expected standards. We follow ISO27001 compliant practices in relation to information security and have a current Cyber Essentials Plus certification.

We meet our legal obligations in relation to incidents involving personal data, and as such are required to publish information about any serious data-related incidents, which have to be reported to the Information Commissioner's Office. There was one reportable incident, as a result of a phishing attack, which was reported to the Information Commissioner, who took no further action.

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### Our approach to reporting concerns

We are committed to achieving and maintaining high standards of behaviour at work, in service to the public, and in all our working practices, and to maintaining a culture where people are encouraged to speak out, confident that they can do so without adverse consequences and that appropriate action will be taken. Our arrangements for reporting concerns (also known as whistle-blowing) were reviewed and approved by the Audit & Risk Committee during the year.

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### Register of interests

As a non-departmental public body (NDPB), CITB must abide by principles of regularity and propriety, ensuring that its work is not adversely impacted by a conflict of interest. Board Trustees, Council and Board Committee members, and Executive Directors are required to complete a declaration of any interests. No significant company directorships or other interests were held by members that conflicted with their role and responsibilities.

In addition all staff are required to complete a declaration of interest return annually, including those who have no interests to declare, and to declare any gifts or hospitality offered.

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### Maintaining stakeholder support

To continue to meet industry expectations, CITB must maintain support from a range of stakeholders. We liaise with industry at all levels and link with federations, trade union and educational bodies. We work with government (with the DfE at Westminster and the Scottish and Welsh governments) and we are involved in a range of stakeholder events, consultative groups and forums and stakeholder surveys.

We are required to seek consensus from industry for our role as an Industrial Training Board in collecting the Levy for use in incentivising and supporting industry in training. The Levy order is for three years and was passed by Parliament on 27 March 2018.

## Conclusion

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As Accounting Officer, I am satisfied that the governance arrangements that were in place during the year to 31 March 2019 are sufficient to continue managing risks effectively. This is informed by the work of Executive Directors, Leadership Team members and internal auditors, who are responsible for developing and maintaining the governance structures and internal control framework. It is also informed by comments made by the National Audit Office in its management letter and other reports. The Governance Statement represents the end product of the review of the effectiveness of the governance framework, risk management and internal control.

Based on the review I have outlined above, I conclude that CITB has a satisfactory system of governance, risk management and internal control that supports the aims and objectives of the organisation.

### **Sarah Beale**

Accounting Officer

12 June 2019

Acknowledged on behalf of the Board

### **Diana Garnham**

Chair of Audit & Risk Committee

12 June 2019

## Statement of the Board and Accounting Officer's responsibilities

Under section 8(1) of the Industrial Training Act 1982, the Board is required to prepare for each financial year a statement of accounts in the form and on the basis determined by the Secretary of State with the consent of the Treasury.

The accounts are prepared on an accruals accounting basis and must show a true and fair view of CITB's state of affairs at the year end and of its income and expenditure and cash flows for the financial year.

In preparing that statement of accounts, the Board and Accounting Officer are required to have regard for the relevant requirements of the *Government Financial Reporting Manual* (FReM) and in particular to:

- a) observe the accounts direction issued by the Secretary of State, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- b) make judgements and estimates on a reasonable basis
- c) state whether applicable accounting standards as set out in the FReM have been followed, and disclose and explain any material departures in the Financial Statements
- d) prepare the Financial Statements on a going-concern basis unless it is inappropriate to presume that CITB will continue in operation
- e) confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable, and to take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

The Accounting Officer for the Department for Education has designated the Chief Executive of CITB as Accounting Officer for CITB. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding CITB assets, are set out in *Managing Public Money* published by the HM Treasury.

As the Accounting Officer, I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that CITB's auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.

Approved by the Board on 12 June 2019 and signed on its behalf by:

**Peter Lauener**  
Chairman  
12 June 2019

**Sarah Beale**  
Chief Executive & Accounting Officer  
12 June 2019

# The certificate and report of the Comptroller and Auditor General to the Houses of Parliament

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## Opinion on financial statements

I certify that I have audited the financial statements of the Construction Industry Training Board for the year ended 31 March 2019 under the Industrial Training Act 1982. The financial statements comprise: the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes, including the significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as adopted by the European Union. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

### In my opinion:

- the financial statements give a true and fair view of the state of the Construction Industry Training Board's affairs as at 31 March 2019 and of net income for the year then ended; and
- the financial statements have been properly prepared in accordance with the Industrial Training Act 1982 and Secretary of State directions issued thereunder
- have been prepared in accordance with the Charities and Trustee Investment (Scotland) Act 2005 and 8 of the Charities Accounts (Scotland) Regulations 2006.

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## Opinion on regularity

In my opinion, in all material respects the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

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## Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of the Construction Industry Training Board in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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## Conclusions relating to going concern

I am required to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Construction Industry Training Board's ability to continue as a going concern for a period of at least twelve months from the date of approval of the financial statements. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern. I have nothing to report in these respects.

## Responsibilities of the Board and Accounting Officer

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As explained more fully in the Statement of Board and Accounting Officer's Responsibilities, the Board and the Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

## Auditor's responsibilities for the audit of the financial statements

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My responsibility is to audit, certify and report on the financial statements in accordance with the Industrial Training Act 1982.

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness the Construction Industry Training Board's internal control

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the income and expenditure reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

## Other Information

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The Board and Accounting Officer are responsible for the other information. The other information comprises information included in the Annual Report, other than the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

## Opinion on other matters

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### In my opinion:

- the parts of the Annual Report to be audited have been properly prepared in accordance with Secretary of State directions made under the Industrial Training Act 1982
- in the light of the knowledge and understanding of the Construction Industry Training Board and its environment obtained in the course of the audit, I have not identified any material misstatements in the Annual Report; and
- the information given in the Annual Report which I provide a positive consistency opinion on for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Matters on which I report by exception

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I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Remuneration Report to be audited are not in agreement with the accounting records and returns

or

- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

## Report

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I have no observations to make on these financial statements.

### Gareth Davies

Comptroller and Auditor General  
25 June 2019

### National Audit Office

157–197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP

## SECTION 5: FINANCIAL PERFORMANCE

### Statement of financial activities for the year ended 31 March 2019

|                                                                |       | 2018/19<br>restricted | 2018/19<br>unrestricted | 2018/19<br>12 month total | 2017/18<br>15 month total |
|----------------------------------------------------------------|-------|-----------------------|-------------------------|---------------------------|---------------------------|
| INCOME                                                         | NOTES | £'000                 | £'000                   | £'000                     | £'000                     |
| Income from charitable activities                              |       |                       |                         |                           |                           |
| Levy income                                                    | 2     |                       | 188,660                 | 188,660                   | 211,382                   |
| Non-Levy income                                                |       |                       |                         |                           |                           |
| Training and Development                                       |       | 51,768                | 50,873                  | 102,641                   | 137,180                   |
| Careers                                                        |       |                       | 106                     | 106                       | 127                       |
| Standards and Qualifications                                   |       |                       | 382                     | 382                       | 654                       |
| Engagement and Evidence Base                                   |       |                       | 54                      | 54                        | 112                       |
| Other                                                          |       |                       | 463                     | 463                       | 874                       |
| <b>Total non-levy income</b>                                   |       | <b>51,768</b>         | <b>51,878</b>           | <b>103,646</b>            | 138,947                   |
| <b>Income from trading activities</b>                          | 3     |                       | 49                      | 49                        | 30                        |
| <b>Income from investments</b>                                 |       |                       | 346                     | 346                       | 945                       |
| <b>Other income</b>                                            |       |                       | 3,782                   | 3,782                     | 6,499                     |
| <b>Total Income</b>                                            |       | <b>51,768</b>         | <b>244,715</b>          | <b>296,483</b>            | 357,803                   |
| <b>EXPENDITURE</b>                                             |       |                       |                         |                           |                           |
| <b>Expenditure on raising funds</b>                            |       |                       | 3,680                   | 3,680                     | 5,174                     |
| <b>Charitable activities</b>                                   |       |                       |                         |                           |                           |
| Training and Development                                       |       | 64,085                | 180,126                 | 244,211                   | 400,562                   |
| Careers                                                        |       |                       | 1,735                   | 1,735                     | 2,885                     |
| Standards and Qualifications                                   |       |                       | 1,627                   | 1,627                     | 1,754                     |
| Engagement and Evidence Base                                   |       |                       | 14,991                  | 14,991                    | 15,262                    |
|                                                                | 5     | <b>64,085</b>         | <b>198,479</b>          | <b>262,564</b>            | 420,463                   |
| Expenditure from trading activities                            | 3     |                       | 56                      | 56                        | 44                        |
| Net loss/(gain) on revaluation of investments                  |       |                       | 0                       | 0                         | 128                       |
| <b>Total expenditure</b>                                       |       | <b>64,085</b>         | <b>202,215</b>          | <b>266,300</b>            | 425,809                   |
| <b>Net income/(expenditure)</b>                                |       | <b>(12,317)</b>       | <b>42,500</b>           | <b>30,183</b>             | (68,006)                  |
| <b>Net movement in funds</b> - transfer from unrestricted fund |       | <b>12,317</b>         | <b>(12,317)</b>         | <b>0</b>                  | 0                         |
| <b>Other gains and losses</b>                                  |       | <b>0</b>              | <b>30,183</b>           | <b>30,183</b>             | (68,006)                  |
| Realised gain on sale of freehold properties                   |       |                       |                         | 0                         |                           |
| Gain on revaluation of freehold property                       |       |                       |                         | 0                         | 661                       |
|                                                                |       | <b>0</b>              | <b>30,183</b>           | <b>30,183</b>             | (67,345)                  |
| Total accumulated funds at period start                        | 14    | 0                     | <b>34,640</b>           | <b>34,640</b>             | 101,985                   |
| <b>Total accumulated funds at period end</b>                   | 14    | <b>0</b>              | <b>64,823</b>           | <b>64,823</b>             | 34,640                    |

The above results include all recognised gains and losses and are derived from continuing activities.  
The notes 1 to 24 on pages 41 to 59 form an integral part of these accounts.

