

Construction Industry Training Board (CITB)

Annual Report and Accounts 2013

Ensuring the construction industry has the right skills in the right place at the right time



Construction Industry Training Board (CITB)

Annual Report and Accounts 2013

Presented to Parliament pursuant to s8 (4) of the Industrial Training Act 1982.

Ordered by the House of Commons to be printed 30 June 2014.

© Construction Industry Training Board 2014

The text in this document (excluding the Royal Arms and other departmental or agency logos) may be reproduced free of charge in any format or medium provided it is reproduced accurately and not in a misleading context.

The material must be acknowledged as CITB copyright and the document title specified. Where third party material has been identified, permission from the respective copyright holder must be sought.

Any enquiries related to this publication should be sent to us at:
CITB Corporate Governance, Bircham Newton, King's Lynn, Norfolk, PE31 6RH.
Tel: 0344 994 4400
citb.co.uk/contact-us/contact-us-form

Print ISBN: 9781474104715

Web ISBN: 9781474104722

Printed in the UK for the Williams Lea Group on behalf of the Controller of Her Majesty's Stationery Office.

ID 20051411

06/14

Printed on paper containing 75% recycled fibre content minimum.

Contents

Introduction

Foreword	3
The business and economic environment	4
Corporate performance 2013	7
Public benefit	9
Looking after information	9
Corporate responsibility	10

Business activities

What we do and where we do it	13
CITB in England	14
CITB in Scotland	17
CITB in Wales	19
CITB yng Nghymru	21

Annual Accounts

CITB Trustees	24
Financial Report	25
Industry skills challenges	28
Balance sheet	30
Remuneration Report	34
Governance Statement	37
Certificate and Report from the Comptroller and Auditor General	43
Financial Statements	45

Statistical information

Statistical information for the year ended 31 December 2013	68
---	----

Appendices

Appendix A: Membership of the Board and its committees	72
Appendix B: Register of interests of Board members	74
Appendix C: Employer organisations	76
Appendix D: CITB statutory basis	77
Appendix E: Location of CITB Offices and National Construction College (NCC) centres	80
Appendix F: Glossary	82

Foreword

'Transition' is a word that is overused and all too often under-delivered on. But it's a word that belongs at the forefront of CITB's thinking and has already characterised significant aspects of the last year. It is not a word that we intend to either overuse or to under-deliver on.

The last twelve months have been all about preparing for our next fifty years, while marking the successes of the last fifty. We have seen the departure of Mark Farrar, to whom we offer many thanks for his efforts and commitment, and the arrival of a new Chief Executive, Adrian Belton, with sterling work from William Burton in the meantime.

We have been working with a focus on governance, the make-up and responsibilities of the Board and, of course, on the Triennial Review, one of the most significant in our recent history. All this change is to deliver the transition from CITB at fifty to CITB of the future – an organisation that prides itself on being ahead of thinking on training and skills, leading the industry in its areas of competence and attuned to its Levy payers.

One particular sign of this is the determination to return more of the Levy to employers so that, as the economic upturn gains momentum, the sector is skilled up and fit for purpose with employers feeling the real benefits of a properly trained workforce. This is always important of course, but as the industry transitions from the burden of recession to the opportunity of growth we need to engage with, and deliver on, some very specific issues.

For example: Government's response to the Richards Review, the capacity required to respond to investment in infrastructure and housing and, of course, the impending skills shortage in the sector as economic recovery quickens.

At CITB, we have started a vital period of transition so that we are able to lead, respond to and deliver on the new landscape. Our structure will allow for a more responsive and delivery-focused approach; our new executive leadership will drive this change through the organisation and our revitalised governance will ensure that CITB sets a course in keeping with modern, professional, delivery-orientated businesses.

Transition is often difficult but worthwhile change is rarely easy and we are determined that the work we started last year will be completed and embedded. Our Levy payers deserve it, our employers require it and our status as a Levy-by-statute organisation demands it.

The last year has been about beginning the work of changing CITB and the next twelve months will be about securing those changes and ensuring that the transition from fiftieth birthday to future-facing training provider is complete.

James Wates
Chairman

The business and economic environment

Industry profile

At the end of 2012, it still seemed that the road to sustained recovery for the UK economy as a whole, and the construction industry in particular, was a long way off. However, since the second quarter of 2013, growth has accelerated strongly and indicates that the outturn for the year as a whole is likely to have been much better than most analysts had anticipated. 2013 now looks as if it will show a small plus for construction output rather than the minus many forecasters had predicted at the beginning of the year when (in the opening three months) output was at its lowest level since the end of 1998.

A significant boost for the economy seems to have been the consumer confidence engendered by the Government's Help to Buy scheme, which has kick-started the housing market quite substantially. There is little doubt that the scheme provided a major boon, not only to the private house building sector but also to the economy as a whole.

However, there are fears that the recovery is being fuelled largely by consumer spending growth – despite a continuing decline in real household disposable incomes – with business investment, especially in the SME sector, still muted.

This suggests that consumers are reaching into savings and/or increasing debt to drive spending; this will not be a sustainable trend unless real disposable incomes start to expand again. Indeed, continuing pressure on wages and job uncertainties presents a serious threat to growth, both in terms of demand and supply.

The Construction Products Association reports that rising costs are becoming a key issue for the industry. With activity starting to recover, cost pressures have increased. While mainly driven by energy and fuel costs, wages and salaries are putting an increasing pressure on costs. As a result, building contractors reported that tender prices rose during Q3 of 2013: the first rise in four years. However, the impacts of labour and material cost rises have put pressure on profit margins.

The Construction Products Association also continues to report widespread problems of late payment, which remained the single most important adverse effect on contractors' businesses. The impact of reduced cashflow is that many firms are unable to invest in future growth, and remain at risk of insolvency.

New orders have largely stabilised during 2013 (but remain well below pre-recession levels) and figures released in January 2014 by construction industry analysts Glenigan reveal that the value of UK projects put on hold during 2013 was the lowest since the start of the recession in 2008. However, CITB's recent Employer Panel research (September 2013) revealed that the key business challenge for employers remains the need for higher sales, a factor mentioned spontaneously by two in five construction firms (43%). This is a fall compared with the previous five waves of research conducted since February 2009, when around half mentioned this issue, but remains well above the period 2005–2008, when around 20%–30% of employers typically mentioned the need to increase sales.

Several other results from CITB's Employer Panel research point to continuing tough economic conditions but there are some signs of these easing.

A third of firms saw their turnover fall in the previous twelve months (33%), compared with 26% saying it had increased. This picture is more positive than in 2011 and 2012, when almost half said turnover had decreased in the previous 12 months. However, the signs of recovery are most apparent in larger firms and over two-fifths of employers with more than 100 staff have reported higher turnover over the last 12 months (43%).

Also, the rate at which the construction workforce is decreasing has slowed: only 1% fewer direct employees and 11% fewer labour-only sub-contractors were reported compared with the number employed 12 months ago. Previous waves of research have seen far greater annual reductions: for direct employees, the reduction in November 2009 was 15%, in August 2010 and 2011 it was 8%, and in 2012 it was 5%.

Encouragingly, half of all companies (49%) feel that the worst of the recession is over, a sharp rise in optimism compared with the previous two waves of research, when only 13% of employers felt that the worst of the downturn was over.

Of course there are concerns for the future, but a positive end to 2013 points towards brighter times ahead. The mood is perhaps best described as one of cautious optimism.

Workforce profile

Construction employment now stands at about 1.72m people, or 2.44m if the wider supply chain of building professional and mechanical and electrical M&E services are included.

The combined employment of construction workers and professional services accounts for just over 8% of the UK workforce, but the size of the construction workforce has contracted substantially since the start of the recession and declined by a further 1.8% in 2013. However, despite a higher unemployment rate than in the economy as a whole, unemployment growth in the industry continued to slow in 2013 and employment is expected to rise from 2014.

The increasingly optimistic picture for employment is also apparent in vacancies data, which has remained buoyant throughout 2013.

There have been increasing concerns in some quarters about prospective skills shortages, which may seem surprising given where the industry is in the recovery cycle.

Whilst relatively few firms have reported difficulties in recruiting, figures from various industry 'state of trade' surveys appear to reveal some difficulties in recruiting particular trades. Presently this appears to be localised to bricklayers – perhaps as a result of rising activity within the private housing sector. However, with construction output in 2013 still likely to be 15% below its 2007 peak, and employment 13% down on its 2008 peak, it would appear that a substantial pool of construction workers is waiting to re-enter the industry.

The industry should be mindful that many of those who left the industry may have taken jobs in other sectors, and are not intending to return at least until activity picks up substantially or wages increase. Many of those returning will also need to upskill or recertify as a result of having been away from the industry for a period of time.

Data from the Construction Skills Network (CSN) suggests that employment in the industry will rise by an annual average of 1.2% from 2014, but in 2018 it will still be about 10% below its 2008 peak. CSN data also suggests that over the 2013–2017 forecast period, an average of 36,400 additional workers per year will be required to deliver the forecast growth and replace those leaving the industry.

This is very much lower than the forecast in 2006 of more than 87,000, despite the best projected output growth rate since then. However, employment growth is slower due to excess capacity in the industry and natural net inflows are much higher as people return from unemployment.

All regions are expected to see employment growth except the West Midlands, where output growth of just 0.8% a year on average is not enough to drive expansion of employment, given anticipated productivity gains.

In terms of absolute growth, demand is expected to be strongest for plant mechanics/fitters, civil engineering operatives, construction managers and supervisory grades, and surveyors, which are all set to grow at 2% or more per annum – the majority of these trades will be required by new nuclear build.

Industry performance

While 2013 ended positively, construction output is still well below pre-recession levels. Indeed, output is estimated to have fallen by around 15% from its 2007 peak, while employment is down by 13%.

This suggests that the gap between the performance of output and employment in the sector has narrowed since 2012, indicating that the issue of excess capacity and its impact on future employment growth has eased somewhat. However, there are significant differences across the regions and devolved nations, and public non-residential construction continues to act as a drag on output.

The sector's performance is characterised by strong geographic and sectoral variation, and in this respect, 2013 was no different to years past. Analysis of output and employment suggests that the greater south east (Greater London, South East, and East of England) has continued to fare better than northern regions of England. Indeed, Greater London is the only region to have experienced expansion in construction output in real terms over the five years to 2012.

Not surprisingly, public non-housing was the worst performing sector of 2013, contracting by 13%. Output has continued to decline as a result of public expenditure constraints and is now some 37% smaller than its 2010 peak.

With the exception of public non-housing and commercial construction all other new build sectors have shown marginal growth in 2013.

While demand for office and retail premises has been returning since the beginning of 2013 it can take some time for this to translate to work on the ground, hence a slight contraction in commercial output for the year.

There is little doubt that the Help to Buy scheme has provided a significant boost to the housing market, with the private housing sector returned to growth in 2013. Outturn for the third quarter of 2013 was the best since the second quarter of 2008.

Introduction

The infrastructure sector continues to see output sustained at a high level, albeit slightly off its historic high of 2011.

Activity in the repair and maintenance sectors (R&M) overall has been largely flat in 2013, with only infrastructure R&M and (surprisingly) the public non-housing R&M sectors showing any real growth. Public housing R&M continues to suffer from the severe financial constraints faced by local authorities while the private housing side remains impacted by pressure on real household disposable incomes.

Industry prospects

Despite the predicted below-trend economic growth, construction is expected to fare slightly better over the 2014–2018 period than it did between 2002 and 2007 (2%), with an annual average growth rate of 2.2%. There are three main reasons for this.

Firstly, construction has been one of the worst-hit sectors over the 2008–2012 period, with an annual average decline of 3%, so it is recovering from a lower base than most other economic sectors.

Secondly, Government-supported schemes to boost the housing market should influence private house building, at least in the short term.

Thirdly, the requirements to improve transport networks and replace ageing energy capacity will drive infrastructure activity to new highs over the forecast period. The strongest annual average growth is projected for the private housing (4.6%) and the infrastructure (3.6%) sectors between 2014 and 2018, although all sectors except the public non-housing sector are expected to see some expansion over the forecast period and even public non-housing is predicted to stabilise by 2016.

Prospects for housing R&M work are good, with the sector returning to growth in 2014, but financial constraints on local authority budgets mean that any growth is likely to come from private housing R&M, not the public sector. However, growth in private housing R&M is likely to come from householders investing more in their properties after a period of restraint than from the effect of retrofitting schemes such as the Green Deal, the uptake of which remains low.

Geographically, growth is projected to be a lot less centred on the greater south east (Greater London, South East, and East of England) than in previous years. The growth in Greater London is already at a historic high – it was the only region to experience growth over the past five years – so there is less room for further expansion.

The strongest growth in construction output is expected to be in the South West and Wales, both of which will benefit from new nuclear build projects during the forecast period.

The North West, East Midlands and the West Midlands will be slower to feel the effects of the return to growth, but all regions are set to experience growth over the 2014–2018 forecast period.

So after five years of difficult trading conditions, confidence finally appears to have gained a foothold in the construction sector. Indications are for continued improvements in 2014, which it is hoped will herald the much-vaunted sustained recovery.

Corporate performance 2013

2013 saw the first credible signs of improvement in the UK economy for four years. After three difficult trading quarters, CITB began to feel the effect of an emerging recovery in the last quarter, as our sector started to feel cautiously optimistic.

During 2013, CITB was exposed to great uncertainty from changes in leadership, the start of the Triennial Review, which assesses whether its functions are still required and how they should be delivered (the report is expected in mid-2014), and the Strategic Review of Department for Business, Innovation and Skills (BIS) Partner Organisations, which will identify opportunities for synergies and changes in the increasingly divergent skills funding landscape.

Other big changes included the breakup of the Construction Awards Alliance, in which Cskills Awards was partnered with City & Guilds; the signing of a strategic partnership agreement with the National Careers Service; the launch of products and services to support the New Nuclear Build Programme; and the introduction of smartphone apps delivering learning material for the Health, safety and environment (HS&E) test. Finally, the launch of the BIS-sponsored industrial strategy: *Construction 2025* strengthened the business case for investing in skills and training.

In 2013, the Board created a new strategic planning framework based on four strategic priorities: Strategic Leadership; Image and Recruitment; Training and Development; and Industry Engagement. These were tested through the Employer and Stakeholder Survey (ESS) undertaken at the end of 2013, and results showed that they resonated strongly both with employers and stakeholders.

The ESS was repositioned in the year to generate more strategic level insight. Although this means that some results are not comparable year-on-year, this step was important to help CITB reform and innovate to become more attuned to its customers.

Whilst employer engagement remained strong, we were unable to achieve our target of an extra 1,400 employers claiming grants, although the overall result was in line with 2012 levels. Though below target, matched funding activity did leverage an additional £16m in funding for the benefit of employers.

By the end of 2013, we had made progress with joint investment activity across all three nations. Progress continues with the Construction4Growth (C4G) campaign, which includes partnering with JCB to visit schools in the core cities. Our survey results suggest that our influencing activity with Government is not being recognised, but we have made in-roads

with BIS, the Department of Energy and Climate Change (DECC) and the Department for Work and Pensions (DWP) on a range of policy issues.

More encouraging is the proportion of respondents who agreed that 'Employers believe that training in the industry would worsen with a statutory training body', which matches the overall increase in industry's support for the Levy system.

Building on progress against benchmarks for familiarity and favourability of construction careers established in past research, the appeal of construction careers to the target audience exceeded 2012's result of 53% with a 2013 result of 59%. This research reflects the perspectives of three different respondent groups (careers advisers, parents and young people). In 2013, research involving careers advisors provided a strong evidence base for the Image and Recruitment Strategy for 2014–16.

The Business and Skills Reviews (BSRs) undertaken with employers exceeded the plan, coming in at 1,887. Over 28,000 employers were engaged through a range of activities, with the introduction of the COBRA (Complete Business Reference Adviser) online information resource providing a more tailored service suited to individual business needs.

8,438 employers were helped to train apprentices through grants. In recent surveys for CITB Managing Agency, 84% of learners are satisfied with their training and progress to their qualification, which is demonstrated through the continued rate of framework achievement, exceeding 2012 levels (74%) in 2013, with a 76% result.

Though income targets for our charitable trading were missed, it was a credible performance in tough trading conditions, and a focus on cost management was effective in achieving the surplus target.

NCC achieved a small growth in income (1.7% over 2012). Testing and Card Services performed well with sales exceeding plan by 8%, while the Awarding Body saw sales fall by 7% – less than expected – following the split with City & Guilds. The cuts and delays in public skills funding also affected income.

The overall Employer Satisfaction result was 75% against a target of 76%. However, the result has remained at this level since 2009. The survey showed a strong endorsement of all of our new strategic priorities, and support for Levy increased.

Employee engagement came in at 71% against a target of 72%, and was inevitably influenced by uncertainties around the Triennial Review and leadership changes.

Introduction

Activity Industry challenge	Impact measure	Our 2013 target	Our 2013 performance
Employer Funding Employer Engagement	1. Generate additional investment for industry through Levy-matched funding bids	£20m	£16.4m
	2. Create an extra 1,400 employer grant claimants	15,667	14,281
Leadership Leadership	3. Stakeholders agreeing that CITB is successful in influencing decisions about skills taken by the Government and funders of education and training	Maintain	Decrease (6.4 out of 10)
	4. Proportion of employers who believe the level of training in the industry would worsen without a statutory training body	Increase	Increase (63%)
Attracting Talent Recruitment and Retention	5. Appeal of construction careers amongst target audience	Increase	Increase (59%)
Business Support Employer Engagement	6. Employers satisfaction with the delivery of business information, advice and guidance	Increase	Decrease (65%)
	7. Business and Skills Reviews undertaken with employers	1,800	1,887
Apprenticeships Recruitment and Retention	8. Supporting employers to train apprentices – via grant aid	8,300	8,438
	9. Framework achievement rate for CITB Managing Agency	Maintain	Increase (76%)
Trading Productivity	10. Trading income generated	£109m	£103m
	11. Trading surplus returned for the organisation	£3m	£5m
Running the Business	12. Employer satisfaction survey	Maintain	Maintain (75%)
	13. Employee engagement survey	Maintain	Decrease (71%)

Public benefit

CITB aims to improve the training of people working or wanting to work in construction and has been registered as a charity since 1972.