# Balance Sheet as at 31 March 2019

|                                               |       | 2018/19        | 2018/19        | 2017/18       |
|-----------------------------------------------|-------|----------------|----------------|---------------|
|                                               | NOTES | £'000          | £'000          | £'000         |
| <b>FIXED ASSETS</b>                           |       |                |                |               |
| Divestment debtor > 1 year                    | 9     |                | 4,000          | 4,500         |
| Property, plant and equipment                 | 8     |                | 12,684         | 13,741        |
|                                               |       |                | <b>16,684</b>  | <b>18,241</b> |
| <b>CURRENT ASSETS</b>                         |       |                |                |               |
| Debtors                                       | 9     | 27,506         |                | 26,645        |
| Investments                                   | 10    | 20,000         |                | 20,000        |
| Stock                                         |       | 715            |                | 916           |
| Cash at bank                                  |       | 65,169         |                | 50,842        |
|                                               |       | <b>113,390</b> |                | <b>98,403</b> |
| <b>CREDITORS</b>                              |       |                |                |               |
| Amounts falling due within one year           | 11    | (27,022)       |                | (41,875)      |
| <b>NET CURRENT ASSETS</b>                     |       |                | <b>86,368</b>  | <b>56,528</b> |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>  |       |                | <b>103,052</b> | <b>74,769</b> |
| <b>PROVISIONS FOR LIABILITIES AND CHARGES</b> | 12    |                | (38,229)       | (40,129)      |
| <b>NET ASSETS</b>                             |       |                | <b>64,823</b>  | <b>34,640</b> |
| <b>TOTAL ACCUMULATED FUND</b>                 | 14    |                | <b>64,823</b>  | <b>34,640</b> |

Notes 1 to 24 on pages 41 to 59 form an integral part of these accounts

Approved by the Board on 12 June 2019

and signed on its behalf by:

**Sarah Beale**  
Chief Executive  
12 June 2019

**Peter Lauener**  
Chairman  
12 June 2019

## Cashflow Statement as at 31 March 2019

| CASHFLOWS FROM OPERATING ACTIVITIES                        | NOTES | 2018/19       | 2017/18         |
|------------------------------------------------------------|-------|---------------|-----------------|
|                                                            |       | £'000         | £'000           |
| Net incoming (outgoing) resources for the year             |       | 30,183        | (67,345)        |
| Income from investments                                    |       | (346)         | (945)           |
| Depreciation charges                                       | 8     | 1,159         | 1,881           |
| Profit on sale of tangible fixed assets                    |       | 2             | (1)             |
| Proceeds on sale of business                               |       | (2,530)       | (1,249)         |
| Realised loss on disposal of fixed assets                  |       | 0             | 0               |
| Unrealised (gain)/loss on investments                      | 10    | 0             | 128             |
| Gain on revaluation of freehold properties                 | 8     | 0             | (661)           |
| Decrease/(Increase) in debtors and stock                   |       | (160)         | 31,405          |
| (Decrease)/Increase in creditors and provisions            |       | (16,752)      | 13,015          |
| <b>Net cash inflow/(outflow) from operating activities</b> |       | <b>11,556</b> | <b>(23,772)</b> |

  

| CASHFLOWS FROM INVESTING ACTIVITIES              |    |               |               |
|--------------------------------------------------|----|---------------|---------------|
| Interest received on investments                 | 15 | 346           | 945           |
| Payments to acquire tangible fixed assets        | 15 | (109)         | (1,555)       |
| Receipts from sales of tangible fixed assets     | 15 | 6             | 112           |
| Receipts from sale of business                   |    | 2,528         | 1,249         |
| Proceeds from sale of Investments                | 15 | 55,008        | 101,394       |
| Purchase of investments                          | 15 | (55,008)      | (76,153)      |
| <b>Net cash inflow from investing activities</b> |    | <b>2,771</b>  | <b>25,992</b> |
| <b>Increase in cash and cash equivalents</b>     |    | <b>14,327</b> | <b>2,220</b>  |
| <b>Cash and cash equivalents at period start</b> |    | <b>50,842</b> | <b>48,622</b> |
| <b>Cash and cash equivalents at period end</b>   |    | <b>65,169</b> | <b>50,842</b> |

Notes 1 to 24 on pages 41 to 59 form an integral part of these accounts

# Notes to the financial statements for the year ended 31 March 2019

## 1. Accounting policies

---

### GOING CONCERN

These accounts are prepared on a going-concern basis following a review of the planned activities of CITB and the external factors which will have an impact on its future.

### ACCOUNTING CONVENTION

The Financial Statements are prepared in accordance with the Industrial Training Act 1982 and directions made thereunder by the Secretary of State for Education and previously the Secretary of State for BIS. The accounts comply with the requirements of *Accounting and Reporting by Charities: Charities SORP (FRS 102)*.

The accounts also follow the disclosure requirements of the 2018-19 *Government Financial Reporting Manual (FReM)* and also provide additional disclosures where this goes beyond the requirements of the Charities SORP (FRS 102).

These accounts are prepared under the historical cost convention, as modified to reflect the revaluation of fixed assets and investments.

### REPORTING PERIOD

The 2017/18 figures in the Financial Statements are prepared for the 15 month period 1 January 2017 to 31 March 2018. This follows an amendment to the financial year end to 31 March in order to achieve greater alignment with other key stakeholders and has been agreed with the Department for Education and the Board. The prior year reporting period comparative amounts and associated notes are therefore not directly comparable.

### INCOME

#### Levy

Levy income is that receivable from assessments based on the employment details returned by employers, with an estimate for those from which employment details have not been received. Estimated assessment income is reduced by a provision for reassessments, based on

historical trends, to allow for their normal write down in value following the receipt of a Levy return declaring actual direct employment and labour-only subcontract payments. A provision for bad debts, based on identified doubtful debts, prior years' experience and the economic state of the industry, is also applied against Levy debts, and both the movement in the provision between 1 April 2018 and 31 March 2019, and the actual bad debts written off in the year, are set off against Levy income. Levy assessments are recognised in the Statement of Financial Activities (SoFA) in the period in which they are raised.

#### Charitable activities – non-Levy income

Non-Levy income is recorded by charitable activity and is accounted for on an accruals basis.

Apprenticeship income is recognised as restricted funds based on contractual terms.

#### Deferred income

An accrual for deferred income is made where it has been received during the accounting period, but for which associated activities will not be carried out until subsequent accounting periods.

#### Investment income

Income from investments is included in the SoFA on an accruals basis.

### EXPENDITURE

#### Grants

The charge in the SoFA consists of the training grants paid during the year together with an estimate of the liability for unpaid grants for the period and any adjustments to accruals and provisions made in earlier years. Grants are considered to be legally binding when the terms have been agreed by both parties.

#### Charitable activities

The charges in the SoFA are recognised on an accruals basis.

## Leasing

Rentals paid under operating leases are charged in the SoFA on a straight line basis over the lease term.

## Allocation of expenditure

Direct costs are allocated accordingly, with support costs apportioned to activities by appropriate drivers. For the majority of support costs, this is average full time equivalent (FTE) for the financial year. However, funding support costs have been allocated based on funding expenditure split between the activities, while estate costs have been allocated on an office FTE/ college training days basis.

## OTHER RECOGNISED GAINS AND LOSSES

### Realised on investments

The SoFA recognises the net value of all gains and losses on the sale of investments, calculated as the difference between the cost and sales proceeds of each investment liquidated.

### Unrealised on investments

The difference between the brought-forward market value at the beginning of the accounting period and the year-end market value of all investments held at the balance sheet date is recognised in the SoFA.

## ASSETS

### Estimation techniques

Levy debtors represent the estimated recoverable amounts of unpaid Levy assessments having taken account of provisions for bad debts and for reassessing estimated assessments following the late receipt of Levy returns. CITB only writes off Levy debts when it has evidence that an employer has become insolvent, ceased to trade, is dissolved or, CITB having made all reasonable efforts to locate the debtor, is untraceable.

Non-Levy debtors are shown at their amortised value after any provision for impairment.

### Tangible fixed assets

Tangible fixed assets (excluding freehold land and buildings) are stated at cost less accumulated depreciation. Adjustments to modified historical cost are only made if material. Costs of acquisition, comprising only those costs that are directly attributable to bringing the asset into working condition for its intended use, are capitalised. The threshold for capitalisation is £2,500.

Freehold land is not depreciated. Motor vehicles are depreciated on a reducing balance basis at 30% per annum. All other tangible fixed assets are depreciated

evenly to write off the value of the asset over their estimated useful economic lives. These lie within the following ranges:

| Asset                        | Depreciation range                              |
|------------------------------|-------------------------------------------------|
| Freehold buildings           | 50 years (permanent buildings)                  |
|                              | 20 years (improvements and temporary buildings) |
|                              | Nil (buildings under construction)              |
| Leasehold land and buildings | The lease term                                  |
| Plant and machinery          | 5 to 10 years                                   |
| Office equipment             | 4 to 10 years                                   |
| Computer equipment           | 4 years                                         |

Freehold properties are fully revalued every five years and reviewed annually. All tangible fixed assets are subject to an annual impairment review.

## Investments

Investments are stated at market value at the balance sheet date. Investments are considered to be highly liquid resources as they can all be easily converted to cash and therefore all investments are determined as current asset investments. Bonds, equities and cash are held at market value. Managed funds are valued at a price provided by the third party-investment manager.

## LIABILITIES

Grant creditors: Amounts payable in relation to Grant funding authorised but not yet paid are recognised within creditors.