The Board has regard to the Charity Commission's general guidance on public benefit when planning activities to achieve its aims. Among other factors, the Board believes that:

- Enhancing the skills and competence of people in construction benefits the competitiveness of an industry that employs more than 1.7m people, contributes 8% of UK GDP, and improves the quality of the built environment
- Spotting and mitigating skills gaps and shortages and maintaining training capacity is vital for the UK economy
- Encouraging individuals to develop their skills through lifelong learning benefits them personally and contributes to a stable and productive society.

Our aims are delivered mainly by:

- Giving grants to employers engaged in training
- Offering advice and support to employers about their training needs
- Creating and maintaining standards and qualifications in consultation with employers
- Managing schemes for recording achievement
- Providing training where the market does not offer adequate coverage.

This report illustrates how these aims have been delivered across England, Scotland and Wales in 2013.

Nearly 14,300 employers received grants towards their training needs during 2013.

Details of financial performance are on pages 25 to 32. Information about performance against other business targets is on pages 7 and 8.

Looking after information

To achieve our aims effectively and efficiently, we collect and make use of personal information about individuals such as employers, employees, applicants for posts, suppliers and apprentices.

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 obligations and responsibilities under the Data Protection Act 1998 at all times. We will ensure that:

- Information is protected from unauthorised access
- Integrity of information is maintained
- Information is available when needed
- Regulatory and legislative requirements are met
- We consider and implement as appropriate any requirements, recommendations and best practice guidance from Government and industry
- Fair Processing notices are issued each year asking employers to update the details we hold and giving them the chance to opt in or out of receiving marketing information
- Business continuity plans are produced, maintained and tested
- Staff are trained to fulfil their responsibilities to process information securely
- All breaches of information security are investigated.

We follow Cabinet Office guidance in relation to incidents involving protected personal data.

In 2013, four 2GB and five 1GB encrypted USB memory sticks, four digital pens, one Nokia telephone and one encrypted Blackberry telephone were lost or stolen.

One incident involved the incorrect transmission of personal data. The subject (an employee) was notified of this error and the data recovered.

These incidents were not reported to the Information Commissioner as it was considered that there was immaterial risk of data loss.

Corporate responsibility

2013 saw some notable achievements despite big challenges for CITB. We continued to move forward, if at a slower pace. Corporate responsibility remains an important focus as we welcome a new Chief Executive at the start of 2014, and after the end of the Triennial Review in the middle of the year.

Fairness, inclusion and respect

In January, our Equality Standard accreditation was enhanced to the Gold Award, given when businesses show continued commitment to equality, and a desire to promote good equality and diversity practice in the workplace and with service users. In 2010, we aimed to go 'beyond compliance', leading the sector by example to demonstrate the business benefits achievable by good working practices. NCC Director and Director responsible for Fairness, Inclusion and Respect (FIR), Andy Walder, said:

"Achieving the Equality Standard Gold Award confirms that our ongoing work in the area of FIR is effective and is changing working practices, not only within our organisation but across the sector. By working with the construction industry and employers, our future plans for FIR will help create a workforce which is supported by their employers and the sector."

In December 2013, CITB employed 33 people (2012 27) considering themselves to have a disability as set out in the Disability Discrimination Act 1995.

The workplace

CITB recognises Unite the Union and the GMB. The procedural agreement provides for negotiation, consultation and communication. The Joint Consultation Committee meets every two months in addition to the joint working parties set up to constructively tackle issues and concerns. Union representatives sit on the Health & Safety, and Fairness, Inclusion and Respect steering groups. A management committee also represents management grade employees. While it is not formally recognised for negotiation purposes, this year we have developed clear terms of reference for this body, which also meets every two months.

During 2013, we continued to work in partnership with the trades unions and Management Committee, focusing on updating our policies and procedures. In particular we implemented new disciplinary and grievance policies and introduced an 'improved performance' policy to provide a robust framework for raising performance across the organisation.

We continue to use a range of mechanisms to support dialogue with staff (for example, monthly team meetings, video briefings from the Chief Executive, focus groups and webcasts). Staff forums continued to facilitate dialogue in directorates. In 2013 we also launched a staff magazine called 'Team CITB'.

As these activities suggest, we continue to develop ways to measure staff engagement, as well as staff satisfaction, but principally through an annual staff survey. The overall response to the 2013 survey was considerably up on the previous year at 76% (2012 70%). Category scores for 2013 remain stable compared with 2012, except performance evaluation which rose by 6%, bringing us in line with national benchmarks for this area. The score for reward and recognition remained slightly above the national benchmark, reflecting the ongoing success of the 'total reward framework' introduced in 2012.

Overall, employee engagement continues to be stable, although 2013 did show a drop in scores for the rational element (such as belief in the goals and objectives of the organisation). This is not unexpected, due to the uncertainty created as a result of changes in CEO and the ongoing Triennial Review, but will be a key target for improvement in 2014. Despite the uncertainty that accompanies change, staff continue to view CITB as a good place to work.

We introduced CITB corporate behaviours in 2013, and achieved a high score of 84% for awareness in the staff survey. This is a good platform to build on as we concentrate on ensuring that the way we do things is as important as what we do. 'CITB Champions' will hold all-staff workshops in 2014 to bring the behaviours alive and managers will attend extra sessions to ensure they lead and live the behaviours.

We regularly monitor absence, and in 2013 began to see the effect of 2012's new attendance management policy. In 2013, the sickness absence rate was 3.11% (2012 3.5%) equivalent to 7.04 working days per head (2012 8.74 working days). This is a fall from 2012 and compares favourably with the latest data from the CIPD (relating to 2013) of a public sector average absence rate of 8.7 working days (2012 7.9 days) and a private sector average of 7.2 working days (2012 5.7 days).

As an organisation, CITB actively promotes equality of opportunity in the construction industry and we strongly reflect our commitment to fairness, inclusion and respect in our employment policies and practices.

We are a member of the Business Disability Forum and are accredited to use the 'positive about disabled people' two ticks scheme to demonstrate our ongoing commitment to:

- Interview all disabled applicants who meet the minimum criteria for a job vacancy and to consider them on their abilities
- Discuss with disabled employees at any time, but at least once a year, what we do to ensure they can develop and use their abilities
- Make every effort to make sure employees stay in employment if they become disabled
- Take action to ensure that all employees develop the appropriate level of disability awareness needed to make these commitments work
- Review our commitments each year, assess what has been achieved, plan ways to improve and let employees and Jobcentre Plus know about progress and plans.

We have a comprehensive attendance management policy that provides extensive support to employees with disabilities. This includes an external occupational health service to provide advice on reasonable adjustments and an employee assistance scheme to provide confidential counselling and support. Training and career development for disabled employees is managed through CITB's performance management process.

Following a re-accreditation process, our positive commitment to equality was externally recognised by Equality North East, which awarded CITB its Equality Standard Gold Award in early 2013.

Health and safety

CITB celebrated the British Safety Council (BSC) 5 star audit for the NCC in Waltham Forest, London, which outperformed the international benchmark by achieving 97.8% for its health and safety standards. This follows NCC Scotland's award of the Sword of Honour, after reaching 98% in its 2012 BSC audit – one of the highest ratings in the audit's history.

This reflects the hard work and determination of staff and instructors, who were praised for a strong commitment from management towards the general health, safety and welfare of staff and trainees, and for a genuine commitment to continuous improvement.

Continuing this trend, CITB successfully passed BSC audits at Thurmaston, Bircham Newton and Inchinnan and gained certification to the Health and Safety Management System, OHSAS 18001, and Environmental Management System, ISO14001, which now covers CITB as a whole.

Accident rates remain low, particularly when compared with other industries and sectors. CITB has an even lower accident rate than office administration, and this was commented on favourably by the BSC auditors. The total number of accidents in 2013 was 146, down from 2012 (161). There were six reportable incidents; action was taken where necessary.

- Tripped up step – no apparent cause, inattention
- Dropped scaffold clamp on own foot – wearing safety footwear – inattention
- Injured back whilst exiting faulty lift – landlord informed to provide a functioning alternative staff lift
- Injured back whilst carrying a light load – same person being injured in the lift aggravated their injury
- Knee injury from tripping over a laptop bag
- Escape set failed before training – returned to hire company informing them of the fault. Supplier monitoring to be carried out.

The greatest number of minor accidents has been during handling. This is not surprising given the range of hand operations carried out in NCC training.

Safeguarding

The number of reported incidents increased from 13 in 2012 to 34 in 2013. However, this is a positive outcome as we have actively encouraged students and staff to report more and to spot potential indicators earlier. As in 2012, allegations of bullying and harassment were the most frequent type of incident reports. No one category of person was cited more frequently than another: incidents involving employers, work colleagues and other learners were reported equally.

The marketplace

CITB hosted a visit to NCC East by aspiring apprentices from the Arkwright Trust, who tried their hand at various construction engineering activities. A group of Year 12 students attended the two-day workshop, which included a careers evening. The course mixed theory with practical application and was a showcase of how industry should engage youngsters at a time when they are making career decisions. In March, we were congratulated by Skills Minister Matthew Hancock for achieving an Outstanding grade from Ofsted. CITB received the highest possible rating for outcomes for learners, quality of teaching, learning and assessment, and effectiveness of leadership and management.

In partnership with Beacon East, CITB staff organised a continuing professional development (CPD) event attended by 50 teachers and careers advisors from Norfolk and the East of England.

Introduction

Delegates learned about the construction sector, the specialised training delivered by NCC and related career opportunities for young people. The packed programme featured a visit to the Constructionarium. The group heard about Apprenticeships from apprentices, learned about the present and future needs of the industry and the opportunities and careers available to young people.

The environment

May 2013 saw the first anniversary of Liftshare, a popular scheme which encourages staff to share car journeys to work. It won a 'Making a Difference' award in 2012 and is now part of our travel plan (to be implemented in 2014) which aims to reduce the impact of travel to the Bircham Newton site. In 2013, we carried out a travel survey to understand how staff travel to work. This survey will be repeated annually to monitor and measure any changes in behaviour.

We continue to measure our environmental impact across five areas: mileage, energy consumption, paper use, waste generation and water use. We continue to have difficulty obtaining accurate data, especially about energy consumption.

We have not yet significantly reduced our impact but have seen small reductions in waste generated, water use and paper use by employees. Energy use has been relatively static. Changing the use of some buildings at Bircham Newton has had an impact on energy use, and we expect to see a reduction in 2014.

During 2013 we changed copier paper from recycled to closed loop paper. This means that all of our waste paper is returned for recycling and made into new paper.

The community

Staff at CITB are keen to support their communities and have been involved in many charity events, either as participants or organisers. For example, some got on their bikes in aid of a local children's charity, Nelson's Journey, which supports bereaved children. Several people braved the July heat to cycle 200 km, 100 km or 50 km routes starting and ending at Bircham Newton.

CITB hosted a Sue Ryder donation event across the organisation, with collection bins in offices around Bircham Newton, Bridgend, Thurmaston and Inchinnan. Staff generously donated unwanted items of clothing, bric-a-brac, books and other items, which resulted in over £2,000-worth of stock. Staff at Inchinnan continued their collection afterwards.

In May, staff from our Employer Services Directorate embarked on a team day helping out at Bath Cats and Dogs Home. The CITB volunteers were split into groups. One focused on the enrichment paddock, laying slabs, concreting and levelling the area, while another group completed ground maintenance and organised the food store. Although the latter could be thought an 'easier' option, shifting enough food for 400 animals was no mean feat! The day gave mobile team members a chance to work together on something worthwhile and fulfilling.

November was another busy month for staff raising money for charities, such as Macmillan Cancer Support, Movember and Children in Need. Once again there was a marvellous array of moustaches, members of staff being 'pied', a pass-the-Pudsey relay at Bircham Newton and a Pudsey concert at NCC Midlands. Staff at Bircham Newton and Bridgend demonstrated their cake-making talents to support Macmillan's coffee morning, while in conjunction with local radio KLFM and King's Lynn Food Bank, the Birches at Bircham Newton arranged to collect items to go to the food bank at the Purfleet Trust.

The NCC continues to support communities local to Bircham Newton and is involved in helping the RSPB at Snettisham and the Environment Agency repair sea defences after the tidal surge that hit the North Norfolk coast in early December. This will continue in the early part of 2014.

Plans for 2014

Corporate responsibility at CITB has a new focus within the newly renamed Corporate Responsibility Leadership Group. This is led by an executive director with members drawn from across all teams at CITB. It covers health, safety, environment and safeguarding, with fairness, inclusion and respect being added in the second quarter of 2014.

A review of corporate responsibility is taking place in the first quarter of 2014. This will include CITB's corporate responsibility strategy, focus and material issues, which will be aligned with the new CITB behaviours and values. We expect to be able to report more fully on our corporate responsibility activities and initiatives in 2015.

What we do and where we do it

CITB provides support for registered employers undertaking training and aims to increase the level and quality of training for the construction workforce, for people joining the sector as apprentices, technicians or graduates, or 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. More than this, a better skilled construction workforce can help create a better quality built environment that benefits the public at large.

We support employers in two ways

Firstly, by giving grants that help offset the costs that employers incur in training their workforce, and which reflect (for example) the achievement of a qualification or participation in a training event.

Secondly, by providing or funding training facilities and services used by employers, either on our own or in partnership with others. These include:

- Helping employers to develop national occupational standards for construction skills
- Offering qualifications to recognise the achievement of standards
- Supporting apprentices and employers while they complete Apprenticeship frameworks
- Supplying the industry-standard Health, safety and environment (HS&E) test
- Administering schemes that record individual qualifications and competence
- Advising employers about skills and training needs and offering specialist training facilities
- Researching and analysing skills needs for now and in the future.

The statutory training Levy provides roughly 60% of our annual income, with almost all of the rest coming from our products and services. The Levy and Grant system helps to ensure that employers who do not train contribute to the costs of those that do. Charitable trading provides valuable services to employers and any surplus helps us return more to the industry than is raised by the Levy.

What we do, with whom, and how is defined by the Industrial Training Act 1982, and as well as being a registered charity in England, Wales and Scotland, as a non-departmental public body we report to BIS.

The distinguishing features of our business are that:

- Working with employers, we develop, set and support standards to ensure that qualifications and skills are transferable in a highly mobile workforce. This is vital for individuals, who need to know what skills they require to work and make progress in construction; for employers, who need to know what skills the workforce needs now and in the future; and for the UK economy, which needs to give its citizens access to sustainable employment
- Demand for grants and our other services reflects wider market conditions in construction. When the industry is in recession, the volume of grant claims falls, and when it recovers so does demand for grant. Income from Levy lags behind any upturn in grant claims but we understand and prepare for these cycles
- We engage with employers from across the construction industry, aiming to ensure our financial and service support meets the sector's collective priorities
- The close links we have with national stakeholders in Scotland and Wales mean that we understand their different policies and skills needs and can flex our support within an overall GB framework
- We are experts in skills forecasting and provision on a national scale. No other business has this breadth of knowledge, engagement and experience.

By continuing to work closely with our beneficiaries, customers and stakeholders, we have given a valuable and constantly developing service to the construction sector for the past 50 years and plan to offer increased value in future.

Our locations

We operate in England, Scotland and Wales from 12 centres, including specialist training facilities in London, Birmingham, Glasgow, Derbyshire and Norfolk.

However, many of our staff are mobile, visiting customers at their own premises or on site to deliver advice and support. And by working with many other providers (such as FE colleges, universities and private trainers) we ensure that non-specialist training is available as close to the customer as possible, whilst specialist facilities are concentrated in regional and national centres, making for more efficient provision.

CITB in England

Apprenticeships

Throughout 2013, we worked with employers and stakeholders to develop an industry response to recommendations in the Richard Review of Apprenticeships. Whilst sector employers welcome initiatives aimed at improving standards of apprenticeship training, they have concerns about aspects of the review, so CITB will continue to reflect industry views to Government to ensure they are considered in any final implementation.

Despite the fall in Apprenticeship recruitment continuing, the number of apprentices in England supported by our Managing Agency (MA) rose. In 2013, nearly 4,000 apprentices were taken on by employers working with the MA. This was above target and represented a 10% growth on 2012.

Employers and applicants have increasingly used our pre-Apprenticeship work experience product, the Experience Construction Programme (ECP). This gives employers the chance to assess potential apprentices in a work environment, whilst giving young people structured insight into, and experience of, a career in construction. During 2013, over 700 young people were placed with employers using the ECP with around 75% converting to full-time Apprenticeships afterwards. Many employers were also able to access the Government's AGE grant (construction is the largest sector to use this fund, and employers using the MA are the largest group to receive support in the construction sector).

Our Shared Apprenticeship Schemes continue to grow in line with expectations. Six are operational in England with two more will be confirmed in the near future. These are not a substitute for traditional employer recruitment, but help to maximise skills development when traditional routes may not be feasible. Our schemes are delivering successful outcomes for employers, industry and regional stakeholders and were highlighted as an example of best practice in recently published NAS/BIS guidance on developing procurement key performance indicators (KPIs), issued to local authorities and other regional stakeholders.

Business information, advice and guidance

During 2013, advisory staff in England undertook more than 14,000 visits to employers. These aid delivery of value-added products and services – such as business and skills reviews (BSRs) – that help employers with business planning, identify training needs and improve productivity, as we

move our offer towards closer partnership working focused on business improvement.

In 2013, company development advisers undertook more than 1,500 BSRs with in-scope employers and continue to work with this group to build capability and growth.

We also piloted new interventions such as business workshops, supply chain development programmes, and local area partnerships, which will be expanded in 2014. Within our workshop engagement model, we will deliver two formats, the first being business awareness workshops aimed at newly registered and smaller employers, to support delivery of first level business information, advice and guidance (BIAG) on issues like health and safety compliance, employment regulations, HMRC and basic business finance. The second will be business improvement workshops aimed at more established small and medium-sized enterprises (SMEs) that may need guidance on the support that is available to help grow or diversify their activities.

Our supply chain development programmes will be delivered in partnership with larger employers and will include interventions and support aimed at increasing training and development, promoting apprenticeship recruitment, and building capability and business sustainability. Our local area partnerships will be aimed at establishing a more structured approach to training and development, working in partnership with regional procurement bodies and local employers.

We also held advisory forums in each English region. These give in-scope companies (predominantly SMEs) the chance to engage with their ITB and make proposals to shape and improve the products and services we provide. They were well received and attended and, in response to employer demand, we will increase the number of events held in 2014. Many of these forums are supplemented by the delivery of activity-specific workshops on topics such as building information modelling (BIM), Green Deal, tendering for contracts, and access to regional or national funding opportunities.

Careers information, advice and guidance

Careers advisers delivered over 700 events and talks in England in 2013. These promote construction as a career of choice and are often co-presented with the industry's Construction Ambassadors.

During National Apprenticeship Week, we delivered 75 careers events across England, many in partnership with national and local employers, to promote Apprenticeships and recruitment to young people and employers. These were successful in terms of attendance and outputs. We introduced extra activity under the banner of National Recruitment Week in July 2013, with 75 careers events aiming to stimulate apprenticeship vacancies from our employer base.

During 2013, our careers teams piloted a careers surgery, in partnership with national and local job agencies, aimed at raising awareness of careers in construction and specific vacancies in their area. This was popular and effective and will continue into 2014, supported by a new Work-Ready programme to be delivered across the country, which is aimed at preparing young people to engage with employers and to manage their expectations of employment.

National Specialists

The National Specialists continue to work closely with specialist trade associations and federations – some 80 in all – as the year-end survey shows (85% satisfaction from a 90% response). During 2013, the National Specialists also received reaccreditation for Matrix, which recognises the strong and positive partnership working between the team and industry.

The National Specialists' delivery arm (the National Specialists Accreditation Centre (NSAC)) qualified specialist candidates by way of its products including VQ assessment services, specialist Apprenticeship programmes (SAPs) and specialist upskilling programmes (SUPs). Without NSAC, employers in many niche specialist sectors would have no formal route for qualifying their workforce. The core of this delivery model has been the effective partnership working between the National Specialists and trade organisations.

Be Fair Framework

CITB pledged to lead the sector in fairness, inclusion and respect to improve working practices. The introduction of the Be Fair Framework is the first built environment-specific standard and gives the industry a simple, easy-to-use structure to do this.

Between April 2013 and January 2014, the Be Fair Framework pilot was introduced. 146 companies expressed interest and 111 signed up, with 80 working toward or achieving Be Fair accreditation. Independent evaluation of the pilot shows that it provides a wealth of learning and feedback for employers, confirming that the framework is fit for purpose and businesses see positive impacts.

SkillBuild

The SkillBuild competition had another successful year. Regional heats took place between 18 April and 25 June 2013 at 15 venues with 1,000 competitors competing for 100 places at the national final. This was held within the NEC Skills Show for the first time. It was also supported by the Construction Industry Feature Stand, which gave over 80,000 visitors an opportunity to view a range of interactive and informative experiences relating to construction, with access to careers advice and industry ambassadors.

The UK's success at WorldSkills events demonstrates the quality of entrants to the construction and built environment competitions. SkillBuild remains a key part of a competitor's journey for UK medal winners and shows that the competition provides huge benefits to WorldSkills UK's strategy. Success continued at the WorldSkills final in Leipzig, with gold medals in bricklaying and cabinet making and a silver medal for stonemasonry.

Training products and services

Although the sector contracted over 2013 as a whole, the last quarter saw evidence of market improvement, as reflected in rising demand for CITB's services and in the numbers undertaking training, being tested and completing qualifications.

The Health, safety and environment (HS&E) test is contracted out and delivered by Pearson Vue, mainly through its network of centres supplemented by a small number of independent test centres. Test volumes grew over the year by 16% across the UK, with 519,000 tests booked in England alone, and pass levels averaging 79.6%. New tests have been introduced for 2014 for CPCS Renewal, CSCS Labourer (Green) Card and Triple bar nuclear new build sites (TBNNBS). Applications for competence cards rose by around 10% with over 400,000 cards being issued in 2013.

Site Safety Plus courses increased by around 40% on 2012, largely because the UK Contractors Group (UKCG) mandated it for site management. We continued to work with (and receive funding from) DECC to deliver the first tranches of training on solid wall insulation to support the Green Deal; in total 543 NVQs have been delivered with a further 282 registered to date.

Over the past 18 months, we substantially revised our publications, making more available in digital formats, including our first phone app for Health, safety and environment test support material.

National Construction College

2013 saw an overall sector contraction with a 1% drop in output and another 40,000 workers losing their jobs. Despite this, the numbers trained at the National Construction College (NCC) grew by nearly 10% to 27,358. This increase was largely accounted for by the Tunnelling and Underground Construction Academy (TUCA), which trained over 3,000 people, and by a growth of some 14% in leadership and management courses. Both areas were targeted for growth in 2013, so it was pleasing to see them realise their potential.

It was also encouraging that new contracts were won with customers such as Severn Trent Water and funding bodies like the Skills Funding Agency (from whom we gained a £4.1m 'into employment' contract for delivery over the next three years).

858 new learners started specialist Apprenticeships at NCC. With a timely achievement rate of 72.1%, NCC continues to deliver excellent outcomes some 16% above the national average for construction. Our functional skills pass rate is 99% and, if those apprentices that were made redundant by their employers had stayed with the college, then the achievement rate would also be 99%.

The year also saw two more centres achieve the British Safety Council's 5 Star Award. Waltham Forest and TUCA achieved scores in the high 90s and Waltham Forest went on to achieve the coveted Sword of Honour Award; we fully expect TUCA to follow suit in the early part of 2014. On top of this strong endorsement, NCC maintained its BSI accreditations for its management, health and safety and environmental systems, along with its equality and diversity and Matrix standards.

Through the year, NCC has continued to upgrade its facilities. The third new accommodation block at Bircham Newton was completed on time, to quality and some £300k under budget. It has also been pleasing to see that, in its first full year of operation, the biomass boiler that services the new accommodation blocks delivered a substantial saving on our energy bill. Half the bedrooms at the Birches were refurbished and have received positive feedback, and the rest will be completed in 2014.

Innovative technologies were used throughout the college in 2013. A project with Heriot-Watt University saw the launch of a virtual reality project to introduce learners to working at height, while a spray concrete lining simulator is in operation at TUCA, plant simulators have been trialled at Bircham Newton and we worked with a customer to develop 3D plans for steelfixing.

Our Construction University Technical College in the West Midlands (WMCUTC) project has been delayed for a year as a result of the Black Country Engineering

UTC withdrawing from the investment in the site we were about to join them on. This happened a few days before we were due to sign the build contract, and was an unexpected and significant blow. The vision for our WMCUTC remains strong and has support from over 200 employers so our challenge is now to find a new site as quickly as possible.

On the major project front, we are engaging with Crossrail, Thames Tideway, HS2, the New Nuclear Build Programme, the Nine Elms development and the Commonwealth Games in Scotland and continue to work with these clients to deliver innovative new training products to meet their needs.

At a more local level we continue to support local community projects. 2013 saw us help develop a local theatre and re-roof a local school, among several other similar projects. We are also helping the RSPB to rebuild some of their fresh water reserves breached in the December storms.

We ran a number of taster days for teachers so that they could get an understanding of the construction industry and what it can offer school leavers. After such days, teachers get a better appreciation of the breadth of opportunity for young people that the industry offers, particularly once they have met and talked to our apprentices. One person said:

"The apprentices have been wonderful today. Articulate, passionate and polite. They were an absolute pleasure to listen to and ask questions of. A credit to the college and yourselves, well done."

College learners were again successful at SkillBuild, winning a gold and a silver medal in built up felt roofing, and a gold and a silver medal in roof sheeting and cladding. All achievements were recognised at the annual college award ceremonies, which again proved highly successful and popular with learners, their families, employers and industry representatives.

It has also been pleasing to see NCC develop and deliver new courses such as the new Kier team leader Apprenticeship and new Apprenticeships in steelfixing, construction contracting operations and insulation building treatments. In 2013, we refreshed the BTEC National Diploma and introduced courses in excavation, external insulation, roofing and the eco-driving course for plant.

Finally, 2013 was the year that NCC began to paint an ambitious vision of its future, a vision that will see the college become the UK Centre of Excellence for the development of skills and training for the construction industry and which the Board was keen to see developed in more detail. 2014 will be the year that this vision is translated into a deliverable business strategy that we hope that the Board and our customers are keen to support.

CITB in Scotland

The skills and training environment

In 2013, Scotland developed policy through various reports and strategies. The Wood Report (from the Commission for Developing Scotland's Young Workforce) looked at the use of Curriculum for Excellence in the senior phase in schools, and the link between vocational and academic study. The Procurement Reform Bill put procurement at the heart of Scotland's economic recovery, and Audit Scotland audited the Modern Apprenticeship programme to ensure clarity over administration, activity and the roles of organisations involved. This also looked at how well the programme was managed.

In terms of output, construction remains a mixed bag and, while some parts are thriving, others are struggling. However, the number of redundant apprentices fell in 2013, which is encouraging. We have succeeded in restarting around 80% of redundant apprentices through our Managing Agency since the recession began, minimising waste.

Skills testing did well in 2013 with an increase in attendance to 85% (83% in 2012) and achievement increasing to 88% (84% in 2012). Painting and decorating skills testing will be introduced at Aberdeen College, with the first test taking place in June 2014. Our new website now has a dedicated skills test home page, which hosts information for centres, employers and apprentices. Skills testing video clips have been filmed and should be available in 2014.

Standards and qualifications

Scottish employers played a key role in reviewing National Occupational Standards (NOS) and qualifications during 2013. Practitioner working groups were held in Scotland for plant operations, applied waterproof membranes, liquid waterproof systems, green roofs, timber frame erection and specialist concrete operations. The floorcovering NOS review involved employers in the Highlands joining meetings by video-conference.

CITB Scotland represented employers' views in several Scottish Government consultations, such as the Commission for Developing Scotland's Young Workforce review to improve young people's transition into employment, as well as the Audit Scotland review of national training programmes. Responses were informed by the views of employers and federations.

The SQA Awarding Body reviewed its suite of National Certificates and Diplomas, adopting recommendations from employers and professional institutions to ensure that any new qualifications reflect a modern industry with new materials, technologies and processes like BIM.

These awards were used extensively by full-time learners as well as Modern Apprentices.

Technician Modern Apprenticeships continued to grow, with new provision for civil engineering, construction management and quantity surveying widely promoted by professional institutions. Across all occupations, the achievement rate in Scotland continued to rise from 65% in 2010/2011 to 77% in 2012/2013.

Careers in construction

The Curriculum for Excellence is being implemented by Scottish secondary schools, with Standard Grades, Intermediate and Access level awards being phased out and replaced by new National Awards at SCQF levels 1–5. The Curriculum for Excellence aims to achieve a transformation by providing a coherent, more flexible and enriched curriculum from ages 3 to 18, wherever children and young people are being educated.

CITB Scotland led a showcase of events across Scottish Apprenticeship Week (20–24 May 2013) which included visits from members of the Scottish Parliament (MSPs) and employer seminars. The week began at the NCC in Inchinnan, Renfrewshire, where Derek Mackay MSP (Minister for Local Government and Planning) met third year pupils from local schools. They were given the chance to try their hand at different construction trades and learn about Apprenticeships. Board members Jim Gilmour and Billy Kirkwood also attended.

MSPs were also on hand later in the week at an event at St Andrew's Square Gardens in Edinburgh. Fiona Hyslop MSP (Cabinet Secretary for Culture and External Affairs) and many other MSPs were among the visitors at the two-day event. They were able to watch and talk to construction apprentices demonstrating traditional building skills.

An event at Dumfries House, Cumnock, offered four one-hour sessions on traditional building skills like stonemasonry, slating and bricklaying. It also included a seminar for teachers and careers advisors, which looked at potential careers in the repair, maintenance and improvement of traditional buildings. This event was attended by the local MSP and by Billy Kirkwood.

Business activities

A high-profile event was held at the new Forth Crossing Education Centre to highlight career opportunities for women in construction. With Deputy First Minister Nicola Sturgeon and female construction ambassadors attending, girls from local schools were able to explore the range of opportunities available in construction.

Apprenticeships

Much publicity is given to the value of the Scottish Modern Apprenticeship in construction, and rightly so, but there is also the Modern Apprenticeship route for technicians such as civil engineering technicians. Given the amount of infrastructure work forecast for Scotland, there will be good career opportunities for these apprentices. Projects such as the Aberdeen Western Peripheral Route and the dualling of the A9 will give continuity of work and training for years to come. The North East of Scotland already has a skills shortage, so we need to train our school leavers now to fill these places or import skilled labour from Europe.

Skills research and policy development

As a 'Key Sector', the importance of construction to the Scottish economy has been recognised and CITB Scotland is well placed to work in partnership with the Scottish Government and employers to influence the delivery of these emerging policies. It is also acknowledged as the 'go to' organisation on skills issues as part of Construction Scotland Industry Leadership Group and is integral to the Scottish construction industry strategy, as set out in 'Building for the Future 2013–2016'.

Construction Scotland is the sector's leadership organisation in Scotland. Its new strategy (Building for the Future 2013–2016) is supported by the Scottish Government and identifies key objectives that will support sector growth in coming years. To meet these goals, an action plan will be developed to guide Construction Scotland and the industry. This will be supported through theme and working groups which will develop and deliver their own work plan to achieve outcomes. Our Scottish Advisory Committee acts as the theme group for skills and training, with the Scottish director sitting on the Construction Scotland Board and Industry Leadership Group.

The major infrastructure and housing developments coming on stream in the next three years are opportunities for industry and Government engagement, with a definite focus on the North East. For our companies and sectors to grow, Skills Development Scotland (SDS) recognises that we must provide people with the skills required for future success.

In partnership with the industry, SDS will develop a national Skills Investment Plan for the sector. The plan will set out initial actions for stakeholders and industry to shape future work programmes, and prioritise the investment of resources towards meeting the significant opportunities emerging within the sector.

The Client-Based Approach has continued to receive support from the Scottish Government, local authorities, housing associations and other public bodies. It was referenced in the Procurement Reform Bill (2013), which stated that community benefits would be required for all public sector contracts over £4m. In 2013, 10 clients obtained CBA status, with a further 11 providing a note of their intent to adopt the approach once procurement commences. In addition to the existing two programme-based approaches, a further three clients successfully achieved PBA status.

On 8 October 2013, a high profile event in Holyrood promoted the maximising of training and employment opportunities through public sector procurement. The success of the Client-Based Approach was highlighted by both South Lanarkshire and Fife Councils. They evidenced the increased number of apprentices, school visits and graduate opportunities that the approach offers, and also highlighted the reference to it in the Procurement Reform Bill. This has already been endorsed by the Deputy First Minister and the Cabinet Secretary for Finance, Employment and Sustainable Growth. Support at the event was also given by construction companies such as Lend Lease, Kier, Skanska, Morgan Sindall, Hadden Construction and Miller Construction.

Joint Investment Strategy projects have been progressing well and have received positive feedback from the Scottish Government and project partners. To date over 130 young people have taken part in the placements, with 95 competing and 43 going on to find Modern Apprenticeship places. Work has also continued apace with Heriot-Watt University to develop ground-breaking augmented reality technology to simulate working at heights for apprentices entering the construction industry, and with Learn Direct and Build to develop new e-learning materials around energy efficiency.

The Constructionarium project in Scotland has been successful, with more universities taking part. It draws on experience from the long-running Constructionarium at Bircham Newton, and gives students from civil engineering and built environment-related degree courses hands-on experience. In December 2013, funding of £2m was agreed by the Training Committee for a further Joint Investment Strategy for Scotland from 2014–16.

CITB in Wales

The skills and training environment

We knew 2013 was going to be a tough year, so to ensure chances to help industry were maximised we championed the benefits of joint working by agreeing memorandums of understanding (MoU) with stakeholders like the Chartered Institute of Building (CIOB). This will encourage more joined-up working between the Welsh Government (WG), its partners and employers and help us to provide a complete skills solution for the Welsh construction sector. We will expand this in 2014 and hope to see an even wider range of partners affiliating with us.

In this spirit, Jane Hutt AM (Minister for Finance) launched Construction4Growth in Wales, a campaign seeking to capitalise on Wales' unique resources and energies, which provides a blueprint for collaboration to deliver the investment and training needed for a prosperous, dynamic and sustainable nation.

To ensure construction benefits from investments in jobs, skills and training, there must be effective information flows between the industry, its stakeholders and CITB, ensuring current and emerging employer needs and concerns are understood. A strategic approach to tackling issues facing the sector in the regions is also needed.

To maintain strategic insight and an operational feedback loop, we reviewed the performance and relevance of core products and services. This will help us configure the skills and business responses that best address the needs of Welsh construction nationally and regionally, taking account of craft and professional concerns. It also enables CITB Wales to be a coherent sector voice to those responsible for policy developments that affect our industry.

Employer engagement

As a result, in 2013, we reviewed our regional forums and the Wales Construction Skills Group (WCSG) to identify whether the right standards of governance and reporting were in place. Changes were made to ensure that these bodies represented the sector effectively, and closer links were established between strategic and operational reviews at forum and WCSG level.

This was undertaken against the backdrop of the Triennial Review of CITB. We will continue to monitor governance and reporting structures in 2014 to ensure that they provide strong skills and business support, and reflect wider UK developments. In 2013, as well as reviewing performance and skills and business support initiatives, the forums focused on preparing the sector in the three Welsh regions to respond to public and private procurement activity.