College fee creditors: Amounts payable in relation to college fee invoices are calculated on the basis of known learners' records. College fees relating to students whose details have not yet been received are accrued for on the basis of historical payment patterns, adjusted for any known changes in circumstances.

Trade and taxation creditors: Amounts payable in relation to supplier invoices are based on those due as at the year-end, where goods or services have been received.

## FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments are classified in the following categories: loans and receivables, available-for-sale, and other financial liabilities. CITB's financial instruments are not considered to be held-to-maturity investments, nor does CITB hold financial assets or liabilities expressly for trading purposes.

Material classes of financial instruments are separately identified under the following categories.

### Loans and receivables

Loans and receivables financial instruments are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, for example trade debtors and deposits held in banks. Subsequent to initial recognition, these assets are shown in the accounts at the amortised cost after calculating any relevant impairment.

### Available-for-sale

Available-for-sale financial instruments are non-derivatives that are either designated in this category or not classified in any of the other categories. CITB's investments are considered to fall within this category. Subsequent to initial recognition, these assets are recorded at fair value, with any realised and unrealised gains or losses reflected in the SoFA.

### Other financial liabilities

Other financial liabilities' financial instruments are short-term creditors.

### Provisions

Provisions are made for dilapidations on leasehold properties to represent a provision for estimated settlements with landlords on the expiry of leases. The estimations are based on previous financial experience. Training Plan grant and other grant claims not yet received are provided for on the basis of historical payment patterns, adjusted for any known changes in circumstances. Provisions and accruals for apprentice grant claims are based on the number of new-entrant trainees known to have enrolled on the scheme. A restructuring provision has been made to account for the expected redundancy costs associated with implementing CITB's Vision 2020.

## OTHER

### VAT

Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. Where output tax is charged or input tax is recoverable, the amounts are stated net of VAT.

### Pensions

CITB is a participating employer in the ITB Pension Fund Scheme, which has two sections: firstly, a multi-employer defined benefit (DB) section (closed to future accrual 31 December 2016) and, secondly, a defined contribution (DC) section for all staff who joined after 1 January 2013. Being a multi-employer scheme, FRS 102 states that the DB scheme must be accounted for as a DC scheme, as the proportion of assets and funding level attributable to CITB cannot be separately identified.

### Redundancy

Any unpaid costs are accrued for dependent on the rules applied per employee. The redundancies expected as a result of Vision 2020 have been provided for in the current year.

## 2. Levy

|                                           | 2018/19        | 2017/18        |
|-------------------------------------------|----------------|----------------|
|                                           | £'000          | £'000          |
| Current year's Levy Assessment receivable | 202,693        | 211,399        |
| Less: provision for bad debts             | (15,354)       | (4,276)        |
| Net value current year's Levy Assessments | <b>187,339</b> | <b>207,123</b> |
| Reassessment of previous years' Levy      | 1,321          | 4,259          |
| Net Levy income for the period            | <b>188,660</b> | <b>211,382</b> |

Reassessment of previous year's Levy relates to prior-year Levy Assessment that is reassessed this year.

Therefore, it is an estimation uncertainty refined in 2018/19.

## 3. Trading activities

Income from trading activities represents non-charitable income generated from the use of CITB's social and leisure facilities and its related expenditure. Associated expenditure is represented in expenditure from trading activities.

## 4. Material grant-funding payments

*Accounting and Reporting by Charities: Statement of Recommended Practice FRS 102* requires material grants made to be disclosed. Disclosure must include the name of the recipient and the aggregate amount of grants made to that recipient. Training grants make a contribution towards an employer's training costs. The top 15 payments/offsets during the year ended 31 March 2019 have been disclosed below.

| Recipient                                   | £'000's        |
|---------------------------------------------|----------------|
| Kier Group Plc                              | 3,246          |
| Barratt Developments Plc                    | 2,311          |
| Royal BAM Group NV                          | 2,263          |
| University of Wales                         | 2,100          |
| O'Rourke Investments Plc                    | 1,894          |
| JRL Group Holdings Ltd                      | 1,649          |
| MITIE Group Plc                             | 1,303          |
| Home Builders Federation Ltd                | 1,225          |
| Skanska UK                                  | 1,193          |
| Vinci                                       | 1,150          |
| Persimmon Plc                               | 1,078          |
| Balfour Beatty Plc                          | 1,063          |
| Costain Group Plc                           | 1,058          |
| Taylor Wimpey Plc                           | 963            |
| Morgan Sindall Group Plc                    | 891            |
| Other recipients                            | 91,709         |
| <b>Total paid or offset during the year</b> | <b>115,096</b> |

## 5. Expenditure on charitable activities

| Activity                   | Activities directly undertaken | Grant funding activities | Support costs | 2018/19 12-month total | 2017/18 15-month total |
|----------------------------|--------------------------------|--------------------------|---------------|------------------------|------------------------|
|                            | £'000                          | £'000                    | £'000         | £'000                  | £'000                  |
| Training & Development     | 83,380                         | 114,485                  | 46,346        | 244,211                | 400,562                |
| Careers                    | 736                            | 563                      | 436           | 1,735                  | 2,885                  |
| Standards & Qualifications | 898                            | 48                       | 681           | 1,627                  | 1,754                  |
| Engagement & Evidence Base | 9,081                          | 0                        | 5,910         | 14,991                 | 15,262                 |
| <b>Total</b>               | <b>94,095</b>                  | <b>115,096</b>           | <b>53,373</b> | <b>262,564</b>         | <b>420,463</b>         |

Grant funding of £115.1m is split into two elements as per the below (also referenced on page 20):

- Main Grant Scheme – £91.8m
- Programme-based funding (incorporating structured and flexible funding) – £22.2m
- Transition arrangement – £1.1m

## 6. Support costs

| Support Cost                                     | Training & Development | Careers    | Standards & Qualifications | Engagement & Evidence Base | Total to charitable activities | Expenditure on raising funds |
|--------------------------------------------------|------------------------|------------|----------------------------|----------------------------|--------------------------------|------------------------------|
|                                                  | £'000                  | £'000      | £'000                      | £'000                      | £'000                          | £'000                        |
| Business improvement (IT)                        | 8,997                  | 93         | 166                        | 1,475                      | 10,731                         | 441                          |
| Estates                                          | 8,504                  | 66         | 43                         | 241                        | 8,854                          | 261                          |
| Business performance (Finance)                   | 2,918                  | 30         | 54                         | 478                        | 3,480                          | 143                          |
| Grant support costs                              | 3,270                  | 16         | 1                          | 0                          | 3,287                          | 0                            |
| Communications & marketing                       | 3,760                  | 38         | 69                         | 617                        | 4,484                          | 184                          |
| Change (not directly attributable to activities) | 12,330                 | 127        | 227                        | 2,021                      | 14,705                         | 605                          |
| Human resources                                  | 1,819                  | 19         | 33                         | 299                        | 2,170                          | 89                           |
| Governance                                       | 494                    | 5          | 9                          | 81                         | 589                            | 24                           |
| Other corporate costs                            | 4,254                  | 42         | 79                         | 698                        | 5,073                          | 209                          |
| <b>TOTAL</b>                                     | <b>46,346</b>          | <b>436</b> | <b>681</b>                 | <b>5,910</b>               | <b>53,373</b>                  | <b>1,956</b>                 |

'Other Corporate Costs' consists of a number of immaterial costs aggregated for presentational purposes.

These other corporate costs include legal costs, external relations costs, management costs and miscellaneous corporate costs.

## 7. Expenditure

|                                                                                   | 2018/19 | 2017/18 |
|-----------------------------------------------------------------------------------|---------|---------|
|                                                                                   | £'000   | £'000   |
| The net movement in funds for the year was arrived at after (crediting)/charging: |         |         |
| Profit/(loss) on disposal of fixed assets                                         | 2       | (1)     |
| Rentals paid under operating leases                                               |         |         |
| ▪ Hire of plant and machinery                                                     | 209     | 301     |
| ▪ Other operating leases                                                          | 1,874   | 2,462   |
| Fees paid to external auditor                                                     |         |         |
| ▪ Statutory audit fee                                                             | 95      | 100     |
| ▪ Other assurances                                                                | 4       | 3       |
| Depreciation on owned assets                                                      | 1,159   | 1,881   |
| Indemnity insurance                                                               | 18      | 18      |

## 8. Tangible fixed assets

|                       | Freehold property | Plant and machinery | Motor vehicles | Computer & office equipment | Total         |
|-----------------------|-------------------|---------------------|----------------|-----------------------------|---------------|
| a) Summary            | £'000             | £'000               | £'000          | £'000                       | £'000         |
| <b>Cost</b>           |                   |                     |                |                             |               |
| 1 April 2018          | 10,566            | 8,091               | 457            | 10,818                      | 29,932        |
| Additions             | 0                 | 109                 | 0              | 0                           | 109           |
| Disposals             | 0                 | (63)                | (56)           | (1,049)                     | (1,168)       |
| Transfers             | 0                 | 0                   | 0              | 0                           | 0             |
| Revaluation           | 0                 | 0                   | 0              | 0                           | 0             |
| <b>31 March 2019</b>  | <b>10,566</b>     | <b>8,137</b>        | <b>401</b>     | <b>9,769</b>                | <b>28,873</b> |
| <b>Depreciation</b>   |                   |                     |                |                             |               |
| 1 April 2018          | 77                | 5,593               | 421            | 10,100                      | 16,191        |
| Charges during period | 194               | 473                 | 10             | 482                         | 1,159         |
| Disposals             | 0                 | (64)                | (51)           | (1,046)                     | (1,161)       |
| Revaluation           | 0                 | 0                   | 0              | 0                           | 0             |
| <b>31 March 2019</b>  | <b>271</b>        | <b>6,002</b>        | <b>380</b>     | <b>9,536</b>                | <b>16,189</b> |
| <b>Net book value</b> | <b>10,295</b>     | <b>2,135</b>        | <b>21</b>      | <b>233</b>                  | <b>12,684</b> |
| <b>31 March 2019</b>  |                   |                     |                |                             |               |
| 31 March 2018         | 10,489            | 2,498               | 36             | 718                         | 13,741        |