A key area of interest in North Wales is the nuclear new build (NNB) at Wylfa Newydd – and other major energy projects co-ordinated through Energy Island. The North Wales Forum has the remit (based on a MoU between CITB Wales, Energy Island and other skills support agencies) to co-ordinate responses, especially to NNB. Energy Island's executive director is a forum member and gave regular updates on the project throughout the year.

A second key investment is the 21st Century Schools programme, an innovative joined-up approach to procurement across several North Wales local authorities. The forum was an excellent place for members to give an industry perspective on the joint approach and procurement process.

Progress continues to be made in developing the role of local training groups and a shared Apprenticeship approach. We have pursued ambitious and dynamic new relationships with Coleg Menai, helping NCC to reach an agreement to deliver heavy plant training and related site safety provision (with the heavy plant being donated by Hitachi), facilitating an enhanced training experience in readiness for NNB's civil engineering needs and to maximise the economic development potential of Wylfa Newydd.

To support this, we set up a NNB Wales Project Board to manage our contribution to these relationships and steer work on emerging skills and business support for employers. This body will help CITB as a whole learn from Welsh experience, through a strong internal partnership with CITB's major projects team sharing intelligence gained from work with Energy Island and the Wylfa Newydd development, influencing future UK NNB provision and wider engagement in major projects.

South West Wales set up an all-Wales shared Apprenticeship scheme over four local authorities, which in September 2013 became the largest scheme in the UK, with 68 starts. This not only shows new optimism in the sector but testifies to the continued devolution of policies by the WG and its efforts to place community benefits at centre stage, with support from our further education partners.

2013 saw South East Wales benefit from work to develop a strategy for embedding the National Skills Academy for Construction (NSAfC) in Wales. The first such project is the 7.8km upgrade of the Heads of the Valleys road in Blaenau Gwent, managed by Carillion, which performed well in its first year as an academy. Giving this vital infrastructure project NSAfC status supports the regeneration of the Heads of the Valleys through direct employment,

Business activities

enhanced by structured education and training, as well as providing secondary employment and development opportunities by sub-contracting to local businesses.

The second is the South East Wales Schools and Capital Projects (SEWSCAP) Framework, a collaboration between the WG, the Welsh Local Government Association (WLGA) and local authorities. This is a strategic capital investment programme to procure new build or refurbishment for schools and FE and HE facilities fit for 21st century learning. Led by Willmott Dixon, it has encouraged closer working between clients and contractors.

Policy Development

Using our three regional forums, the Professional Services and Traditional and Sustainability Building Skills Advisory groups and our WCSG ensure that CITB Wales recognises regional differences and can speak for the range of companies in the sector. These groups input into 15 WG/party consultations and assembly inquiries and influenced how the Construction Futures Wales initiative developed.

This programme aims to give practical help to companies to improve their performance via a client-led supply chain. It links to priorities identified by the Economy Science and Transport Minister, Edwina Hart, and private sector advisory panel and the challenges in our strategic plan. It is a priority for the Department for Economy, Science & Transport (EST). This partnership with the WG is unique and is seen as key to the industry's future success and growth in Wales. It seeks to maximise benefits while demonstrating the virtues of collaborative working. The Minister and the WG's Construction Sector Panel support it. The WG is procuring the three year contract, which CITB Wales will manage, working closely with the EST construction sector team.

Careers in construction

Close working with the WG (especially the Department for Education and Skills) has led to setting up the Wales Construction Careers and Skills Provision Advisory Group. This follows developments as a result of recent qualifications and provision reviews, and the potential for extra pathways since the publication of the Specification of Apprenticeship Standards for Wales (SASW), and Learning Pathways (LPs).

The group will work closely with CITB teams to gain employer views about which Apprenticeship frameworks are needed in Wales, and on the need for new qualifications to be submitted to the WG for funding (as part of the process of rationalising and identifying industry-relevant qualifications). It will

help give timely industry feedback on the value and relevance of projects like the Learning Area Plans for Construction, and links to Careers Wales strategies to ensure a cohesive and consistent message for those considering construction as a career.

On the request of WG the Wales Construction Careers and Skills Provision Advisory Group (WCCSPAG) will be the Sector Qualifications Advisory Panel for Construction and the Built Environment in the pilot phase. This is another outcome of devolving the systems for developing skills, Apprenticeships, careers, qualifications and education, and recognises the work of the Wales Qualifications Group, which monitors and develops the Construction Qualifications Strategy (CQS).

The Wales Traditional and Sustainability Building Skills Advisory Group (WTSBSAG) has appointed an executive officer to implement actions agreed with the NST Project Review Board. The group's action plan seeks to be relevant to the current and future needs of the traditional and sustainability agendas.

Evidence of ongoing engagement and intervention with employers across Wales can be seen by the increase in training and the strengthening of Training Groups, all of which have moved from being serviced and are now independent, including a new group launched in Powys. As these groups expand their activity and begin to grow by themselves, we expect significant expansion of company training over the next year in Wales.

CITB's Welsh Language Scheme has continued to be implemented while we await the results of consultation on soon-to-be enforced measures that give more powers to the Welsh Language Commissioner. We have supported Welsh language action across CITB, including adding Welsh language information and guidance to internal and external policies, carrying out extensive work on the Welsh CSkills2 and bConstructive websites, translating items as part of a wider project on bilingualism and the learner journey, and including the Welsh language in the Be Fair Framework accreditation process, including producing a 'mini Welsh language policy' for in-scope companies.

In October, we welcomed the Board to Cardiff, which provided a chance to showcase CITB's achievements in Wales and present the sector's ideas for a highly skilled and industry-responsive workforce. The Board was joined by Deputy Minister for Skills and Technology Ken Skates AM, who outlined his vision on the future direction of skills and employment in Wales, which included working with us to ensure that the sector can compete as a result of a resilient skills system.

CITB yng Nghymru

Yr amgylchedd sgiliau a hyfforddiant

Roedden ni'n gwybod yr oedd 2013 yn mynd i fod yn flwyddyn galed ac er mwyn sicrhau yr uchafwyd cyfleoedd i helpu diwydiant, eiriolion ni fuddion cydweithio trwy gytuno Memoranda Cyd-ddealltwriaeth (MoUau) â rhanddeiliaid fel y Sefydliad Siartredig Adeiladu (CIOB). Bydd hyn yn annog gwaith cydgysylltiedig rhwng Llywodraeth Cymru (LIC), ei phartneriaid a chyflogwyr ac yn ein helpu i ddarparu datrysiad sgiliau cyflawn ar gyfer sector adeiladu Cymru. Byddwn yn ehangu hyn yn 2014 a gobeithiwn weld ystod hyd yn oed yn ehangach o bartneriaid yn cysylltu â ni.

Yn yr ysbryd hwn, lansiodd Jane Hutt AC (Y Gweinidog Cyllid) *Construction4Growth* yng Nghymru, ymgyrch sy'n ceisio cyfalafu ar adnoddau ac egnion unigryw Cymru, sy'n darparu glasbrint ar gyfer cydlafurio i ddarparu'r buddsoddiad a hyfforddiant sydd eu hangen ar gyfer cenedl ffyniannus, ddynamig a chynaliadwy.

Er mwyn sicrhau buddion ar gyfer adeiladu o fuddsoddiadau mewn swyddi, sgiliau a hyfforddiant, mae'n rhaid cael llifoedd effeithiol o wybodaeth rhwng y diwydiant, ei rhanddeiliaid a CITB, yn sicrhau bod anghenion a phryderon cyfredol a datblygol cyflogwyr yn cael eu deall. Mae hefyd angen dull strategol tuag at fynd i'r afael â materion sy'n wynebu'r sector yn y rhanbarthau.

Er mwyn cynnal mewnwleidiad strategol a dolen adborthi weithredol, adolygon ni berfformiad a pherthnasedd cynhyrchion a gwasanaethau craidd. Bydd hyn yn ein helpu i gyflunio'r sgiliau ac ymatebion busnes sy'n mynd i'r afael ag anghenion maes adeiladu Cymru orau yn genedlaethol ac yn rhanbarthol, gan gymryd i ystyriaeth pryderon crefft a phroffesiynol. Mae hefyd yn galluogi i CITB Cymru fod yn llais cydlynol ar gyfer y sector ymhlith y rheiny sy'n gyfrifol am ddatblygiadau polisi sy'n effeithio ar ein diwydiant.

Ymgysylltiad â Chyflogwyr

Fel canlyniad, yn 2013, adolygon ni ein fforymau rhanbarthol a Grŵp Sgiliau Adeiladu Cymru (WCSG) i sicrhau yr oedd y safonau cywir o drefn lywodraethol ac adrodd yn eu lle. Gwnaethpwyd newidiadau i sicrhau yr oedd y cyrff hyn yn adlewyrchu'r sector yn effeithiol, a sefydlwyd cysylltiadau agosach rhwng adolygiadau strategol a gweithredol ar lefel Fforwm a WCSG.

Ymgymerwyd â hwn yn erbyn cefnlen Adolygiad Tair Blynedd CITB. Byddwn yn parhau i fonitro strwythurau llywodraethu ac adrodd yn 2014 i sicrhau eu bod yn darparu sgiliau a chymorth

busnes cryf a'u bod yn adlewyrchu datblygiadau ehangach y DU. Yn 2013, yn ogystal ag adolygu perfformiad a sgiliau a mentrau cymorth busnes, gwnaeth y fforymau ffocysu ar baratoi'r sector yn nhair rhanbarth Cymru i ymateb i weithred caffael gyhoeddus a phreifat.

Maes allweddol o ddi-ddordeb yng Ngogledd Cymru yw Adeiladu Niwclear Newydd (NNB) yn Wylfa Newydd – a phrif brojectau ynni eraill a gydlynir trwy Ynys Ynni. Mae gan Fforwm Gogledd Cymru'r cylch gwaith (yn seiliedig ar MoU rhwng CITB Cymru, Ynys Ynni ac asiantaethau cymorth sgiliau eraill) i gydlynu ymatebion, yn enwedig i NNB. Mae Cyfarwyddwr Gweithredol Ynys Ynni yn aelod o'r Fforwm a rhoddodd ddiweddariadau rheolaidd ar y project trwy gydol y flwyddyn.

Ail fuddsoddiad allweddol yw'r Rhaglen Ysgolion ar gyfer yr 21ain Ganrif, dull arloesol, cydgysylltiedig tuag at gaffael ar draws nifer o awdurdodau lleol Gogledd Cymru. Roedd y Fforwm yn lle ardderchog i aelodau gyfleu safbwynt diwydiant ar y cyd-ddull a phroses gaffael.

Mae cynnydd yn parhau i gael ei wneud ar y broses o ddatblygu rôl 'Grwpiau Hyfforddi' lleol a dull rhannu prentisiaeth. Rydym wedi ymlid perthnasau newydd uchelgeisiol a dynamig â Choleg Menai, yn helpu'r Coleg Adeiladu Cenedlaethol (NCC) i gyrraedd cytundeb ar sut i ddarparu hyfforddiant peiriannau trwm a darpariaeth ddiogelwch safle gysylltiedig (rhoddir y peiriannau trwm gan Hitachi) yn hwyluso profiad hyfforddi gwell yn barod ar gyfer anghenion peirianneg sifil NNB ac i uchafu Potensial Wylfa Newydd ar gyfer datblygiad economaidd.

I gefnogi hwn, sefydlom Fwrdd Project NNB Cymru i reoli ein cyfraniad i'r perthnasau hyn ac i lywio gwaith ar sgiliau datblygol a chymorth busnes ar gyfer cyflogwyr. Bydd y corff hwn yn helpu CITB fel cyfanwaith i ddysgu gan brofiad Cymru, trwy bartneriaeth fewnol gref â Thîm Prif Brojectau CITB; yn rhannu cudd-wybodaeth a enillir trwy weithio ag Ynys Ynni a'r datblygiad Wylfa Newydd, yn dylanwadu ar ddarpariaeth NNB dyfodol y DU ac ymgysylltiad ehangach mewn prif brojectau.

Sefydlodd De-orllewin Cymru Gynllun Rhannu Prentisiaeth Cymru gyfan ar draws pedwar Awdurdod Lleol, a ddaeth i fod y Cynllun mwyaf ym Mhrydain Fawr ym mis Medi 2013 â 68 o leoliadau dechrau. Nid yw hwn yn dangos optimistiaeth newydd yn y sector yn unig ond mae'n tystio i ddatganoliad parhaus polisiâu gan Lywodraeth Cymru a'i hymdrechion i leoli Budd i'r Gymuned yng nghanol y llwyfan, â chefnogaeth gan einartneriaid Addysg Bellach.

Yn 2013, gwelodd De-ddwyrain Cymru fudd gwaith datblygu strategaeth ar gyfer mewnbllannu'r Academi Sgiliau Genedlaethol ar gyfer Adeiladu (NSAFC) yng Nghymru. Y project cyntaf o'r fath yw uwchraddio 7.8km o Ffordd Blaenau'r Cymoedd ym Mlaenau Gwent, a reolir gan Carillion ac a berfformiodd yn dda yn ei flwyddyn gyntaf fel Academi. Mae rhoi statws NSAFC i'r project seilwaith allweddol hwn yn cefnogi adfywiad Blaenau'r Cymoedd trwy gyflogaeth uniongyrchol, a wellir gan addysg a hyfforddiant strwythuredig, yn ogystal â chyflogaeth eilaidd a chyfluoedd datblygu trwy is-contractio i fusnesau lleol.

Yr ail yw Fframwaith Ysgolion a Phrojectau Cyfalaf De-ddwyrain Cymru (SEWSCAP), cydweithrediad rhwng Llywodraeth Cymru, Cymdeithas Llywodraeth Leol Cymru (CLILC) ac awdurdodau lleol. Hwn yw rhaglen buddsoddi cyfalaf strategol i gaffael adeiladu newydd neu waith adnewyddu ysgolion a chyfleusterau Addysg Bellach ac Addysg Uwch fel eu bod yn addas ar gyfer dysgu yn yr 21ain ganrif. Arweinir gan Willmott Dixon ac mae wedi annog dulliau gweithio agosach rhwng cleientiaid a chontractwyr.

Datblygu Polisi

Mae defnyddio ein tri fforwm rhanbarthol, y grwpiau Gwasanaethau Proffesiynol a Chynghori Cymru ar Sgiliau Adeiladu Traddodiadol a Chynaliadwy a'n WCSG yn sicrhau bod CITB Cymru'n cydnabod gwahaniaethau rhanbarthol a'i fod yn gallu siarad ar ran yr ystod o gwmnïau sydd yn y sector. Mewnbynnodd y grwpiau hyn i 15 o ymgynghoriadau LIC/Parti ac Ymchwiliadau Cynulliad a dylanwadon nhw ar sut y datblygwyd y fenter Dyfodol Adeiladu Cymru.

Mae'r rhaglen hon yn anelu at roi cymorth ymarferol i gwmnïau i wella perfformiad trwy gadwyn gyflenwi a arweinir gan gleientiaid. Mae'n cysylltu â blaenoriaethau a nodwyd gan Weinidog yr Economi, Gwyddoniaeth a Thrafnidiaeth, Edwina Hart, a phanel cynghori'r sector preifat a'r heriau yn ein Cynllun Strategol. Mae'n flaenoriaeth i Adran yr Economi, Gwyddoniaeth a Thrafnidiaeth (EST). Mae'r bartneriaeth hon â LIC yn unigryw a gwelir fel allwedd i lwyddiant a thwf dyfodol y diwydiant yng Nghymru. Mae'n ceisio uchafu buddion tra'n arddangos rhinweddau gweithio ar y cyd. Mae'r Gweinidog a Phanel Sector Adeiladu LIC yn ei chefnogi. Mae LIC yn caffael contract tair blynedd a bydd CITB Cymru yn ei reoli gan weithio'n agos â thîm Sector Adeiladu Adran yr Economi, Gwyddoniaeth a Thrafnidiaeth.

Gyrfaoedd mewn Adeiladu

Arweiniodd waith agos â LIC (yn enwedig yr Adran Addysg a Sgiliau) at sefydliad Grŵp Cynghori Cymru ar Yrfaoedd Adeiladu a Darpariaeth Sgiliau (WCCSPAG). Mae hwn yn dilyn datblygiadau sydd yn ganlyniad i adolygiadau cymwysterau a darpariaeth diweddar a'r potensial ar gyfer llwybrau ychwanegol ers i Fframweithiau Pennu Safonau Prentisiaethau i Gymru (SASW) a Llwybrau Dysgu (LPau) gael eu cyhoeddi.

Bydd y grŵp yn gweithio'n agos â thimau CITB i ddarganfod barnau cyflogwyr ar ba fframweithiau prentisiaeth sydd eu hangen yng Nghymru, ac ar yr angen i gymwysterau newydd gael eu cyflwyno i Lywodraeth Cymru i gael cyllid (fel rhan o'r broses o ad-drefnu ac adnabod cymwysterau sy'n berthnasol i'r diwydiant). Bydd yn helpu i roi adborth amserol gan y diwydiant ar werth a pherthnasedd projectau fel Cynlluniau Maes Dysgu ar gyfer Adeiladu a chysylltiadau â strategaethau Gyrfa Cymru i sicrhau neges gydlynol a chyson i'r rheiny sy'n ystyried y diwydiant fel gyrfa.

Ar gais LIC bydd y WCCSPAG yn Banel Cynghori ar Gymwysterau Sector ar gyfer Adeiladu a'r Amgylchedd Adeiledig yn y cyfnod peilot. Hwn yw canlyniad arall o ddatganoli'r systemau ar gyfer sgiliau, prentisiaethau, gyrfaoedd, cymwysterau ac addysg ac mae'n cydnabod gwaith Grŵp Cymwysterau Cymru sy'n monitro a datblygu'r Strategaeth Cymwysterau Adeiladu (CQS).

Apwyntiwyd Swyddog Gweithredol gan Grŵp Cynghori Cymru ar Sgiliau Adeiladu Traddodiadol a Chynaliadwy (WTSBSAG) i fynd i'r afael â gweithredoedd y cytunwyd arnynt â Bwrdd Adolygu Project y Tîm Arbenigol Cenedlaethol (NST). Mae cynllun gweithredu'r grŵp yn ceisio bod yn berthnasol i anghenion cyfredol a dyfodol yr agendâu traddodiadol a chynaliadwyedd.

Gellir gweld tystiolaeth o ymgysylltiad ac ymyrraeth parhaus â chyflogwyr ar draws Cymru yn y cynnydd mewn hyfforddiant a thrwy atgyfnerthiad y Grwpiau Hyfforddi, y mae pob un ohonynt nawr wedi symud o fod â gwasanaeth i fod yn annibynnol, gan gynnwys grŵp newydd a lanswyd ym Mhowys. Wrth i'r grwpiau hyn ehangu eu gweithgareddau a dechrau tyfu ar eu pennau eu hunain, rydym yn disgwyl ehangiad arwyddocaol mewn hyfforddiant cwmni dros y flwyddyn nesaf yng Nghymru.

Mae Cynllun Iaith Gymraeg CITB wedi parhau i gael ei weithredu wrth i ni aros am ganlyniadau ymgynghoriad ar fesurau a fydd yn cael eu gorfodi'n fuan a fydd yn rhoi mwy o bwerau i Gomisiynydd

y Gymraeg. Rydym wedi cefnogi gweithred iaith Gymraeg ar draws CITB, gan gynnwys ychwanegu gwybodaeth ac arweiniad iaith Gymraeg at bolisiau mewnol ac allanol, gwaith helaeth ar wefannau Cymraeg CSkills2 a bConstructive, cyfieithu eitemau fel rhan o broject ehangach ar ddwyieithrwydd a thaith y dysgwr a thrwy gynnwys yr iaith Gymraeg ym mhroses achredu'r Fframwaith Bydd yn Deg, sydd wedi cynnwys cynhyrchu 'mini-Polisi iaith Gymraeg' ar gyfer cwmnïau sydd o fewn cwmpas.

Yn Hydref, croesawon ni'r Bwrdd i Gaerdydd a ddarparodd gyfle i arddangos cyflawniadau CITB yng Nghymru a chyflwyno syniadau'r sector ar gyfer gweithlu hyfedr ac sy'n ymatebol i'r diwydiant. Ymunodd Y Dirprwy Weinidog Sgiliau a Thechnoleg, Ken Skates AC, â'r Bwrdd a amlinellodd ei weledigaeth ar gyfeiriad dyfodol sgiliau a chyflogaeth yng Nghymru, gan gynnwys gweithio â ni i sicrhau y gall y sector gystadlu fel canlyniad o system sgiliau gref.

CITB Trustees

The names of those serving as charitable Trustees of CITB on 23 April 2014 are shown below, together with the names of those who stepped down during 2013.

As specified in Schedule 1 of the Industrial Training Act 1982, Trustees are appointed by the Secretary of State for Business, Innovation, and Skills, normally for five years, following a public appointment process governed by the Office for the Commissioner of Public Appointments (OCPA). This includes advertising vacancies on the Government's Public Appointments website (publicappointments.cabinetoffice.gov.uk).

Nominations of candidates from the industry's employers are sought from the principal trade associations, while those for employees are made by the trades unions. Candidates from the education sector are appointed after consultation with the Ministers concerned with education in England, Scotland and Wales.

Current and former Trustees (2013/14)

James Wates,
CBE, FCIQB, FRSA – Chairman

Judith Ann Lowe,
BA, FCIL, FRSA, FIOD – Deputy Chairman

Harry Adam

John Allott

Ian Billyard

Darin Burrows

Professor EUR ING, Barry Clarke,
FICE, FGS, PhD, BSc

Bob Collins

John Dickson

Derek Field, FCIQB (resigned 20 August 2013)

Jim Gilmour

Geoff Holt, FloR, MInstD

Trustees are introduced to CITB's work through an induction meeting with the senior management team, and receive ongoing support from the Corporate Governance Unit. As all members are required to have industrial or commercial experience, further training (whether formal or informal) is provided to support specific duties, such as participation in the Audit and Risk Committee.

Trustees are responsible for developing and agreeing CITB's policies, business and financial plans, delegating operational decision-making to the Executive Team. In addition to serving on the Board, most will also take part in policy-making as members of the Board's sub-committees, as shown in Appendix A (pages 72 and 73). These non-executive bodies are supported by other volunteers from the industry.

Declarations of interests by Trustees are listed in Appendix B on pages 74 and 75. Where no entry appears, the Trustee concerned has declared that he or she has no conflicting interests.

Chris Jones, BSc (Hons), MBA, CEng, MICE

Billy Kirkwood

John Lorimer, BSc Civil Engineering, CEng, MICE

Stephen Murphy

Tim Peach

Martyn Price, FIOC (granted leave of absence from 1 December 2013)

Harold Rackham

Ray Wilson

Graham Wren, BSc, CEng, MICE (granted leave of absence from 1 July 2012)

Financial Report

Accounting and Reporting Compliance: Statement of Recommended Practice (SORP 2005)

The accounts comply with the Accounting and Reporting by Charities: Statement of Recommendation Practice (SORP 2005) and all applicable accounting standards, and are prepared in accordance with the disclosure requirements of the Government financial reporting manual.

Accounts direction

The accounts have been prepared in a form directed by the Secretary of State for Business, Innovation and Skills with the approval of HM Treasury in accordance with Section 8(1) of the Industrial Training Act 1982.

Result for the year

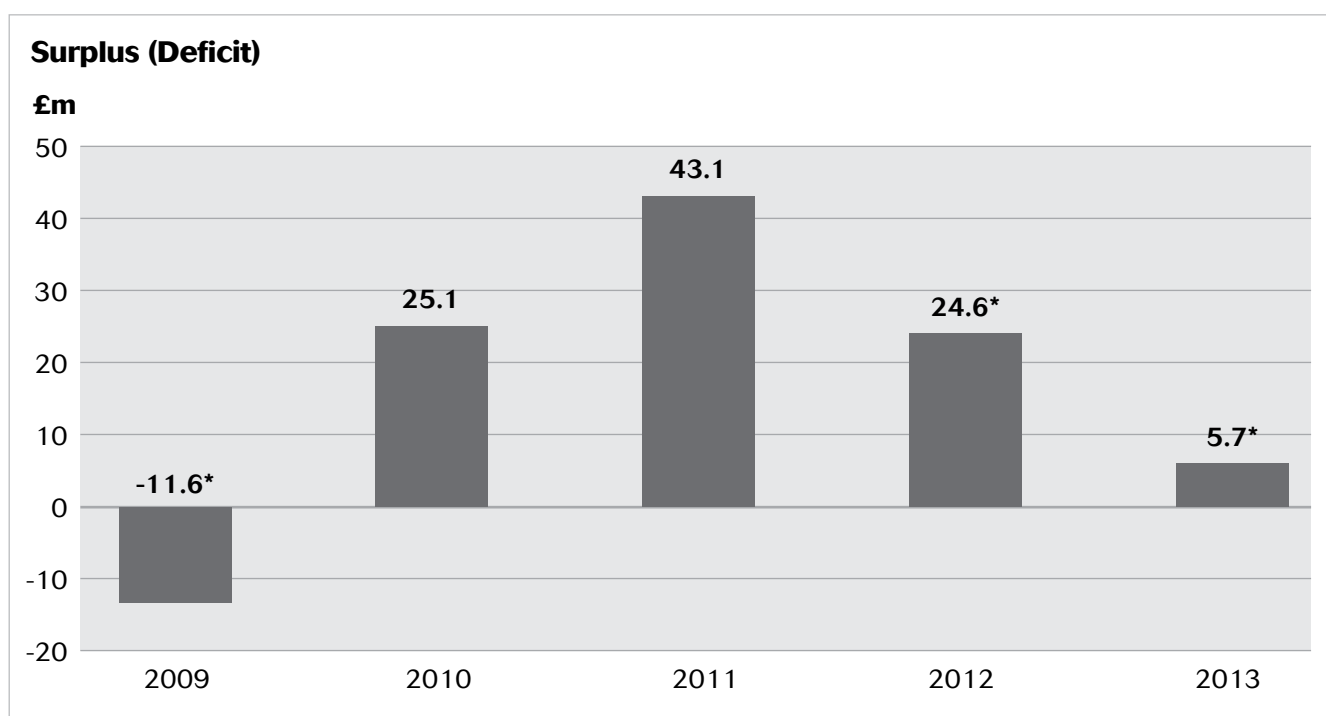
CITB returned a £5.7m surplus for the year to 31 December 2013 (2012 £24.6m) compared with a planned £13.2m deficit.

Levy income for the year, at £169.7m, was £26.0m above last year. This included the release of provisions in respect of last year's assessment of £11.9m. The balance resulted mainly from wage growth and an increase in the use of labour-only sub-contractors by employers in the sector.

Non-levy income rose by £2.4m (2.4%) to £101.8m, reflecting a wider economic upturn and an increase in services provided.

Grant expenditure was £26.4m greater than the Board Plan and £39.7m up on 2012, largely due to higher levels of training and the decision during the year to pay an Exceptional Training Grant, at a cost of £19.2m in 2013, to reward and incentivise employers undertaking training.

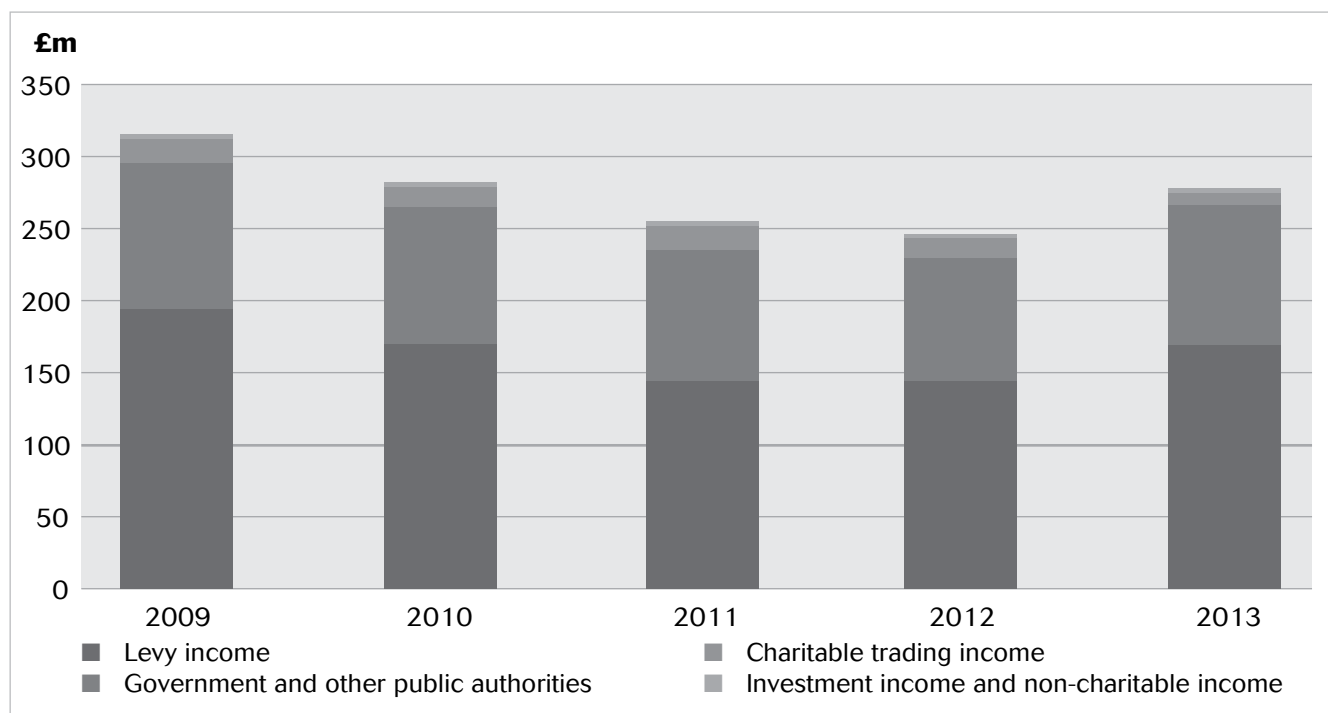
Expenditure on charitable activity expenditure (excluding grants) rose by £9.0m (6.5%) overall from 2012. This reflected increased activity in line with income and included higher expenditure on college fees in 2013 due to a greater volume of learners.



*There was an impairment of fixed assets of £5.7m in 2012 and £1.6m in 2013.

Results for 2009 also include an exceptional write-off of £1.3m.

Income



Levy

Levy income in 2013 was £169.7m (2012 £143.8m) made up of £157.9m (2012 £135.8m) for the current year's assessment plus an adjustment of £11.9m (2012 £8.0m) for reassessing prior year charges.

Levy rates were unchanged, at 0.5% on direct labour payments (PAYE) and 1.5% on labour-only sub-contract payments (LOSC). Also unchanged was the small business exemption level of £80,000 and the small business Levy reduction of 50% for employers with total PAYE and LOSC payment falling between £80,000 and £99,999.

The growth in Levy income in 2013 is mainly due to combined employment and wage growth of 7.6% and a shift of 5.6% from lower rated direct employment to higher rated indirect employment.

In addition, the estimation technique for the provision for reassessments and bad debts has been updated. The change has resulted in an increase of £4.9m in the current year's assessment plus an increase of £1.5m for the reassessment of prior year charges.

The prior year's reassessment adjustment (£11.9m extra Levy income) was primarily due to a release of the reassessment provision set up last year. This was to allow for a forecast fall in Levy due to the delay in raising the assessments in 2012 and the impact of the change in the definition of a labour-only sub-contract agreement, which have not materialised.

Government and other public authorities

CITB receives no grant-in-aid. Funding itemised here is in respect of specific projects undertaken.

Overall, funding from Government and other public authorities fell from £8.9m to £6.3m (see Note 2 to the Financial Statements on page 52).

Work-based learning non-Apprenticeship funding fell by £4.4m due to a change in Government priorities. This was offset by increased funding of £1m resulting from the number of learners completing solid wall insulation training and an increase of £0.4m resulting from the Employer Ownership of Skills contract.

Income from central Government and the Scottish and Welsh governments fell from £7.1m to £5.6m. Income from the UK Commission for Employment and Skills (UKCES) fell from £1.8m to £0.6m.

Additional funding from Government bodies in respect of Apprenticeship training is recognised within the recruitment challenge as described below.

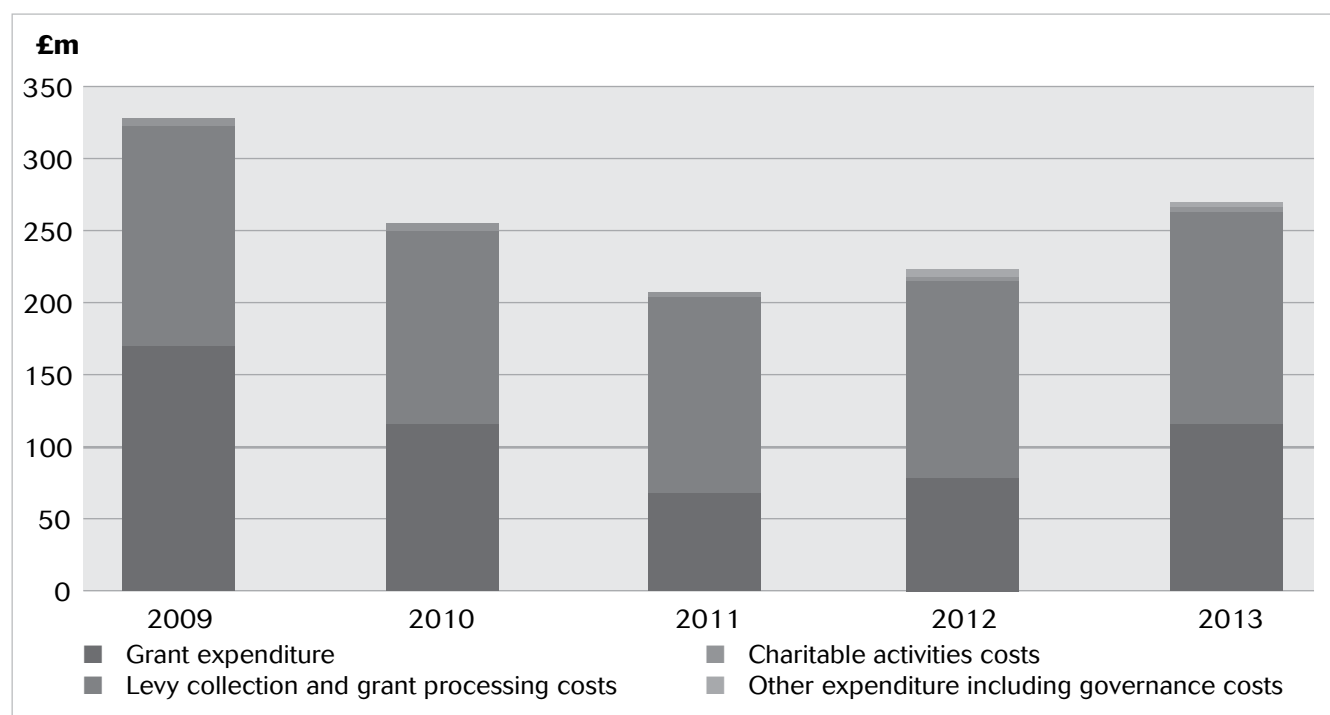
Investment income

Investment income (£2.0m) fell by 12% from 2012 because of investment performance and market conditions. There was an unrealised loss on the value of those investments at 31 December 2013 of £0.6m. Average net investment returns for the year fell to 1.0% (2012 1.3%).