|                                                                                                                  | 2018/19<br>£'000 | 2017/18<br>£'000 |
|------------------------------------------------------------------------------------------------------------------|------------------|------------------|
| <b>(b) Historical cost information</b>                                                                           |                  |                  |
| If the valuations had not been included then freehold property would have been included at the following amounts |                  |                  |
| Cost                                                                                                             | 20,816           | 20,816           |
| Accumulated depreciation                                                                                         | (4,987)          | (4,793)          |
|                                                                                                                  | <b>15,829</b>    | <b>16,023</b>    |
| <b>(c) Freehold property</b>                                                                                     |                  |                  |
| Freehold land valuation                                                                                          | 4,245            | 4,245            |
| Freehold property valuation                                                                                      | 6,321            | 6,321            |
| Accumulated depreciation freehold property valuation                                                             | (271)            | (77)             |
|                                                                                                                  | <b>10,295</b>    | <b>10,489</b>    |
| <b>(d) Capital commitments</b>                                                                                   |                  |                  |
| There were nil capital commitments at 31 March 2019 (2017/18 nil).                                               |                  |                  |
| <b>(e) Plant equipment on loan</b>                                                                               |                  |                  |
| CITB has nil use of equipment on loan, free of charge, from plant equipment suppliers (2017/18 nil).             |                  |                  |
| <b>(f) Tangible fixed assets 2017/18 (comparative table)</b>                                                     |                  |                  |

|                          | Freehold<br>property | Plant and<br>machinery | Motor<br>vehicles | Computer<br>& office<br>equipment | Assets<br>under<br>development | Total         |
|--------------------------|----------------------|------------------------|-------------------|-----------------------------------|--------------------------------|---------------|
| a) Summary               | £'000                | £'000                  | £'000             | £'000                             | £'000                          | £'000         |
| <b>Cost or valuation</b> |                      |                        |                   |                                   |                                |               |
| 1 January 2016           | 9,814                | 6,636                  | 765               | 11,557                            | 608                            | 29,380        |
| Additions                | 252                  | 1,289                  | 0                 | 14                                | 0                              | 1,555         |
| Disposals                | 0                    | (265)                  | (308)             | (922)                             | 0                              | (1,495)       |
| Transfers                | 8                    | 431                    | 0                 | 169                               | (608)                          | 0             |
| Revaluation              | 492                  | 0                      | 0                 | 0                                 | 0                              | 492           |
| <b>31 March 2018</b>     | <b>10,566</b>        | <b>8,091</b>           | <b>457</b>        | <b>10,818</b>                     | <b>0</b>                       | <b>29,932</b> |
| <b>Depreciation</b>      |                      |                        |                   |                                   |                                |               |
| 1 January 2016           | 30                   | 5,303                  | 674               | 9,854                             | 0                              | 15,861        |
| Charges during year      | 215                  | 554                    | 25                | 1,087                             | 0                              | 1,881         |
| Disposals                | 0                    | (264)                  | (278)             | (841)                             | 0                              | (1,383)       |
| Revaluation              | (168)                | 0                      | 0                 | 0                                 |                                | (168)         |
| <b>31 March 2018</b>     | <b>77</b>            | <b>5,593</b>           | <b>421</b>        | <b>10,100</b>                     | <b>0</b>                       | <b>16,191</b> |
| <b>Net book value</b>    |                      |                        |                   |                                   |                                |               |
| <b>31 March 2018</b>     | <b>10,489</b>        | <b>2,498</b>           | <b>36</b>         | <b>718</b>                        | <b>0</b>                       | <b>13,741</b> |
| 31 December 2016         | 9,784                | 1,333                  | 91                | 1,703                             | 608                            | 13,519        |

At 31 March 2018, CITB received professional, external desktop valuations of its freehold property. Savills undertook the valuations of all freehold property. It valued the training centre and head office at Bircham Newton on an existing-use basis and the agricultural land at market value, and the freehold property held at Glasgow, Birmingham and Erith on an existing-use basis. These valuations resulted in an increase in value of £661,000.

## 9. Debtors

|                                  | 2018/19  | 2018/19       | 2017/18  | 2017/18       |
|----------------------------------|----------|---------------|----------|---------------|
|                                  | £'000    | £'000         | £'000    | £'000         |
| Debtor from sale of business     |          | 4,000         |          | 4,500         |
| Levy debtors                     | 30,998   |               | 25,695   |               |
| Less: Provision for bad debts    | (19,353) |               | (11,514) |               |
| Total Levy debtors               |          | 11,645        |          | 14,181        |
| Trade and other debtors          | 7,327    |               | 9,621    |               |
| Less: Provision for bad debts    | (107)    |               | (321)    |               |
| Total trade and other debtors    |          | 7,220         |          | 9,300         |
| Accrued income                   |          | 7,762         |          | 2,493         |
| Prepayments                      |          | 879           |          | 671           |
| <b>Total debtors</b>             |          | <b>31,506</b> |          | <b>31,145</b> |
| Debtor due in more than one year |          | 4,000         |          | 4,500         |
| Debtor due within one year       |          | 27,506        |          | 26,645        |

As stated in the accounting policies (see Note 1), CITB only writes off Levy debts when it has evidence that an employer has become insolvent, has ceased to trade, has been dissolved or, CITB having made all reasonable efforts to locate the debtor, is untraceable.

## 10. Investments

|                                                         | 2018/19  | 2017/18   |
|---------------------------------------------------------|----------|-----------|
| Analysis of movement of investments                     | £'000    | £'000     |
| Market value at beginning of period                     | 20,000   | 45,369    |
| Additions to investments at cost                        | 55,008   | 76,153    |
| Disposals at carrying value                             | (55,008) | (101,394) |
| Gain/(Loss) on investments                              | 0        | (128)     |
| Market value at end of period                           | 20,000   | 20,000    |
|                                                         |          |           |
| Deposits with banks and building societies in UK        | 20,000   | 20,000    |
|                                                         | 20,000   | 20,000    |
|                                                         |          |           |
| Balances held outside of the Government Banking Service | 20,000   | 20,000    |

Included in the above are the following investments, which individually represent more than 5% of the total investment portfolio:

|                      | 2018/19 | 2017/18 |
|----------------------|---------|---------|
| Investments          | £'000   | £'000   |
| <b>Term deposits</b> |         |         |
| BNP Paribas          | 10,000  | 10,000  |
| Lloyds               | 10,000  | 10,000  |

## 11. Creditors: amounts falling due within one year

|                              | 2018/19       | 2017/18       |
|------------------------------|---------------|---------------|
|                              | £'000         | £'000         |
| Trade creditors              | 3,143         | 10,491        |
| Taxation and social security | 1,170         | 1,569         |
| Deferred income              | 4,951         | 1,611         |
| Accruals:                    |               |               |
| Grant funding                | 2,601         | 14,286        |
| Other                        | 15,157        | 13,918        |
| <b>Total creditors</b>       | <b>27,022</b> | <b>41,875</b> |

## 12. Provisions for liabilities and charges

|                                 | Grant provision | Other provisions | Total provisions | Total provisions |
|---------------------------------|-----------------|------------------|------------------|------------------|
|                                 | 2018/19         | 2018/19          | 2018/19          | 2017/18          |
|                                 | £'000           | £'000            | £'000            | £'000            |
| Balance as at period start      | 39,081          | 1,048            | 40,129           | 41,172           |
| Utilised                        | (39,081)        | 0                | (39,081)         | (40,935)         |
| Released provisions             | 0               | (735)            | (735)            | (107)            |
| Additional provisions           | 26,986          | 10,930           | 37,916           | 39,999           |
| <b>Balance as at period end</b> | <b>26,986</b>   | <b>11,243</b>    | <b>38,229</b>    | <b>40,129</b>    |

The Grants Scheme Provision as at 31 March 2019 relates to grants likely to have been earned for training conducted up until 31 March 2019, but which are not yet authorised for payment. These are evaluated on the following basis:

- Apprenticeship grant provisions are based on expected claims for known named apprentices with confirmed start dates
- Other grant provisions are based on prior year grants, plus expected growth rate.

Other provisions consist of the restructuring provision of £10.9m for Vision 2020 and other various small provisions.