Other income

Other non-Levy income totalled £95.5m, up from £90.5m in 2012, for reasons outlined on pages 28 and 29 ('Industry skills challenges').

Expenditure



Grants

Grant expenditure rose from £78.2m to £117.8m in 2013, helping to support 17,073 apprentices (including 5,815 framework achievements), 2,425 Training and Development Plans, 20,501 Vocational Qualifications (VQ) achievements and 21,051 plant tests.

Training activity within the industry increased in 2013 when compared with 2012, but continued at relatively low levels when compared with the pre-recession position, due to reduced employment numbers and cuts in training budgets. The significant uplift in grant expenditure resulted from the increased activity, the full year impact of the rise in grant rates from August 2012 (most notably the three year apprenticeship package increasing from £9,000 to £10,250, the VQ achievement grant up from £275 to £400 and the Training Plan/Short Duration day rate up from £22.50 to £50) and the introduction of an Exceptional Training Grant.

The Board announced the Exceptional Training Grant in July 2013, allocating £15m to reward employers who undertook training under the between 1 August 2012 and 31 July 2013 and £15m was allocated to incentivise employers to train under the 2013/14 Grants Scheme (1 August 2013 to 31 July 2014).

A first payment totalling £12.9m was made to eligible employers in December 2013, representing 14% of the value of 2012/13 employers' grant claims or a minimum payment of £250 per employer. The total charge for the year amounted to £19.2m, including provisions for 2012/13 Training Plans (some of which run through to July 2014) and to cover 2013/14 Grants Scheme training undertaken in the 2013 financial year.

The £50 attendance day rate was retained for the 2013/14 Grants Scheme, and Training Groups were awarded £25,000 per group to organise free or discounted training to their members in 2013, at a cost of £2.0m.

The total number of employers in receipt of grant in 2013 was 15,330 (2012 14,267).

Governance costs

Governance costs represent the costs of the governance infrastructure (as defined in the SORP 2005) and include the costs of the Board and committees, corporate assurance, external audit, business planning and related support costs. Total expenditure for 2013 was £1.3m (2012 £1.0m).

Industry skills challenges

The Sector Skills Agreement (SSA) is vital to delivering our commitments as a Sector Skills Council (SSC). It is structured to ensure that the activities we undertake, and those that we look to other stakeholders to deliver, address the sector's most immediate skills priorities and training needs. As a result, the Statement of Financial Activities (see page 45) reports income and expenditure against six industry skills challenges:

- Productivity
- Low carbon
- Leadership
- Recruitment
- Employer engagement
- Education and training.

Resources associated with these activities are allocated against the six challenges, showing the amount of incoming and expended resources between the six.

The Productivity challenge

Priority activities are centred on supporting employer and industry competitiveness by:

- Qualifying the workforce and raising skills levels
- Improving health, safety, welfare and competence
- Understanding and addressing employers' business skills needs.

Income and expenditure in this area arises from industry initiatives for qualifying the workforce through health and safety testing and training, Experienced Worker Assessment, certification schemes and NVQ/SVQ registrations.

Income increased by £1.4m to £43.2m, partly as a result of an upturn in health and safety tests completed as well as an increase in the volume of Construction Skills Certification Scheme cards and NVQ registrations. Expenditure increased by £1.2m to £49.5m resulting from the increased volumes noted.

The Low Carbon challenge

Priority activities are centred on supporting industry's future skills needs by:

- Managing the Cut the Carbon campaign
- Mapping skills and qualifications
- Delivering solutions and accrediting training
- Working in partnership on low carbon issues, to maximise influence over policy and funding for future skills.

Expenditure covers a number of work streams, including development for emerging skills needs, publications, research and marketing activities to raise awareness of the low carbon challenges facing the industry.

In 2013 the level of spend on this challenge decreased by £4.4m to £4.2m. This decrease was in part as a result of the change of projects supported through Growth Fund initiatives to leadership-focused projects.

The Leadership challenge

Priority activities aimed at providing industry leadership on skills and leadership training for employers are centred on:

- Working with employers and their representative bodies, professional bodies, trades unions, delivery partners, clients, other SSCs and related bodies to develop an integrated approach
- Leveraging our research to influence Government policy on the industry's behalf
- Understanding and addressing employers' management and leadership skills needs.

Income and expenditure arise from a number of areas, including public funding for standards and qualifications development, research projects, the production and sale of publications and the development and delivery of training courses in management and leadership.

Income, arising mainly from training delivery, was unchanged at £0.5m. However, expenditure rose by £4.1m to £9.7m. This increase was mainly as a result of a greater number of leadership-focused projects being supported through Growth Fund initiatives, as well as an increase in other expenditure.

£4.3m of development funds provided support for 90 projects in 2013.

Of these 90 projects, 25% were management and leadership focused and 75% were innovation and sustainability focused.

The Recruitment challenge

Priority activities aimed at keeping the pipeline of talent flowing are centred on:

- Supporting new entrants
- Providing information, advice and guidance on qualifications and careers to potential recruits and their influencers
- Actively promoting fairness, inclusion and respect.

Income is derived from Apprenticeship funding in England, Skills Development Scotland and the Welsh Government, as well as funding for specialists from the Skills Funding Agency (SFA), covering programmes such as Inspire Scholarships, Women into Work and the development of 14–19 year olds. Expenditure includes college fees, trainee allowances and related operating costs.

The income of £50.5m was £3.3m higher than in 2012. This was as due to increased funding from the SFA as a result of a greater volume of apprentice learners.

2013 saw an increase in the level of expenditure of £2.1m to £61.8m. This increase was mainly due to the upturn in apprentice learners. 2013 also saw an increase in expenditure for TUCA.

The Employer Engagement challenge

Priority activities are focused on recognising and responding to skills needs by:

- Promoting the benefits of investing in training and development
- Diagnosing skills needs and providing solutions
- Extending our reach through employer groups.

Major costs in this area are in respect of the Advisory and National Specialist support teams. Costs are partly supported by SSC funding to undertake research work supporting labour market intelligence. Other expenditure includes directly supporting the Constructionarium and regional activity, as well as implementing stakeholder strategy through engagement with industry and other key organisations at local and national level.

Income has increased by £0.2m to £0.6m, partly as a result of an increased focus on employer-led major projects such as the Thames Tideway Tunnel, High Speed 2 (HS2) and the new nuclear builds.

Expenditure has increased by £5.5m to £12.9m in 2013. This increase is due to the focus on employer-led major projects, an increase in the volume of apprentice learners in this area and expenditure on project co-ordinators (£0.4m) for the Employer Ownership of Skills contract.

The Education and Training challenge

Priority activities are focused on working with providers to deliver 'right skills, right place, right time' through:

- Understanding skills provision to influence funding
- Working with providers across the learning lifecycle to ensure the industry's current and future skills needs are met
- Developing accreditation schemes to assure education and training provision.

Income in this area mainly arises from bespoke health and safety training at NCC. However, expenditure is a combination of training delivery costs and development activity, covering new training courses and training plans.

Income has remained broadly unchanged at £0.6m, as has expenditure at £3.5m.

Balance sheet

The balance sheet shows net assets of £131.2m at 31 December 2013 (£125.4m at 31 December 2012). The rise from 2012 reflects the surplus for the year of £5.7m (see Note 17 to the Financial Statements on page 62). Working capital (net current assets) increased by £4.2m to £115.1m (see below).

Fixed assets

The net book value of fixed assets increased by £1.4m to £16.3m, reflecting additions of £4.4m less depreciation charges of £1.3m, and revaluation charge of £1.6m, which has been treated as an impairment.

All freehold properties were revalued at 31 December 2013 (see Note 10 to the Financial Statements on pages 56 and 57).

Of the expenditure on fixed assets, £1.8m was spent on further development of student accommodation at the NCC site at Bircham Newton. However, the existing use valuation of freehold property at 31 December 2013 resulted in the valuation of properties below historical cost, giving to a revaluation charge of £1.6m.

IT expenditure totalled £2.4m, including £1.9m on projects in development at the end of the 2013. This expenditure included two major projects. The first, an ecommerce project, was the enabling stage towards an online shop with a single payment gateway for all our products and the second was a card automation project to enable the business to deliver noticeable improvements in the service given to customers in terms of speed and accuracy in card application processing.

Debtors

Total debtors at 31 December 2013 were £50.7m (2012 £44.1m).

Net Levy debtors rose from £25.8m to £27.7m. Although the Levy Assessments were raised one month earlier in 2013 (March) compared with 2012 (April), resulting in only one of the ten instalment payments being outstanding at 31 December 2013 rather than two, the change to the estimation technique for calculating reassessment and bad debt provisions has positively impacted on the value of levies estimated to be recoverable.

Outstanding Levy debts cannot be written off unless they are due from employers who have become insolvent, ceased to trade, dissolved or are untraceable. The bad debt provision of £14.1m at 31 December 2013 includes provisions of £10.1m against Levy debts of £13.2m relating to

assessments raised in 2011 and before, the majority of which are unlikely to be recovered.

Debtor balances with intra-Government bodies rose by £6.9m to £15.4m. This is mainly due to an increase in the English Apprenticeships funding debtor. This balance has increased due to both internal delays in processing learner data and ongoing troubles with SFA software, resulting in delays in payment compared with the corresponding period in the previous year.

Other trade debtors decreased by £2.8m to £4.4m in 2013, reducing the risk of realising bad debt.

Creditors

Creditors increased by £10.0m to £60.0m at 31 December 2013.

Training grant accruals rose by £9.1m to £32.3m. The increase was mainly due to an increase in training activity, the effect of the increase in the Training and Development Plan grant day rate from August 2012 and a provision of £6.3m for the payment of Exceptional Training Grants in 2014 relating to training carried out in 2013.

Amounts owing to intra-Government bodies have decreased by £1.5 to £2.2m. This decrease is a consequence of delivery of contracts for which funding was received in 2012, including delivery of Green Deal initiatives.

Reserves

Net current assets, which are taken as a measure of CITB's reserves, increased from £111.0m at 31 December 2012 to £115.1m at 31 December 2013 as a result of the surplus for the year of £5.7m, less an increase of £1.4m in the level of fixed assets held and less a decrease in the leasehold property dilapidation provision of £0.1m.

Net current assets at £115.1m were above the year-end target level of £45.3m, as agreed with Government. The target range for reserves is calculated using a risk-based formula (see the section 'Reserves' within Note 1 to the Financial Statements on page 51).

During periods of recovery CITB experiences increased grant claims as the construction industry strengthens. Levy income lags behind this upturn but the current high level of reserves will enable CITB to respond to the anticipated higher demand for grant.

Other information

CITB's statutory basis

Details of CITB's statutory basis can be found in Appendix D on page 77.

Employer registrations

The number of employers on the Levy and Grant register decreased by 705 to 72,462 at 31 December 2013 – see Statistical information table 3 on page 69. During the year, 7,229 employers were added to the register compared with 7,934 deletions resulting from firms going out of business or out-of-scope to CITB.

Grant policy

CITB publishes a Grants Scheme annually and registered employers are entitled to claim training grants in line with its conditions.

Risk management

The major risks to which CITB is exposed, as identified by management, have been reviewed and systems have been established to mitigate those risks (see the Governance Statement on pages 37 to 42).

Material cash support payments

The names of the recipients and the aggregate amounts of material grant and support payments are disclosed in Note 6 to the Financial Statements on page 53.

Events since the end of the year

No events have occurred since the end of the year that affect the reader's understanding of the Financial Statements.

Charitable donations

No charitable donations were made during the year.

Pension Scheme

CITB is a participating employer in the ITB Pension Funds, details of which are disclosed in Note 20 on page 63.

Auditor

The Comptroller and Auditor General (C&AG) is appointed under statute as CITB's auditor. The statutory audit fee for 2013 amounted to £73,000 (2012: £65,000).

Disclosure of information to the Auditors

The Chief Executive has taken all the steps that he ought to have taken to make himself aware of any relevant audit information and to establish that CITB's auditors are aware of that information. So far as the Chief Executive is aware, there is no relevant audit information of which CITB's auditors are unaware.

Payment policy and performance

CITB's payment policy is to pay all undisputed invoices within 30 days (or the agreed contractual terms if otherwise specified). The aim is to pay 100% of undisputed invoices, and disputed invoices once the dispute has been settled, on time within these terms. The payment performance for the whole of 2013 was 93% compared with 96% in 2012.

Investment policy and performance

CITB invests available funds within 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 current guidelines.

Funds invested directly by CITB generated a return of 0.76% for the year compared with a benchmark (COIF Charities Investment Fund) rate of 0.49%. Funds invested by funding managers Investec fell by £0.4m to £25.6m. Overall, a net return of 1.3% was achieved in the year.

Sustainability

CITB has an exemption from the requirement to provide a sustainability report as part of this Annual Report.

What the industry gets back

In 2013, CITB collected £164.4m in Levy after deducting the costs (£5.3m) of collecting Levy and processing grants and generated £101.8m in self-funded commercial activity, which enabled the organisation to return £210.9m in benefits (see table below).

Financial benefits statement £m	Total	Grants Scheme	Other grants to employers	Grants to industry bodies	Other support	Third party funding
Apprentices	105.5	50.7	7.9	–	35.3	11.6
Training courses	54.6	47.5	–	0.4	6.0	0.7
Graduates/undergraduates	4.9	4.1	0.3	0.2	–	0.3
National Skills Academies for Construction	1.5	–	–	1.5	–	–
VQ achievements (non-apprentice) and Qualifying the Workforce support	11.3	9.0	–	0.9	1.4	–
Plant	4.5	4.5	–	–	–	–
Advice	7.7	–	–	–	7.7	–
Consultancy and research, marketing campaigns and press coverage	7.7	–	–	0.9	6.3	0.5
Training Groups	4.5	2.0	–	2.5	–	–
Specialist support	3.2	–	0.9	–	–	2.3
Growth Fund	4.3	–	–	4.3	–	–
Joint Investment Strategies	1.2	–	–	0.6	–	0.6
Total benefits	210.9¹	117.8	9.1	11.3	56.7	16.0
Net Levy	164.4²					
Percentage return on Levy	128%					

Grants Scheme represents training grant payments (see Note 5 to the Financial Statements on page 52).

Other Grants to employers represent direct payments made on behalf of employers including £8m on the following – NCC apprentice support (£4.5m), apprentice travel and lodging allowances (£2.6m) and specialist courses (£0.9m).

Grants to industry bodies represent payments to groups of employers, such as Training Groups (£2.5m), and includes funding through the Growth Fund (£4.3m).

Other support includes £35.3mm paid in relation to apprentices. This represents college fees paid on behalf of employers (£31.7m) and other payments (£3.6m) as well as expenditure on industry-wide initiatives such as the cost of providing business advice and guidance to employers (£7.7m) and marketing, consultancy and research projects (£6.3m).

Third party funding represents leveraged funds and benefits for the industry which do not enter CITB Financial Statements, such as college fee discounts. The £16m generated this year is also referred to in the Corporate performance report on page 7.

Detailed in the Financial Statements (page 45) as:	£m
Levy income	169.7
Less: levy collection/grant processing costs	(5.3)
² Net levy	164.4
¹ Total benefits	210.9
Less: Third party funding	(16.0)
Add: Direct and other operating costs	64.5
Levy collection/grant processing costs	5.3
Total cost of charitable activities	264.7

Statement of the Board's 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 for Business, Innovation and Skills 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 account, the Board is required to comply with the relevant requirements of the Government financial reporting manual and in particular to:

- a) Observe the accounts direction issued by the Secretary of State for Business, Innovation and Skills, 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 Government financial reporting manual 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.

The Accounting Officer for the Department for Business, Innovation and Skills 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.

Annual Report approved by the Board on 23 April 2014 and signed on its behalf by:

James Wates

Chairman

23 April 2014

Adrian Belton

Chief Executive

23 April 2014

Remuneration Report

Membership

The Remuneration Committee is a sub-committee of the Board. Its purpose is to determine general policy on remuneration and individual remuneration packages for directors.

Its membership is made up of the Chairman, Deputy Chairman and three Board members (Tim Peach, Ray Wilson and Harry Adam served throughout the year).

The Communications and Change Director and Head of Human Resources provide information to the committee to inform its decisions.

Policy on the remuneration of directors

Salaries and benefits are benchmarked against external market comparators on a triennial basis to ensure appropriate remuneration packages are paid to attract and retain capable individuals.

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 0–6% of basic pay.

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

Policy on contracts, notice periods and termination payments

Directors are permanent employees of the organisation. Notice periods are six months. Termination payments, if applicable, are paid in accordance with standard CITB staff terms and conditions.

Non-cash remuneration

Other than the provision of company cars, no non-cash remuneration is made. The provision of company cars and free fuel – offset by a private use contribution – are part of the standard terms and conditions of employment for senior grades of staff. As an alternative, a cash option and business mileage allowance are paid.

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.

Board members' remuneration

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

Payments to the Chairman and Deputy Chairman are authorised under Schedule 1(4) of the Industrial Training Act 1982. No other Board members are remunerated. Note 22 (page 64) provides more information about this.