### 13. 2017/18 Restricted and unrestricted funds

|                                                                | 2017/18<br>restricted | 2017/18<br>unrestricted | 2017/18<br>total |
|----------------------------------------------------------------|-----------------------|-------------------------|------------------|
| INCOME                                                         | £'000                 | £'000                   | £'000            |
| <b>Income from charitable activities</b>                       |                       |                         |                  |
| Levy income                                                    |                       | 211,382                 | 211,382          |
| Non-Levy income                                                |                       |                         |                  |
| Training & Development                                         | 69,849                | 67,331                  | 137,180          |
| Careers                                                        |                       | 127                     | 127              |
| Standards and Qualifications                                   |                       | 654                     | 654              |
| Engagement & Evidence Base                                     |                       | 112                     | 112              |
| Other                                                          |                       | 874                     | 874              |
| <b>Total non-Levy income</b>                                   | <b>69,849</b>         | <b>69,098</b>           | <b>138,947</b>   |
| <b>Income from trading activities</b>                          |                       | 30                      | 30               |
| <b>Income from investments</b>                                 |                       | 945                     | 945              |
| Other income                                                   |                       | 6,499                   | 6,499            |
| <b>Total income</b>                                            | <b>69,849</b>         | <b>287,954</b>          | <b>357,803</b>   |
| <b>EXPENDITURE</b>                                             |                       |                         |                  |
| <b>Expenditure on raising funds</b>                            |                       | <b>5,174</b>            | <b>5,174</b>     |
| <b>Charitable activities</b>                                   |                       |                         |                  |
| Training & Development                                         | 74,971                | 325,591                 | 400,562          |
| Careers                                                        |                       | 2,885                   | 2,885            |
| Standards and Qualifications                                   |                       | 1,754                   | 1,754            |
| Engagement & Evidence Base                                     |                       | 15,262                  | 15,262           |
|                                                                | <b>74,971</b>         | <b>345,492</b>          | <b>420,463</b>   |
| Expenditure from trading activities                            |                       | 44                      | 44               |
| Net loss/(gain) on revaluation of investments                  |                       | 128                     | 128              |
| <b>Total expenditure</b>                                       | <b>74,971</b>         | <b>350,838</b>          | <b>425,809</b>   |
| <b>Net income/(expenditure)</b>                                | <b>(5,122)</b>        | <b>(62,884)</b>         | <b>(68,006)</b>  |
| <b>Net movement in funds</b> – transfer from unrestricted fund | <b>5,122</b>          | <b>(5,122)</b>          | <b>0</b>         |
|                                                                | <b>0</b>              | <b>(68,006)</b>         | <b>(68,006)</b>  |

## 14. Accumulated funds

|                        | 2018/19<br>General reserve | 2018/19<br>Fixed asset<br>revaluation<br>reserve | 2018/19<br>Total unrestricted<br>funds | 2017/18<br>Total<br>unrestricted<br>funds |
|------------------------|----------------------------|--------------------------------------------------|----------------------------------------|-------------------------------------------|
|                        | £'000                      | £'000                                            | £'000                                  | £'000                                     |
| Opening balance        | 33,612                     | 1,028                                            | 34,640                                 | 101,985                                   |
| Net movement in funds  | 30,183                     | 0                                                | 30,183                                 | (67,345)                                  |
| <b>Closing balance</b> | <b>63,795</b>              | <b>1,028</b>                                     | <b>64,823</b>                          | <b>34,640</b>                             |

### Accumulated funds 2017/18 (comparative table)

|                        | 2017/18<br>General reserve | 2017/18<br>Fixed asset<br>revaluation<br>reserve | 2017/18<br>Total unrestricted<br>funds | 2016<br>Total<br>unrestricted<br>funds |
|------------------------|----------------------------|--------------------------------------------------|----------------------------------------|----------------------------------------|
|                        | £'000                      | £'000                                            | £'000                                  | £'000                                  |
| Opening balance        | 101,618                    | 367                                              | 101,985                                | 93,530                                 |
| Net movement in funds  | (68,006)                   | 661                                              | (67,345)                               | 8,455                                  |
| <b>Closing balance</b> | <b>33,612</b>              | <b>1,028</b>                                     | <b>34,640</b>                          | <b>101,985</b>                         |

The accumulated unrestricted fund is available for use at the discretion of the Board in furtherance of the general objectives of the charity.

## 15. Gross cash flows by category

|                                                                  | 2018/19<br>£'000 | 2017/18<br>£'000 |
|------------------------------------------------------------------|------------------|------------------|
| <b>Returns on investment and servicing for finance</b>           |                  |                  |
| Interest received on investments                                 | 346              | 945              |
| <b>Capital expenditure</b>                                       |                  |                  |
| Payments to acquire tangible fixed assets                        | (109)            | (1,555)          |
| Receipts from sales of tangible fixed assets                     | 6                | 112              |
|                                                                  | <b>(103)</b>     | <b>(1,443)</b>   |
| <b>Management of liquid resources</b>                            |                  |                  |
| Placed on deposit and purchase of externally managed investments | (55,008)         | (76,153)         |
| Deposit withdrawals and sale of externally managed investments   | 55,008           | 101,394          |
|                                                                  | <b>0</b>         | <b>25,241</b>    |

## 16. ITB Pension fund

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CITB is a participating employer in the ITB Pension Fund Scheme, which has two sections. Firstly, a multi-employer defined benefit (DB) section (closed to future accrual 31 December 2016) and, secondly, a defined contribution (DC) section for all staff who joined after 1 January 2013. Being a multi-employer scheme, FRS 102 states that the DB scheme must be accounted for as a DC scheme, as the proportion of assets and funding level attributable to CITB cannot be separately identified.

### THE TWO SECTIONS ARE:

1. The '2007 Section' was a defined benefits scheme for staff who joined before 1 January 2013. As at 31 December 2016 all current members of the DB scheme became deferred members of the Scheme and were transferred across to the 'DC Section' as at 1 January 2017, and the Scheme closed to future accrual.

The most recent triennial valuation of the Scheme was performed as at 31 March 2016.

The principal future assumptions used are as follows.

- Introduce a dual discount rate with a pre-retirement discount rate of 2.5% and a post-retirement discount rate of 0.5% in excess of gilt yields
- Real rate of return (net of pension increases) would be 0.8% p.a.
- Nominal rate of investment return on assets would be 4.25% p.a.
- Rate of future pension increases for the 2007 section would be in line with Consumer Prices Index (CPI) changes (assumed to be 3.85% p.a.)
- Rate of future pension increases for the New and 2007 sections would be in line with the Retail Prices Index (RPI) changes (assumed to be 2.95% p.a.)
- 'Real' salary inflation would be 1.1% p.a.

The 2016 triennial valuation indicated that the actuarial value of the assets held by the Scheme in total showed a surplus of £10m against the Scheme liabilities on a statutory funding basis. There were no deficit funding contributions paid to the Scheme in the 12-month period (2017/18 nil).

2. The 'DC Section' is a defined contribution scheme for staff who joined on or after 1 January 2013.

From 1 January 2017, employee and employer contribution rates changed as a result of the closure of the DB Section and staff now being part of the DC Section. The range for employee contributions is 4%–7% (2017/18 4%–7%), and the employer contributions will match the employee contribution plus 2%, but are capped at 9% (2017/18 9%).

The pension cost charge for the 2018/19 was £2.2m (2017/18 15 months £3.6m).

## 17. Lease commitments

CITB is committed to the following annual payments under non-cancellable operating lease agreements:

|                                  | 2018/19          |                     |              | 2017/18          |                     |            |
|----------------------------------|------------------|---------------------|--------------|------------------|---------------------|------------|
|                                  | Land & buildings | Plant and machinery | Other        | Land & buildings | Plant and machinery | Other      |
|                                  | £'000            | £'000               | £'000        | £'000            | £'000               | £'000      |
| <b>Operating leases</b>          |                  |                     |              |                  |                     |            |
| Leases expiring within 1 year    | 362              | 7                   | 49           | 428              | 29                  | 107        |
| Leases expiring within 2–5 years | 212              | 0                   | 1,426        | 520              | 0                   | 864        |
| Leases expiring after 5 years    | 0                | 0                   | 0            | 0                | 0                   | 0          |
| <b>As at 31 March</b>            | <b>574</b>       | <b>7</b>            | <b>1,475</b> | <b>948</b>       | <b>29</b>           | <b>971</b> |

## 18. Board members' remuneration

Remuneration of the Board members was as follows:

|                                                 | 2018/19       | 2017/18 |
|-------------------------------------------------|---------------|---------|
|                                                 | £             | £       |
| <b>Chairman – James Wates</b> to 30.04.2018     | <b>2,067</b>  | 31,000  |
| <b>Chairman – Peter Lauener</b> from 01.05.2018 | <b>20,625</b> |         |

The authority under which payments were made to the Chairman is contained within the Industrial Training Act 1982. James Wates elected to donate his remuneration through GAYE back to CITB for the furtherance of its objectives.

Expenses paid to Board members during 2018/19 amounted to £6,916 (£11,465 in 2017/18) in respect of accommodation, travel and subsistence. The total number of recipients was 7 (7 in 2017/18).

## 19. Particulars of staff

During the period, the average number of staff directly and temporarily employed by CITB (expressed in full-time equivalents) was as follows:

|       | Directly<br>employed | Temporary | 2018/19<br>number | 2017/18<br>Number |
|-------|----------------------|-----------|-------------------|-------------------|
| Total | 1,178                | 88        | 1,266             | 1,305             |

During the period, the following costs were incurred in respect of the above.

|                                     | 2018/19           | 2017/18             | 2017              |
|-------------------------------------|-------------------|---------------------|-------------------|
|                                     | £'000             | £'000               | £'000             |
|                                     | Actual in<br>Year | Actual in<br>Period | Actual in<br>Year |
| Salaries of directly employed staff | 41,091            | 52,513              | 41,790            |
| Temporary staff costs               | 6,601             | 11,695              | 9,204             |
| Additional redundancy costs         | 10,940            | 248                 | 229               |
| Social security costs               | 3,389             | 5,991               | 4,108             |
| Other pension costs (see Note 16)   | 2,840             | 3,615               | 2,896             |
|                                     | 64,861            | 74,062              | 58,227            |

The remuneration, pension entitlements and pension transfer values of the most senior members of CITB's staff can be found in the Remuneration Report on pages 22–23.

The emoluments, including benefits in kind but excluding pension contributions and redundancy payments, of employees earning more than £60,000, other than those stated in the Remuneration Report, are outlined within the ranges shown below.

|                  | Accruing under the DC<br>section of the ITB Pension<br>Funds 18/19 | 2017/18<br>Total |
|------------------|--------------------------------------------------------------------|------------------|
| £60,001–£70,000  | 15                                                                 | 12               |
| £70,001–£80,000  | 8                                                                  | 7                |
| £80,001–£90,000  | 12                                                                 | 0                |
| £90,001–£100,000 | 0                                                                  | 0                |

The total employer contributions paid in 2018/19 to the defined contribution section of the ITB Pension Funds in respect of those employees earning over £60,000 was £169,581 (2017/18 £119,503).