2013 Remuneration	Salary	Benefits in kind	Bonus	In lieu of notice	2013 Total
	£'000	£'000	£'000	£'000	£'000
Mark Farrar – <i>Chief Executive (resigned with effect from 31 May 2013)</i>	110 - 115	1.8	-	128.9	240 - 245
Mike Bialyj – <i>Employer Services Director</i>	100 - 105	11.2	-	-	110 - 115
Colin Evans – <i>Business Services Director</i>	110 - 115	1.8	-	-	115 - 120
Steve Geary – <i>Skills Strategy Director</i>	115 - 120	1.9	0 - 5	-	120 - 125
Erika Stoddart – <i>Corporate Services Director (resigned with effect from 14 June 2013)</i>	60 - 65	1.1	-	-	60 - 65
Nicola Thompson – <i>Communications and Change Director</i>	105 - 110	1.4	0 - 5	-	110 - 115
Andy Walder – <i>NCC Director</i>	105 - 110	1.8	0 - 5	-	110 - 115
Sarah Beale – <i>Corporate Services Director</i>	105 - 110	-	0 - 5	-	105 - 110
William Burton – <i>Interim Chief Executive (started with effect from 28 May 2013)</i>	170 - 175	-	-	-	170 - 175

The full time equivalent salary bandings of those staff that left and started during 2013 were:

Mark Farrar – £225,000 to £230,000

Erika Stoddart – £115,000 to £120,000

William Burton – £285,000 to £290,000

2012 Remuneration (comparative table)	Salary	Benefits in kind	2013 Total Bonus	2012 Total
	£'000	£'000	£'000	£'000
Mark Farrar – <i>Chief Executive</i>	220 - 225	1.8	5 - 10	230 - 235
Mike Bialyj – <i>Employer Services Director</i>	100 - 105	13.4	-	110 - 115
Colin Evans – <i>Business Services Director</i>	110 - 115	1.7	-	110 - 115
Steve Geary – <i>Skills Strategy Director</i>	110 - 115	1.7	-	115 - 120
Erika Stoddart – <i>Corporate Services Director (resigned with effect from 14 June 2013)</i>	115 - 120	0.9	-	120 - 125
Nicola Thompson – <i>Communications and Change Director</i>	105 - 110	1.2	0 - 5	105 - 110
Andy Walder – <i>NCC Director</i>	105 - 110	1.7	0 - 5	110 - 115
Sarah Beale – <i>Corporate Services Director (started with effect from 1 October 2013)</i>	25 - 30	-	0 - 5	25 - 30

Salary includes gross pay, payments in lieu of car and luncheon allowance.

Benefits in kind include the use of allocated cars and medical insurance.

Annual Accounts

Pension benefits	Real increase/ (decrease) in pension at normal retirement date	Total accrued pension at normal retirement date as at 31 Dec 2013	Cash equivalent transfer value at 1 Jan 2013	Real increase/ (decrease) in the cash equivalent transfer value during the year	Cash equivalent transfer value at 31 Dec 2013
	£'000	£'000	£'000	£'000	£'000
Mark Farrar	0 - 2.5	15 - 20	265	40	313
Mike Bialyj	0 - 2.5	25 - 30	348	20	379
Colin Evans	0 - 2.5	5 - 10	46	21	69
Steve Geary	0 - 2.5	0 - 5	44	22	67
Erika Stoddart	0 - 2.5	5 - 10	67	5	74
Nicola Thompson	0 - 2.5	15 - 20	193	21	220
Andy Walder	0 - 2.5	15 - 20	248	30	286
William Burton	-	-	-	17	17
Sarah Beale	2.5 - 5.0	10 - 15	91	30	124

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.

	2013	2012
Highest earning executive director's total remuneration	285 - 290	230 - 235
Median total remuneration	25 - 30	25 - 30
Ratio of median remuneration to remuneration of highest earning executive	9.7	8.1

James Wates

Chairman of the Remuneration Committee
23 April 2014

Adrian Belton

Chief Executive
23 April 2014

Governance Statement

Scope of responsibility

As Chief Executive and Accounting Officer, I am responsible for ensuring there is a sound system of governance and internal control to support the achievement of CITB's policies, aims and objectives whilst safeguarding the funds and assets entrusted to me, ensuring they are properly accounted for and used economically, efficiently and effectively in line with responsibilities assigned to me in *Managing Public Money*.

During most of the period covered by this report, William Burton, interim Chief Executive and Accounting Officer, held these responsibilities.

I took over on 1 April 2014. In signing this Statement, I have relied on a letter from William Burton describing CITB's governance, and the other assurances identified in the following pages. This includes assurances received by William Burton from his predecessor, Mark Farrar, for the period 1 January to 28 May 2013.

The purpose of the Governance Statement

The Governance Statement, for which as Accounting Officer I take personal responsibility, is intended to help readers understand the dynamics of the business and its control structure. It records the organisation's stewardship (supplementing financial information in the accounts) and gives an insight into how the governance structure directs, challenges and reviews plans and performance.

This statement explains how CITB has complied with the principles of good governance and reviews the effectiveness of these arrangements.

How CITB is governed

CITB is directed by its employer-led Board composed primarily of unpaid volunteers. Its make-up reflects the main stakeholders in the construction sector. Members are appointed through a process managed by the Department for Business, Innovation and Skills (BIS) and the Office of the Commissioner for Public Appointments (OCPA).

Appointments are generally for five years; a second term depends on performance over that period and members cannot serve for more than ten years.

During 2013, one member (Derek Field) resigned, sadly dying shortly afterwards, and one (Martyn Price) was granted leave of absence (to avoid the risk of a potential conflict of interest arising between a short-term project and his role as a Board member), expected to conclude at the end of April 2014.

Graham Wren's leave of absence (granted for a similar reason in 2012) is to end on 31 March 2014.

Board members are charitable Trustees, and have an overriding obligation to place the interests of beneficiaries before all others, including their own. More information about those who served as Trustees during 2013 is shown on page 24.

The Board is supported by several employer-led advisory and functional bodies, the most significant being the Audit and Risk, Finance, Remuneration and Training committees. Members are drawn from the Board and may be nominated by stakeholders including the principal sector trade associations.

Meeting five times annually, the Board gives strategic direction, maintains oversight of business and financial planning and performance, makes key decisions about the raising and spending of Levy, and authorises (if appropriate) significant policy or investment proposals. Board evaluation indicates that the quality of information received by the Board is of a satisfactory standard. Papers and reports are normally concise, relevant and timely. Average attendance at the Board in 2013 was 76% and individual attendance records are shown below.

Name	Attended	Possible
James Wates	5	5
Harry Adam	3	5
John Allott	5	5
Ian Billyard	4	5
Darin Burrows	2	5
Barry Clarke	2	5
Bob Collins	4	5
John Dickson	4	5
Derek Field	3	3
Jim Gilmour	3	5
Geoff Holt	5	5
Chris Jones	5	5
Billy Kirkwood	3	5
John Lorimer	5	5
Judy Lowe	5	5
Stephen Murphy	3	5
Tim Peach	3	5
Martyn Price	2	4
Harold Rackham	4	5
Ray Wilson	4	5
Graham Wren	0	0

Board performance

As a result of the externally facilitated evaluation that took place in 2012, during 2013, the Board developed proposals for significant change which are being considered as part of the Triennial Review process.

In summary, these involve reducing the size of the Board to eight trustees, including the Chairman, who would be appointed on the basis of their skills and experience rather than (as at present) based on their links with particular parts of the construction sector. The Board would be advised by a Council of employers and stakeholders, supplying ‘the voice of the sector’ and supported by a number of specialist committees (as now) undertaking specific functions. The aim is to ensure that the Board is small enough to be an effective decision-making body, but large enough to have a good range of skills.

Proposals, which are in line with corporate governance best practice, were shared with stakeholders and have been reviewed by the Centre for Public Scrutiny, receiving overall endorsement before being presented to Government in January 2014. Phase two of the Triennial Review, expected to conclude in the summer of 2014, will consider the proposals and, if approved, the intention would be to appoint a new Board in the second half of the year.

As a registered charity, CITB follows the Charity Commission’s Statement of Recommended Practice (SORP) rather than the UK Corporate Governance Code. However, it complies with the Code’s principles with the following exceptions:

- The Board is wholly non-executive
- Apart from the Chairman and Deputy Chairman, whose remuneration is set by Government, no Trustee is remunerated
- The Board holds dialogue with stakeholders through engagement programmes but does not have shareholders/or investors or hold an AGM.

During 2013, in addition to recruiting an interim Chief Executive, and carrying out performance monitoring and business planning, the Board concentrated on developing a fresh strategic vision to recognise the changing policy landscape and expected economic recovery, considered support for a construction University Technical College and for the Constructionarium, discussed a response to Scottish stakeholders’ thinking about governance and explored a new approach to defining competence.

Audit and Risk Committee performance

The Audit and Risk Committee (A&RC), chaired by Harry Adam, met three times in 2013. It advises the Board and the Accounting Officer on the adequacy of

strategic and other processes for the management of risk, control and governance, maintains oversight of the internal audit function, agrees its annual audit plan and ensures this is well co-ordinated with the work of external auditors. During the year one member (Amit Shah) retired and one member (Nazir Haij) joined.

Average attendance was 67%; individual records are shown below.

Name	Attended	Possible
Harry Adam	2	3
Duncan Canney	1	2
Kevin Fitzpatrick	3	3
Nasir Haji	1	2
Hugh Hunter	1	1
John Lorimer	3	3
Amit Shah	0	1

The A&RC receives at each meeting an update on the corporate risks facing CITB and the steps being taken to manage risk. The committee advises the Board, which also receives detail on the corporate risks, on the adequacy of risk management arrangements. In 2013, the A&RC approved a new charter for the Internal Audit service, was closely engaged in flexing the audit programme to cover emerging risks and closely monitored management’s progress in implementing agreed actions.

Finance Committee performance

The Finance Committee met four times in 2013, chaired by Tim Peach. Its role is to advise the Board about its financial strategy, policies and practices, to monitor performance against forecast and approve expenditure, including capital investment, above specified levels. Average attendance in 2013 was 77% and individual records are shown below.

Name	Attended	Possible
Tim Peach	3	4
Harry Adam	3	4
John Dickson	4	4
Derek Field	1	2
Judy Lowe	4	4
Steve Murphy	1	4
Harold Rackham	4	4

As well as monitoring CITB’s financial performance and forecasts at each meeting, in 2013, the Committee reviewed CITB’s investment strategy, discussed the position and future plans of the ITB Pension Fund based on a presentation from the Trustees, and agreed proposals for the better governance of investment programmes.

Remuneration Committee performance

This committee, chaired by James Wates, met four times in 2013. Its remit is described more fully on page 34. Average attendance was 81% and individual records are shown below.

Name	Attended	Possible
James Wates	4	4
Harry Adam	1	4
Bob Collins	1	1
Judy Lowe	4	4
Tim Peach	4	4
Ray Wilson	3	3

As well as undertaking the annual review of rewards across the business, this group led the recruitment process for the appointment of an interim Chief Executive and then for a permanent Chief Executive, including careful consideration of the terms and conditions needed to attract the right candidate.

Training Committee performance

This committee, chaired by Judy Lowe, met four times in 2013. Its members come from across the sector and it advises the Board on the best way to allocate funding support for skills and training. During the year, one member (Duncan Layzell) resigned and has not yet been replaced. Average attendance was 85%; individual records are shown below.

In 2013, members focused on ensuring employers

Name	Attended	Possible
Judy Lowe	4	4
Chris Jones	4	4
Geoff Lister	3	4
Trevor Gamble	3	4
Ian Billyard	2	4
Richard Clarke	4	4
Ian Dickerson	3	4
Keith Donnelly	4	4
Richard Easton	2	4
Bob Harper	3	3
Geoff Holt	4	4
Richard Latham	4	4
Duncan Layzell	0	1
Hayden Mead	4	4
Martyn Price	4	4
Mick Shepherd	3	4
Kevin Smith ¹	1	1
Geoff Snow	3	3
Jon Spencer ²	1	1
Billy Sweeney	3	4
Neil Vernon	3	4

¹ Alternate for Geoff Snow

² Alternate for Ian Dickerson

received the maximum sustainable level of support for training despite a difficult economic climate. This included working with governments on shared investment programmes and on the response to the Richard Review of Apprenticeships as well as approving a two year Exceptional Training Grant initiative designed to incentivise and reward employers engaged in training. As well as discussing proposed amendments to the annual Grants Scheme before submission to the Board, the committee reviewed bids for a range of innovative training initiatives, including a Supply Chain Sustainability School, BIM, and a team leader apprenticeship. Overall, as shown on page 32, the committee oversaw the investment of £138.2m of employer funds.

Purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. It is based on a process designed to identify and prioritise risks to the achievement of business policies, aims and objectives. It is also designed to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control has been in place for the year ended 31 December 2013 and up to the date of approval of the Annual Report and Accounts, and accords with Treasury guidance.

The risk and control framework

As a registered charity, the organisation has a prudent and proportionate attitude to risk, placing emphasis on its risk management and control framework. Risk management is integral to business planning and performance monitoring, and risks are considered not just corporately and at directorate level, but also by departments. A risk management strategy, framework and policy are in place which will identify new risks. A risk management team supports directorates, and reports the principal risks facing them and the business to the Executive, management's Risk Committee, and the Audit and Risk Committee on a regular basis.

The organisation has built risk management and wider assurance capability. Each directorate's risk profile is monitored by review meetings between the director and the Corporate Risk Manager, during which the quality and timeliness of risk management documentation is central to discussion.

Annual Accounts

A summary of each directorate's principal risks (giving an organisational view) is reported monthly to the Executive, and regularly to the Risk (see below) and Audit and Risk Committees.

Our risk management framework categorises risks as financial, reputational, strategic, compliance and trading, and is used to set the acceptable tolerance thresholds for risks across the organisation.

Definitions of the various business risk appetites, together with assessment, appear in risk guidance located on CITB's intranet. The appetites were reviewed in early 2012 and were reviewed again in January 2014 by the Risk Committee and Executive.

Risk registers, completed by risk owners, are in place for each department, consolidated at directorate level. These are held on an electronic platform, enabling trained risk owners to maintain their identified risks online, and permitting monitoring of their involvement (actions) in the process. Progress is reviewed on an ongoing basis.

An annual Accountability Statement completed by senior managers and directors gives further assurance that risk is handled effectively. This involves making a personal commitment to CITB's Accounting Officer, formally stating the manager's assessment of the effectiveness of control over activities for which they have been made responsible. Where a gap in control or scope for improvement is identified, the manager is asked to provide a solution.

Risk management is the responsibility of all individuals, with operational managers and directors receiving guidance and challenge from a dedicated Corporate Risk Manager.

Risk Committee

The Risk Committee, chaired by the Chief Executive and attended by a number of senior managers, meets six times annually to review progress on embedding risk documentation in directorates, the top organisational risks and any changes in them, risk appetite and health and safety statistics. A meeting summary is sent to the Executive. The Audit and Risk Committee sees Risk Committee minutes. It also receives summary information on each directorate's top three risks, the organisation's top risks and a progress summary on the embedding of risk management within directorates.

Management of risks to information

We routinely review our systems and processes for handling data securely against revised Government guidelines and to ensure we continue to meet best practice. The Information Management Group, made up of senior staff from information management

related areas of the business, considers how information is managed and controlled. The group reports periodically to the Executive Team.

Detailed information about the organisation's approach to information security is shown on page 9.

Current emphasis

In 2013, the focus of risk management has been on the potential for significant change arising from the Triennial Review and the Richard Review of Apprenticeships, on internal organisational change and delivering key systems improvement projects. This has been in addition to the ongoing management of risks across the organisation at both corporate and directorate levels, including health and safety risks related to construction training activities and ongoing monitoring of compliance with charitable trading and State Aid regulations.

The Triennial Review will set out the Government's view about CITB and how it should operate. We have engaged closely with BIS throughout the process to ensure that the review team consults appropriately with the industry and gains a proper understanding of current working arrangements. We will continue to maintain close engagement throughout the review and ensure that the organisation is prepared for implementing the actions that may result.

If the recommendations of the Richard Review were adopted in full, this could lead to payments for apprentices being made directly to employers through the taxation regime, instead of through the current managing agency arrangement. Such change needs to be well managed to mitigate the risk of reduced recruitment of apprentices into the construction sector, and there would also be implications for CITB.

We have taken a proactive approach towards change, surveying employers and taking proposals to Government to influence how these proposals might be taken forwards.

During 2013, the previous systems development projects were rationalised and efforts focused on key projects to enhance the capability of systems to support the business in the future. In addition, the scale of the challenge of addressing remaining issues with the finance system implemented in 2012 became clear, leading to a close focus on action planning and progress monitoring. Significant progress has been made with further actions planned and the Executive is driving the improvement plan through project teams, with regular updates being reported through the risk management framework.

The Board has also been alert throughout the year to the potential risks stemming from the significant changes at senior levels within CITB and from successfully delivering the organisational restructure, in particular ensuring the engagement of staff throughout the period of change.

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 an independent survey of employers' attitudes is carried out annually. Results are used to gauge industry support for the Levy and to inform business planning and longer-term strategies.

Links with federations, trades unions and educational bodies are very important for supporting strategic reviews of training priorities. Work with Government (for example, the Departments for Business, Innovation and Skills and for Education, and the Scottish and Welsh governments) ensures mutual understanding and alignment of policies and goals.

Corporate Assurance opinion

Corporate Assurance is the dedicated Internal Audit unit working to Public Sector Internal Audit Standards and in accordance with professional guidelines.

At the end of 2013, it deemed the quality of internal control, governance and risk management 'Satisfactory' – in that 'isolated areas of control weaknesses were identified which, whilst not systematic, put some business objectives at risk'. This is based on delivery of the 2013 plan of work across directorates, and inputs from risk management activity and governance arrangements.

Conflicts of interest

CITB provides a unique focal point for integrating strategic skills planning, standard setting and the delivery of national training resources.

It operates a formal conflicts of interest policy for staff and Board members. All potential conflicts are required to be declared and, where relevant, actions are taken to mitigate such situations.

The arrangements also extend to reporting of compliance with our gifts and hospitality policy.

As a non-departmental public body (NDPB), CITB is accountable to the Secretary of State for Business, Innovation and Skills and must abide by principles of regularity and propriety, to ensure that its work is not adversely impacted by a conflict of interest. It believes that transparency of decision making and rigorous scrutiny by stakeholders, combined with well-maintained information and other structural barriers, will help it attain these goals.

It is subject to much external and independent scrutiny: its accounts are audited annually by the Comptroller and Auditor General (C&AG) and (as a registered charity) it reports to the Charity Commission. Allegations of maladministration may be investigated by the Parliamentary Commissioner for Administration (the Ombudsman). Its Accounting Officer may be called before the Public Accounts Committee. Its Levy proposals must be agreed by both houses of Parliament if industry support has been confirmed.