## 19. Particulars of staff (continued)

Details of staff by grade and gender as at period end are as follows.

| Grade              | 2018/19    |            |            | 2017/18    |            |              |
|--------------------|------------|------------|------------|------------|------------|--------------|
|                    | Male       | Female     | Total      | Male       | Female     | Total        |
| Chief Executive    | -          | 1          | 1          | -          | 1          | 1            |
| Director           | 6          | -          | 6          | 5          | -          | 5            |
| Grade A            | 11         | 11         | 22         | 12         | 9          | 21           |
| Grade B            | 30         | 19         | 49         | 34         | 22         | 56           |
| Grade C            | 47         | 45         | 92         | 54         | 49         | 103          |
| Grade D            | 66         | 43         | 109        | 87         | 56         | 143          |
| Grade E            | 77         | 136        | 213        | 169        | 86         | 255          |
| Grade F            | 104        | 167        | 271        | 113        | 221        | 334          |
| Grade G            | 17         | 63         | 80         | 24         | 104        | 128          |
| Grade H            | 20         | 77         | 97         | 54         | 189        | 243          |
| Apprentice         | 2          | 1          | 3          | 2          | 4          | 6            |
| <b>Grand total</b> | <b>380</b> | <b>563</b> | <b>943</b> | <b>554</b> | <b>741</b> | <b>1,295</b> |

Details of staff sickness absence is as follows.

|      | 2018/19   |              | 2017/18      |              |
|------|-----------|--------------|--------------|--------------|
|      | Days lost | Absence rate | Absence rate | Absence rate |
| CITB | 11,363    | 4.00%        | 11,101       | 3.80%        |

The absence rate is calculated as a percentage of those available.

Details of staff leaving the organisation during 2018/19 for whom contractual redundancy exit packages were payable are as follows.

| Exit package cost band               | Number of compulsory redundancies |                | Number of other departures agreed |          | Total number of exit packages by cost band |                |
|--------------------------------------|-----------------------------------|----------------|-----------------------------------|----------|--------------------------------------------|----------------|
| Grade                                | 2018/19                           | 2017/18        | 2018/19                           | 2017/18  | 2018/19                                    | 2017/18        |
| <£10,000                             | 0                                 | 4              | 0                                 | 0        | 0                                          | 4              |
| £10,000–£25,000                      | 2                                 | 2              | 0                                 | 0        | 2                                          | 2              |
| £25,000–£50,000                      | 1                                 | 2              | 0                                 | 1        | 1                                          | 2              |
| £50,000–£100,000                     | 1                                 | 3              | 0                                 | 0        | 1                                          | 3              |
| £100,000–£200,000                    | 0                                 | 0              | 0                                 | 0        | 0                                          | 0              |
| £200,001–£400,000                    | 0                                 | 0              | 0                                 | 0        | 0                                          | 0              |
| >£400,000                            | 0                                 | 0              | 0                                 | 0        | 0                                          | 0              |
| <b>Total number of exit packages</b> | <b>4</b>                          | <b>11</b>      | <b>0</b>                          | <b>0</b> | <b>4</b>                                   | <b>11</b>      |
| <b>Total cost £</b>                  | <b>135,833</b>                    | <b>290,670</b> | <b>0</b>                          | <b>0</b> | <b>135,833</b>                             | <b>290,670</b> |

## 20. Taxation

As a registered charity, CITB is exempt from corporation tax on its charitable activities under section 505 of the Income and Corporation Taxes Act 1988. However, incoming resources includes income that is deemed to be of a non-charitable nature, resulting in a loss of £7,205. (2017/18 loss of £14,845). This has given rise to a corporation tax liability of nil (2017/18 nil).

## 21. Related party transactions

The sponsoring department for CITB is the Department for Education (DfE). During 2018/19, there were some material transactions with other entities for which DfE is regarded as the parent department, namely the Education and Skills Funding Agency (ESFA). There have also been material transactions with DfE themselves.

|                                     | Amounts received<br>by CITB |         | Amounts owing to CITB<br>as at period end |         |
|-------------------------------------|-----------------------------|---------|-------------------------------------------|---------|
|                                     | 2018/19                     | 2017/18 | 2018/19                                   | 2017/18 |
|                                     | £'000                       | £'000   | £'000                                     | £'000   |
| Education and Skills Funding Agency | 32,300                      | 50,474  | 5,561                                     | 5,781   |
| Skills Development Scotland         | 8,872                       | 10,709  | 487                                       | 242     |
| Welsh Government                    | 5,680                       | 8,015   | 543                                       | 543     |
| Department for Education            | 3,992                       | 0       | 0                                         | 0       |

  

|                                     | Amounts paid by<br>CITB |         | Amounts owed by CITB<br>as at period end |         |
|-------------------------------------|-------------------------|---------|------------------------------------------|---------|
|                                     | 2018/19                 | 2017/18 | 2018/19                                  | 2017/18 |
|                                     | £'000                   | £'000   | £'000                                    | £'000   |
| Education and Skills Funding Agency | 0                       | 0       | 0                                        | 0       |
| Skills Development Scotland         | 8                       | 4       | 0                                        | 2       |
| Welsh Government                    | 415                     | 468     | 0                                        | 0       |
| Department for Education            | 0                       | 0       | 2,956                                    | 0       |

Members of the Board hold positions of influence and decision making, with organisations with which CITB has transacted during the period. Details of such positions and employments are declared in the following Appendices to this report:

- Appendix A (on pages 60–62) lists the members of the Board and its committees, also giving the names of their employers
- Appendix B (pages 63–65) shows the register of interests of Board members.

The transactions in the following tables comprised the receipt of Levy and income from the sale of training-related products and services, and the payment of grants and payments for the purchase of materials and services to the organisations classified as related parties.

|                                                | Amounts received<br>by CITB |              | Amounts owing to CITB<br>as at period end |            |
|------------------------------------------------|-----------------------------|--------------|-------------------------------------------|------------|
|                                                | 2018/19                     | 2017/18      | 2018/19                                   | 2017/18    |
|                                                | £'000                       | £'000        | £'000                                     | £'000      |
| Levy                                           | 3,749                       | 3,386        | 0                                         | 722        |
| Sale of training-related products and services | 43                          | 3            | 5                                         | 0          |
| <b>Total</b>                                   | <b>3,792</b>                | <b>3,389</b> | <b>5</b>                                  | <b>722</b> |

  

|                                    | Amounts paid by<br>CITB |               | Amounts owed by CITB<br>as at period end |           |
|------------------------------------|-------------------------|---------------|------------------------------------------|-----------|
|                                    | 2018/19                 | 2017/18       | 2018/19                                  | 2017/18   |
|                                    | £'000                   | £'000         | £'000                                    | £'000     |
| Payment of grants                  | 4,357                   | 10,335        | 16                                       | 0         |
| Purchase of materials and services | 897                     | 222           | 0                                        | 43        |
| <b>Total</b>                       | <b>5,254</b>            | <b>10,557</b> | <b>16</b>                                | <b>43</b> |

During the year, no key manager, employee or other related party has undertaken any material transactions with CITB.

## 22. Losses and special payments

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During the year, one special payment was made of £55,000 for a former employee settlement and there were no reportable losses over £300,000. Total bad debts written off during the year amounted to £3,437,355 (2017/18 £6,874,763).

## 23. Remote contingent liabilities

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As part of our ten-year contract with SSCL, CITB agreed to compensate SSCL should we exit the contract early. As at 31 March 2019, in the unlikely event that CITB were to cancel the contract, there would be a maximum liability of £14.6m to compensate SSCL for investment in systems and people due to be used over the life of the contract to 2029. SSCL has a duty to mitigate any losses and, in the normal course of events, CITB will be paying SSCL this money as part of the contract delivery. By the following year end, 31 March 2020, the maximum liability drops to £8.8m.

## 24. Events after the balance sheet date

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There have been no events after the balance sheet date requiring an adjustment to the Financial Statements. The Financial Statements were authorised for issue on the date the Comptroller and Auditor General signed. Events after this date have not been considered and the charity's Trustees do not have the power to amend the Financial Statements after issue.

## Appendix A: Board and its committees

| First name | Surname   | CITB Board | Council | Audit & Risk Committee | Appointments & Remuneration Committee | Investment Funding Committee | Cymru Wales Nation Council | English Nation Council | Scottish Nation Council |
|------------|-----------|------------|---------|------------------------|---------------------------------------|------------------------------|----------------------------|------------------------|-------------------------|
| Debbie     | Akehurst  |            |         |                        |                                       |                              |                            | ✓                      |                         |
| Douglas    | Anderson  |            |         |                        |                                       |                              |                            |                        | ✓                       |
| Debbie     | Aplin     |            |         |                        |                                       |                              |                            | ✓                      |                         |
| John       | Bailey    |            | ✓       |                        |                                       |                              |                            |                        |                         |
| Nicola     | Barclay   |            |         |                        |                                       |                              |                            |                        | ✓                       |
| Grahame    | Barn      |            |         |                        |                                       |                              |                            |                        | ✓                       |
| Neil       | Baxter    |            |         |                        |                                       |                              |                            |                        | ✓                       |
| Kevin      | Bennett   |            | ✓       |                        |                                       |                              |                            |                        |                         |
| Caroline   | Blackman  |            |         |                        |                                       |                              |                            | ✓                      |                         |
| Nick       | Blundell  |            |         |                        |                                       |                              | ✓                          |                        |                         |
| Paul       | Bogle     |            |         |                        |                                       |                              | ✓                          |                        |                         |
| Sarah      | Bowers    |            | ✓       |                        |                                       |                              |                            |                        |                         |
| Craig      | Bruce     |            | ✓       |                        |                                       |                              |                            |                        | ✓                       |
| Chris      | Chapman   |            |         |                        |                                       |                              | ✓                          |                        |                         |
| Bob        | Collins   |            | ✓       |                        |                                       |                              |                            |                        |                         |
| Anthony    | Davies    |            |         |                        |                                       |                              | ✓                          |                        |                         |
| Gareth     | Davies    |            | ✓       |                        |                                       |                              | ✓                          |                        |                         |
| Ian        | Dickerson |            | ✓       |                        |                                       |                              |                            | ✓                      |                         |
| Steve      | Dillon    |            |         |                        |                                       |                              |                            |                        | ✓                       |
| Maureen    | Douglas   | ✓          |         | ✓                      |                                       |                              | ✓                          |                        | Chair                   |
| Ed         | Evans     |            |         |                        |                                       |                              | ✓                          |                        |                         |
| Julia      | Evans     |            |         |                        |                                       | ✓                            |                            |                        |                         |
| Martyn     | Evans     |            |         |                        |                                       |                              | ✓                          |                        |                         |
| Trevor     | Francis   |            |         |                        |                                       |                              | ✓                          |                        |                         |

| First name | Surname    | CITB Board | Council | Audit & Risk Committee | Appointments & Remuneration Committee | Investment Funding Committee | Cymru Wales Nation Council | English Nation Council | Scottish Nation Council |
|------------|------------|------------|---------|------------------------|---------------------------------------|------------------------------|----------------------------|------------------------|-------------------------|
| Lisa       | Garfield   |            |         |                        |                                       |                              | ✓                          |                        |                         |
| Diana      | Garnham    | ✓          |         | Chair                  | ✓                                     |                              |                            |                        |                         |
| Jim        | Gilmour    |            |         |                        |                                       |                              |                            |                        | ✓                       |
| Ifan       | Glyn       |            |         |                        |                                       |                              | ✓                          |                        |                         |
| Gemma      | Gourlay    |            |         |                        |                                       |                              |                            |                        | ✓                       |
| Stuart     | Green      |            |         |                        |                                       |                              |                            | ✓                      |                         |
| Phillip    | Hall       |            | ✓       |                        |                                       |                              |                            |                        |                         |
| David      | Harris     | ✓          |         |                        |                                       |                              | Chair                      |                        | ✓                       |
| Mark       | Harris     |            |         |                        |                                       |                              | ✓                          |                        |                         |
| Vaughan    | Hart       |            |         |                        |                                       |                              |                            |                        | ✓                       |
| Rebecca    | Hartshorn  |            | ✓       |                        |                                       |                              |                            |                        |                         |
| Gavin      | Hay        |            |         |                        |                                       |                              |                            |                        | ✓                       |
| Richard    | Heaton     |            |         |                        |                                       |                              | ✓                          |                        |                         |
| Steve      | Hindley    |            |         |                        |                                       |                              |                            | ✓                      |                         |
| Malcolm    | Horner     |            | ✓       |                        |                                       |                              |                            |                        | ✓                       |
| Richard    | Hulland    |            |         |                        |                                       |                              |                            | ✓                      |                         |
| Mike       | Jaggs      |            |         |                        |                                       |                              |                            | ✓                      |                         |
| Faye       | Jenkins    |            | ✓       |                        |                                       |                              |                            |                        |                         |
| Chris      | Jones      |            |         |                        |                                       | ✓                            |                            | ✓                      |                         |
| Karen      | Jones      | ✓          |         |                        | ✓                                     | Chair                        |                            |                        |                         |
| Owain      | Jones      |            |         |                        |                                       |                              | ✓                          |                        |                         |
| Brendan    | Keenan     |            |         |                        |                                       |                              |                            |                        | ✓                       |
| Stephen    | Kemp       |            |         |                        |                                       |                              |                            |                        | ✓                       |
| Billy      | Kirkwood   |            |         |                        |                                       |                              |                            |                        | ✓                       |
| Alison     | Lamplough  |            | ✓       |                        |                                       | ✓                            |                            |                        |                         |
| John       | Lorimer    |            | ✓       |                        |                                       |                              |                            |                        |                         |
| Stuart     | Lyon       |            |         |                        |                                       |                              |                            |                        | ✓                       |
| Donald     | McDonald   |            |         |                        |                                       |                              |                            |                        | ✓                       |
| Newell     | McGuinness |            |         |                        |                                       |                              |                            |                        | ✓                       |
| Stewart    | McKillop   |            |         |                        |                                       |                              |                            |                        | ✓                       |
| John       | McKinney   |            |         |                        |                                       |                              |                            |                        | ✓                       |

| First name | Surname    | CITB Board | Council | Audit & Risk Committee | Appointments & Remuneration Committee | Investment Funding Committee | Cymru Wales Nation Council | English Nation Council | Scottish Nation Council |
|------------|------------|------------|---------|------------------------|---------------------------------------|------------------------------|----------------------------|------------------------|-------------------------|
| Paul       | Mitchell   |            |         |                        |                                       |                              |                            |                        | ✓                       |
| Ed         | Monaghan   |            |         |                        |                                       |                              |                            |                        | ✓                       |
| Ian        | Morrison   |            |         |                        |                                       |                              |                            |                        | ✓                       |
| Gordon     | Nelson     |            |         |                        |                                       |                              |                            |                        | ✓                       |
| Hannah     | O'Sullivan |            |         |                        |                                       |                              |                            | ✓                      |                         |
| Gerald     | Oppenheim  |            |         |                        |                                       | ✓                            |                            |                        |                         |
| Rupert     | Perkins    |            |         |                        |                                       | ✓                            |                            |                        |                         |
| Maria      | Pilfold    | ✓          |         |                        | ✓                                     | ✓                            |                            |                        |                         |
| Richard    | Plumb      |            |         | ✓                      |                                       |                              |                            |                        |                         |
| Jo         | Pottinger  |            | ✓       |                        |                                       |                              |                            |                        |                         |
| Andre      | Reibig     |            |         |                        |                                       |                              |                            |                        | ✓                       |
| Dominic    | Rhind-Tutt |            | ✓       |                        |                                       |                              |                            |                        |                         |
| Chris      | Richardson |            |         | ✓                      |                                       |                              |                            |                        |                         |
| Ian        | Rogers     |            |         |                        |                                       |                              |                            |                        | ✓                       |
| Neil       | Rogers     |            |         |                        |                                       |                              |                            |                        | ✓                       |
| Paul       | Senior     |            |         |                        |                                       |                              | ✓                          |                        |                         |
| Stephen    | Sheridan   |            |         |                        |                                       |                              |                            |                        | ✓                       |
| Ann-Marie  | Smale      |            |         |                        |                                       |                              | ✓                          |                        |                         |
| Liz        | Stokes     |            |         |                        |                                       |                              |                            | ✓                      |                         |
| Alastair   | Stonehewer |            |         |                        |                                       |                              | ✓                          |                        |                         |
| Rob        | Tansey     |            | ✓       |                        |                                       |                              |                            |                        |                         |
| Kevin      | Taylor     |            | ✓       |                        |                                       |                              |                            |                        |                         |
| Colin      | Tennant    |            |         |                        |                                       |                              |                            |                        | ✓                       |
| Anthony    | Thomas     |            |         |                        |                                       |                              | ✓                          |                        |                         |
| Frances    | Wadsworth  | ✓          |         | ✓                      |                                       |                              |                            | Chair                  |                         |
| James      | Wates      | Chair      | Chair   |                        |                                       |                              |                            |                        |                         |
| Ffrancon   | Williams   |            |         |                        |                                       |                              | ✓                          |                        |                         |
| Robert     | Williams   | Observer   | ✓       |                        |                                       |                              | ✓                          |                        |                         |
| Ray        | Wilson     | ✓          |         |                        | Chair                                 |                              |                            | ✓                      |                         |
| Mark       | Wusthoff   |            | ✓       |                        |                                       |                              | ✓                          |                        |                         |
| Chris      | Wynne      |            |         |                        |                                       |                              | ✓                          |                        |                         |

(This table shows all membership during the year ended 31 March 2019.)

## Appendix B: Register of interests

### Related party transactions

Employer Board Trustees must be concerned in the management of the activities of an employer engaging in the construction industry in order for their appointment by the Secretary of State to be valid. Therefore, with the exception of the three independent members, all Trustees would have had business interests, as Levy payers or potential grant recipients, at the date of their appointment, which may be perceived to conflict with their responsibilities as Board members. The following Board members who served for the period ended 31 March 2019 have in addition declared other personal or business interests.

#### PETER LAUENER

##### CITB Chairman

Peter Lauener was appointed as CITB Chairman with effect from 1 May 2018. Peter comes with a wealth of experience in the skills and education sectors, moving to join CITB in 2018 alongside his position as the interim Chief Executive of the Student Loans Company. Previously Peter was Chief Executive of the Institute of Apprenticeships and the Education and Skills Funding Agency. Prior to this, Peter held the position as Director of Skills at the former Department for Education and Skills. Peter currently holds the position as Chair of the Newcastle College Group, a not-for-profit education and training group comprising of six colleges, two training providers and approximately 2500 staff spread across 61 locations.

Contractual relationship: None.

#### MAUREEN DOUGLAS

##### Group HR Director, the Forster Group

Maureen is a Fellow of the Chartered Institute of Personnel and Development, and the Institute of Directors. Forster Group administers Angus Construction Independent Training Group and operates a Skills Academy that delivers qualifications and training.

Contractual relationship: As a Levy-registered business Forster Group also accesses grants for training its workforce and employing apprentices. It also administers Angus Construction Training Group, an independent training group that receives funding from CITB.

#### STEVE FOX

##### Chief Executive, BAM Nuttall

Stephen was appointed as Chief Executive of Bam Nuttall in 2010 and has worked for the company since 1989. Steve is a chartered engineer and a Fellow of the Institution of Civil Engineers. He was awarded a CBE in 2015 for services to the construction industry. Steve is a strong supporter of both trade and technician apprenticeships as routes into the industry and is a member of the Apprentice Ambassador Network. Steve is also a member of the WISE board. This follows Steve's commitment to championing women to work in science, technology and engineering (STEM).

Contractual relationship: Bam Nuttall is a Levy-registered business who accesses the CITB grant system for the purpose of training and developing its workforce.

#### DIANA GARNHAM

##### Director and 90% shareholder of RDB Insight

Diana was Chief Executive of the Science Council until September 2015. She is currently on the Corporation of the East Sussex College Group (FE) and a trustee of Sense about Science. She has a continuing interest in the social consequences of science, in good governance and strategy, and in enabling young people to achieve their potential, particularly within the STEM environment. Diana undertakes consultancy projects through RDB Insight. Diana has no direct or indirect contractual relationship with CITB.

Contractual relationship: None.

#### **YVONNE KELLY**

##### **Principal and CEO, Barking & Dagenham College**

Yvonne Kelly has been Principal and CEO of Barking & Dagenham College since 2016. Yvonne joined the college in 2015 as the Chief Operating Officer. In this role, she had overall responsibility for this national award winning College's extensive curriculum offer, which provides technical and professional training to 12,500 students annually. Barking & Dagenham College is one of the leading providers of intermediate, advanced and higher apprenticeship training in London, training around circa 800 apprentices of which approximately 380 are construction apprentices. Yvonne takes an active role on various boards including the Creative and Cultural Skills Board, CEME Board, Care City Board; she is the AOC London World Skills Champion, as well as acting as an advisor on the Pearson FE Reference Group.

Contractual relationship: None.

#### **KEVIN MCLOUGHLIN**

##### **Managing Director, K&M McLoughlin Decorating**

Kevin McLoughlin MBE is the founder and Managing Director of London-based SME K&M McLoughlin Decorating. Kevin started the business in 1988. The company has been an avid supporter of apprenticeships. The company employs several tutors who help train apprentices in painting and decorating and since 2012 have offered a four week pre-employment programme for all ages. Kevin is a Route Panel member for Construction for Institute for Apprenticeships and an Ambassador for National Apprenticeship Service. He also sits on the Greater London Authority Skills For Londoners – Apprenticeship Task and Finish Group. K&M was the lead employer working with the Painting Industry on the new Painting & Decorating Trailblazer. Kevin was awarded an MBE in 2014 for his services to skills and apprenticeships, and is a Fellow of the Chartered Institute of Builders.

Contractual relationship: Kevin is a Director of K&M McLoughlin Decorating Ltd and K&M McLoughlin Decorating Schools Community Interest Company, both of which are Levy-registered with CITB. He is also a Partner of Maxine and Kevin Property Business Partnership. Kevin sits as a Member of GMB, Liveryman of Painters and Stainers, Member of F.C.I.O.B, Freeman of the City of London, Member of the Federation of Master Builders Training Group, Route Panel Member for Construction for Institute for Apprenticeships, Member of the Greater London Training Group and Member of the London Regional Construction Training Group.

#### **HOLLY PRICE**

##### **Training and Development Director, Keltbray Group**

Holly Price has been the Training and Development Director at Keltbray Group since 2007, playing a crucial role in engineering sustainable and considerable growth through getting the right people in the right place at the right time. Holly started her career in the demolition industry at aged just 17, training to be an Engineer and went on to become Europe's only female Explosives Engineer in the sector. She is also a prominent and well respected senior figure at the National Federation of Demolition Contractors, having become the first female Chair for the London & Southern Region and currently serving in the role of Second Vice President for the longest established authority in the demolition industry. Holly actively promotes the need to widen the talent pool by embracing diversity and attracting newcomers from all backgrounds to the industry, and she tirelessly campaigns for continuous improvement of industry standards. Having witnessed the challenges that the industry was facing in terms of a potential skills shortage, she decided to move into a more people focussed role and is helping Keltbray go from strength to strength.

Contractual relationship: Holly is a Director of Keltbray Limited, a CITB Levy-registered company. She is the current President of the National Federation of Demolition Contractors.

#### **ROBERT WILLIAMS**

##### **Chairman, WRW Construction Limited**

Robert Williams MBE is the founder and Chairman of Welsh SME WRW Construction Ltd. Robert founded the company 33 years ago, commencing the business from his home in 1985. A former college lecturer in Construction Methodology, Robert has previously sat on numerous CITB and government related forums and boards. WRW Construction has played a pivotal role in numerous community projects throughout Wales and the South West and they continue to support apprenticeships, together with the skill enhancement of construction workers through its National Skills Academy for Construction (NSAFC). Robert was awarded his MBE in 2013 for services to training and skills in the construction industry.

Contractual relationship: As a Levy-registered business, WRW accesses grants for training and upskilling its workforce and employing apprentices. WRW are members of Carmarthenshire Construction Training Association Ltd (CCTAL) and have been involved in Cyfle shared apprenticeship scheme since

its inception, both of which benefit from CITB financial support. WRW have been awarded National Skills Academy for Construction status across a number of its projects and receives associated funding from CITB. WRW have also been awarded funding to lead a CITB commissioned funded project on experiential learning in collaboration with a range of partners.

#### **JAMES WATES**

##### **CBE Chairman, Wates Group Limited**

In Addition to being Chairman of the Construction Industry Training Board until 30 April 2018, James is Chairman of the BRE Trust, Chairman of the CBI Construction Council, Co-Chairman of the government sponsored Infrastructure Exports: UK, a Trustee of the University College of Estate Management, a Non-Executive Board Director of Argent Services LLP, Chairman of the think tank Tomorrow's Company, Chairman of the Princes Trust Corporate Advisory Group, a Governor of the Emanuel School and the University of Westminster, and a Patron of the Wates Family Enterprise Trust.

Contractual relationship: Wates Group Limited is a Levy-registered employer.

James stepped down from the Board on 30 April 2018.

#### **DAVID HARRIS**

##### **Director and 51% shareholder of DJH Consult Limited**

David is an Executive Director of Via Developments plc. He is a Community Councillor for the village of Mathern.

Contractual relationship: None.

David stepped down from the Board on 31 December 2018.

#### **KAREN JONES**

##### **Group HR Director, Redrow Homes Limited**

Karen is a member of the Chartered Institute of Personnel Development. Redrow is a British housebuilder and construction company based in Flintshire.

Contractual relationship: Currently Redrow uses CITB as its main managing agent for apprentices. As a Levy-registered business, Redrow also accesses grants for training its workforce through the training plan and management and professional grant routes, as well as employing over 230 apprentices. Redrow also works closely with the Homebuilders Skills Partnership and West Midlands Construction UTC who both receive funding from CITB.

Karen stepped down from the Board on 31 December 2018.

#### **MARIA PILFOLD**

##### **Consultant**

Maria sits as a member of the Employment Tribunal Service for Central London. She is a Fellow of the Chartered Institute of Personnel and Development, and is a member of the CBI's Women in Construction group.

Contractual relationship: Maria provides HR and Training consultancy to a number of organisations within the construction industry including the Home Builders Federation, Aquinna Homes, Invennt, and Burrington Estates.

Maria stepped down from the Board on 31 December 2018.

## Appendix C: Consensus organisations

During 2018/19, CITB maintained close contact with the following major consensus organisations:

- The British Woodworking Federation
- BuildUK
- The Civil Engineering Contractors Association
- The Construction Plant-hire Association
- The Federation of Master Builders
- Finishes and Interiors Sector
- Hire Association Europe
- The Home Builders Federation
- The National Association of Shopfitters
- The National Federation of Builders
- The National Federation of Demolition Contractors
- The Scottish Building Federation
- The Scottish Decorators' Federation
- The Scottish Plant Owners Association

## Appendix D: Location of principal CITB offices

### Head Office and Registered Office

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Bircham Newton  
King's Lynn  
Norfolk  
PE31 6RH  
Tel: 0300 456 7577

### Scottish office

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4 Fountain Avenue  
Inchinnan Business Park  
Inchinnan  
Renfrewshire PA4 9RQ  
Tel: 0344 994 8800

### London office

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Carthusian Court  
London EC1M 6EZ  
Tel: 0300 456 7700

### Welsh office

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Units 4 and 5  
Bridgend Business Centre  
David Street  
Bridgend Industrial Estate  
Bridgend CF31 3SH  
Tel: 01656 6552

## Appendix E: Glossary

|      |                                                    |       |                                                     |
|------|----------------------------------------------------|-------|-----------------------------------------------------|
| BIM  | Business Information Modelling                     | RPI   | Retail Prices Index                                 |
| C&AG | Comptroller and Auditor General                    | SDS   | Skills Development Scotland                         |
| CPI  | Consumer Prices Index                              | SME   | Small and Medium-sized Enterprises                  |
| DfE  | Department for Education                           | SoFA  | Statement of financial activities                   |
| ESFA | Education and Skills Funding Agency                | SORP  | Statement of recommended practice                   |
| FMB  | Federation of Master Builders                      | UKCES | United Kingdom Commission for Employment and Skills |
| FReM | Financial Reporting Manual                         |       |                                                     |
| GDP  | Gross Domestic Product                             |       |                                                     |
| GDPR | General Data Protection Requirements               |       |                                                     |
| ITB  | Industrial Training Board                          |       |                                                     |
| NAO  | National Audit Office                              |       |                                                     |
| NDPB | Non-Departmental Public Body                       |       |                                                     |
| NFB  | National Federation of Builders                    |       |                                                     |
| OCPA | Office for the Commissioner of Public Appointments |       |                                                     |
| ONS  | Office of National Statistics                      |       |                                                     |
| OSCR | Office of the Scottish Charities Regulator         |       |                                                     |
| RICS | Royal Institute of Chartered Surveyors             |       |                                                     |



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This image shows a blank sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.



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