It adopts a balanced approach to developing standards, qualifications and training, to ensure sustainable solutions are embedded for the benefit of those who need training and those who supply it. Its composite nature allows for the integration and testing of developments across all stages of the educational process, acting as a provider of training resources in specialist or other market sectors which are not otherwise supported.

Off-payroll arrangements

In May 2012, the Government published a review of the tax arrangements of public appointees, including recommendations to be applied by public bodies to improve the tax transparency of arrangements made with contractors. The review recognised that such arrangements could be sensible – to bring in specialist skills, or to help address fluctuating demand for services – and that the cost of placing such individuals on the payroll might not offer best value. However, the public sector should be more transparent than other employers about such matters.

CITB applies the more stringent guidance from BIS that requires:

- The most senior staff in a public body to be on the payroll (unless there are exceptional temporary circumstances); and
- There is a right to seek assurance about the tax arrangements of all long-term specialist contractors.

These obligations apply to all arrangements lasting six months or longer entered into after 23 August 2012 and I confirm compliance with the requirements. No exceptional arrangements have been made.

Review of effectiveness

As Accounting Officer, I have responsibility for conducting an annual review of the effectiveness of the system of the organisation's governance, risk management and internal control. This is informed by the work of executive managers and internal

Annual Accounts

auditors within the organisation who are responsible for developing and maintaining the governance structures and internal control framework and comments made by the external auditors in their 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.

I have been advised on the implications of the result of the review regarding the effectiveness of the system of governance, internal control and risk management by the Audit and Risk Committee. Having received the Head of Internal Audit's opinion, this committee discusses the judgements about the system as part of its review of the draft Annual Report and Accounts, and then advises the Board. A plan to address weaknesses and ensure continuous improvement of the system is in place.

I have considered the evidence linked to the production of the Annual Governance Statement. The conclusion is that the CITB's overall governance and internal control structures are 'Satisfactory'.

Accounting Officer

Adrian Belton

Chief Executive

23 April 2014

Acknowledged on behalf of the Board

Harry Adam

Chairman of the Audit and Risk Committee

23 April 2014

Certificate and Report from the Comptroller and Auditor General to the Houses of Parliament

I certify that I have audited the financial statements of the Construction Industry Training Board (CITB) for the year ended 31 December 2013 under the Industrial Training Act 1982. The financial statements comprise the Statement of Financial Activities, the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Board, Accounting Officer and auditor

As explained more fully in the Statement of the Board's 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. My responsibility is to audit, certify and report on the financial statements in accordance with the Industrial Training Act 1982. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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. This includes an assessment of whether the accounting policies are appropriate to CITB's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by CITB, and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or

inconsistencies I consider the implications for my certificate.

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income 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.

Opinion on regularity

In my opinion, in all material respects the expenditure and income 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.

Opinion on financial statements

In my opinion:

- The financial statements give a true and fair view of the state of CITB's affairs as at 31 December 2013 and of its incoming resources and resources expended 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.

Opinion on other matters

In my opinion:

- The part of the Remuneration Report to be audited has been properly prepared in accordance with the Industrial Training Act 1982 and Secretary of State directions issued thereunder; and
- The information given in the sections headed CITB Trustees, Financial report, Appendix B: Register of Interests of Board Members and Appendix D: CITB's Statutory Basis for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

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 part 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

I have no observations to make on these financial statements.

Amyas C E Morse

Comptroller and Auditor General

4 June 2014

National Audit Office

157–197 Buckingham Palace Road

Victoria

London

SW1W 9SP

Financial Statements

Statement of Financial Activities for the year ended 31 December 2013 (incorporating an income and expenditure account)

[UNRESTRICTED FUND]	Notes	2013	2012
INCOMING RESOURCES		£'000	
Incoming resources from charitable activities			
Non-levy income			
Skills challenges			
Productivity		43,165	41,727
Low carbon		137	148
Leadership		517	518
Recruitment		50,544	47,227
Employer engagement		588	379
Education and training		563	539
Government and other public authorities	2	6,252	8,862
Total non-levy income		101,766	99,400
Levy income	3	169,733	143,758
Incoming resources from generated funds			
Investment income		2,005	2,273
Incoming resources from non-charitable activities	4	155	174
		273,659	245,605
RESOURCES EXPENDED			
Cost of generating funds			
Investment management costs		38	38
Charitable activities			
Grants	5	117,811	78,156
Skills challenges			
Productivity		49,510	48,275
Low carbon		4,206	8,588
Leadership		9,700	5,575
Recruitment		61,813	59,740
Employer engagement		12,895	7,425
Education and training		3,452	3,438
Levy collection and grant processing costs		5,302	4,878
Total cost of charitable activities	7	264,689	216,075
Non charitable activities	4	134	158
Governance costs	8	1,262	1,012
Impairment of assets	10	1,638	5,666
Total resources expended		267,761	222,949
Net incoming resources before other recognised gains and losses		5,898	22,656
Other recognised gains and losses			
Realised loss on investments	13	(630)	–
Realised loss on sale of property		–	(9)
Unrealised loss on investments	13	(636)	(905)
Unrealised loss on revaluation of freehold properties	10, 17	–	(533)
Transfer from restricted funds	17	1,088	3,403
Net movement in unrestricted funds	9, 17	5,720	24,612
Accumulated unrestricted fund at 01 January		125,439	100,827
Accumulated unrestricted fund at 31 December	17	131,159	125,439
[RESTRICTED FUND]			
Incoming resource – NCC East development fund	17	1,088	2,662
Accumulated restricted fund at 01 January		–	741
Net movement in restricted funds – transfer to unrestricted funds	17	(1,088)	(3,403)
Accumulated restricted fund at 31 December	17	–	–
Total accumulated funds at 31 December	17	131,159	125,439

The above results include all recognised gains and losses and are derived from continuing activities.

Notes 1–27 on pages 48 to 67 form an integral part of these accounts.

Annual Accounts

Balance Sheet as at 31 December 2013

	Notes	2013		2012	
FIXED ASSETS		£'000	£'000	£'000	£'000
Tangible assets	10		16,295		14,874
CURRENT ASSETS					
Debtors	11	50,681		44,104	
Properties held for sale	12	400		450	
Investments	13	115,800		114,880	
Cash at bank	19	8,230		1,439	
		175,111		160,873	
CREDITORS					
Amounts falling due within one year	14, 15	(59,980)		(49,920)	
Net current assets			115,131		110,953
Total assets less current liabilities			131,426		125,827
PROVISIONS FOR LIABILITIES AND CHARGES	16		(267)		(388)
NET ASSETS			131,159		125,439
FINANCED BY					
Accumulated fund	17		131,159		125,439

Notes 1–27 on pages 48 to 67 form an integral part of these accounts.

Approved by the Board on 23 April 2014
and signed on its behalf by:

Chairman
James Wates
23 April 2014

Chief Executive
Adrian Belton
23 April 2014

Cash Flow Statement for the year ended 31 December 2013

Reconciliation of net resources used to net cash inflow from operating activities	Notes	2013	2012
		£'000	£'000
Net incoming resources before other recognised gains and losses		5,898	22,656
Interest receivable		(2,005)	(2,273)
Operating surplus		3,893	20,383
Depreciation charges	10	1,283	1,486
Profit on sale of tangible fixed assets		(1)	(577)
Impairment of assets	10	1,638	5,666
Realised loss on sale of property		–	(9)
Increase in debtors		(6,098)	(23,481)
Increase in creditors and provisions		10,045	7,428
Net cash inflow from operating activities		10,760	10,896
 CASH FLOW STATEMENT			
Net cash inflow from operating activities		10,760	10,896
Returns on investments and servicing of finance	18	1,576	1,826
Capital expenditure (net)	18	(3,359)	(4,518)
Management of liquid resources (call accounts, term deposits, money market and externally managed funds)	18	(2,186)	(7,098)
Increase/(Decrease) in cash at bank	19	6,791	1,106
 Reconciliation of net cash flow to movement in net funds			
Increase in cash at bank in the period		6,791	1,106
Management of liquid resources (call accounts, term deposits, money market and externally managed funds)	18	2,186	7,098
Other non-cash movements in the year	13	(1,266)	(905)
Movement in net funds in the year		7,711	7,299
Net funds at 01 January		116,319	109,020
Net funds at 31 December	19	124,030	116,319
 Represented by:			
Investments	13	115,800	114,880
Cash at bank		8,230	1,439
		124,030	116,319

Notes 1–27 on pages 48 to 67 form an integral part of these accounts.

Notes to the Financial Statements for the year ended 31 December 2013

1. ACCOUNTING POLICIES

Going concern

These accounts are prepared on a going concern basis due to fact that net current assets are in excess of the minimum level set by UK Government.

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 Business, Innovation and Skills. The accounts comply with the requirements of Accounting and Reporting by Charities: Statement of Recommended Practice (SORP 2005).

The accounts also meet the disclosure requirements of the 2012–13 Government financial reporting manual in so far as they are applicable and do not conflict with the requirements of SORP 2005.

These accounts are prepared under the historical cost convention as modified to reflect the revaluation of fixed assets and investments. Debtors and creditors are shown at face value as any impairments are covered by provisions.

Incoming resources

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 sub-contract 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 January and 31 December 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.

Government and other public authorities

Government grants received are recognised in the SOFA so as to match them with the expenditure towards which they are intended to contribute, which may give rise to deferred income for grants received in advance of expenditure incurred.

Skills challenges

Income is allocated to the skills challenges either directly or apportioned by staff time spent, headcount allocated or resource usage. Income in respect of all challenges is accounted for on an accruals basis except for Recruitment where income from output-related funding is included in the period in which the trainee attains the specified achievements. Income may also be received in advance of goods and services being delivered, which is treated as deferred income.

Resources expended

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 made in earlier years.

Skills challenges

The costs of activities are allocated to each skills challenge either directly or apportioned by staff time spent, headcount allocated or resource usage. The charges in the SOFA are recognised on an accruals basis. The Recruitment challenge includes payments in relation to new entrant training made during the year together with an estimate of the liability for unpaid course fees for the period.

Notes to the Financial Statements for the year ended 31 December 2013 (continued)**1. ACCOUNTING POLICIES** (continued)**Leasing**

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

Allocation of resources expended

Costs are allocated either directly or apportioned by staff time spent as follows:

- Cost of generating funds – direct
- Charitable and non-charitable activities – direct and by staff time
- Governance costs – direct and by staff time, including the costs of Board and committees, Corporate Assurance, Business Planning, Legal, Finance and Audit fees.

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 cost 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.

Tangible fixed assets

Tangible fixed assets 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:

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 all tangible fixed assets are subject to an annual impairment review.

Properties held for sale and investments

Properties held for sale and investments are stated at market value at the balance sheet date. Investments are considered to be liquid resources as they are all redeemable on demand.

Notes to the Financial Statements for the year ended 31 December 2013 (continued)

1. ACCOUNTING POLICIES (continued)

Liabilities

Estimation techniques

Grant creditors: Amounts payable in relation to the Grants Scheme are performance-related and are therefore recognised as resources expended to the extent that the recipients of the grants have provided the specified services as at year-end. Training Plan grant claims not yet received are accrued for on the basis of historical payment patterns adjusted for any known changes in circumstances. Accruals for apprentice grant claims are based on the number of new entrant trainees known to have been enrolled on the scheme. As the Grants Scheme runs from 1 August to 31 July, all other grant claims for the period from 1 August to 31 December each year are accrued at the year-end on the basis of 5/12ths of the annual forecast expenditure for the Grants Scheme year, less payments made, as this is considered to best reflect the recipients' delivery of the specified services.

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.

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 these categories in the notes to the accounts.

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 carried at cost less impairment where material.

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.

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

The expected costs of pensions are provided on systematic and rational bases over the estimated average service lives of members of the schemes. Variations arising from actuarial surpluses are spread over the average remaining service lives of members to the extent that the resulting credit does not exceed the regular cost.

Notes to the Financial Statements for the year ended 31 December 2013 (continued)

1. ACCOUNTING POLICIES (continued)**Reserves**

Reserves are required to cover exposure to delays in income receipts and acceleration of grants and costs which are outside the control of CITB and to ensure continuity of funding to the construction industry.

A risk-based formula, as agreed with the UK Government, is used to calculate an appropriate year-end target level of reserves, which is measured against net current assets. Actual net current assets should fall within the range of plus or minus 5% of the agreed target.

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.

Notes to the Financial Statements for the year ended 31 December 2013 (continued)

2. INCOMING RESOURCES FROM GOVERNMENT AND OTHER PUBLIC AUTHORITIES

	2013	2012
	£'000	£'000
UK Government departments and Skills Development Scotland	5,644	7,079
UK Commission for Employment and Skills (UKCES) (see below)	608	1,783
	<u>6,252</u>	<u>8,862</u>

No grant-in-aid is receivable by CITB

In 2012 UKCES income included funding of £755,000 for the SSC core contract which ended on 1st March 2012 to reimburse expenditure of £755,000 for specific activities during the year.

3. LEVY

Current year's Levy Assessment receivable ¹	162,888	143,556
Less: provision for bad debts	(5,009)	(7,758)
Net value current year's Levy Assessments	157,879	135,798
Reassessment of previous years' Levy ²	11,854	7,960
Net Levy Income for the year	<u>169,733</u>	<u>143,758</u>

¹ The current year's Levy Assessment receivable is stated net of a provision for reassessments. The estimation technique used to calculate this provision has changed during the year, with greater reliance now being placed on historical data. If the estimation technique used was the same as last year, the current year's Levy Assessment would be £153m. The balance of the increase from 2012 is due to combined activity and wage growth of 7.6% as measured from employers' Levy Returns.

² The change in estimation technique also impacts on levies from previous years, which continue to be reassessed. Using the same basis as in 2012 the value of previous years' Levy reassessments would be £10.4m.

4. NON-CHARITABLE ACTIVITIES

Non-charitable activities represents the income generated from the use of CITB's social and leisure facilities and its related expenditure.

5. TRAINING GRANTS

Paid or offset during the year	108,309	73,163
Less: Accruals brought forward	(22,807)	(17,814)
Add: Accruals for further payments	32,309	22,807
	<u>117,811</u>	<u>78,156</u>
Apprenticeship grants		
Commitment grants	–	5
Attendance grants	30,553	22,121
Achievement grants	20,186	18,853
	50,739	40,979
Exceptional training grant	19,172	–
Other grants	47,900	37,177
	<u>117,811</u>	<u>78,156</u>
Total grants (all claimed as institutional grants)	<u>117,811</u>	<u>78,156</u>

Notes to the Financial Statements for the year ended 31 December 2013 (continued)

6. MATERIAL CASH SUPPORT PAYMENTS IN RESPECT OF TRAINING

Accounting and Reporting by Charities: Statement of Recommended Practice 2005 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. Aggregate payments/offsets over £150,000 made during the year:

Recipient	£'000	Recipient	£'000
Carillion plc*		Barhale Construction Plc	279
– CITC £4,878		The Miller Group Ltd	275
– other £2,273	7,151	R G Carter Group Ltd	271
Kier Group Plc	2,812	Lakehouse Holdings Ltd	256
Royal BAM Group	2,186	Bell Group UK Ltd	248
Laing O'Rourke	1,683	C C G (Holdings) Ltd	239
Balfour Beatty Plc	1,480	Cruden Holdings Ltd	239
Costain Group Plc	1,475	Novus Property Solutions Ltd	235
Morgan Sindall Group Plc	1,350	Alfred Bagnall & Sons Ltd	226
Keepmoat Plc	1,349	Seddon Group Ltd	224
Vinci	1,243	Crest Nicholson Plc	220
Barratt Developments Plc	1,188	VP Plc	214
Mears Group Plc	1,131	Keltbray Group (Holdings) Ltd	212
Galliford Try Plc	980	McLaren Construction Group Plc	205
Amey UK Plc	917	Dyer & Butler Holdings Ltd	201
Taylor Wimpey Plc	831	Forrest Corporate Ltd	199
Skanska UK	814	North Midland Construction Plc	199
Interserve Plc	700	South West Highways Ltd	199
Bouygues	619	Daniel Contractors Ltd	191
J Murphy & Sons Ltd	580	Bowmer & Kirkland Ltd	191
Willmott Dixon Group	577	F M Conway Ltd	187
Speedy Hire Plc	571	Forefront Group Ltd	185
The Clancy Group Plc	560	ISG Plc	185
Redrow Plc	541	Bloor Holdings Ltd	183
Sir Robert McAlpine	522	Bentley Holdings Ltd	178
Mitie Group Plc	515	McCarthy & Stone Plc	178
Carey Group Plc	438	Muirfield Holdings Ltd	174
Volkerwessels UK Ltd	434	Jones Bros Ruthin Co Ltd	170
Persimmon Plc	426	Renew Holdings Plc	157
Cape Intermediate Holdings Plc	425	Byrne Group Plc	151
Ashtead Group Plc	424	Babcock International Group Plc	151
Wates Group Ltd	391	Seh Group Ltd	151
EM Highway Services Ltd	359	Garbol Ltd	150
Insight Solutions GRP Recruitment Ltd	326		42,588
Morrison Utility Services Ltd	291		
Gap Holdings Ltd	290	Other recipients	65,721
Ainscough Crane Hire Ltd	286	Total payments	108,309

* This employer operates a managing agency (providing training opportunities for more than its own needs) and so could claim a greater number of New Entrant Training grants.

The number of employers claiming grant increased from 14,267 in 2012 to 15,330 in 2013 (7.5%).

Reconciliation with charges:	Accruals B/F £'000	Payments £'000	Accruals C/F £'000	Charges £'000
Training grants (Note 5)	(22,807)	108,309	32,309	117,811
Trainee allowances	(375)	5,194	–	4,819
College fees	(7,286)	29,232	9,749	31,695
	(30,468)	142,735	42,058	154,325

College fees and trainee allowances are included within expenditure attributed to Recruitment in the Statement of Financial Activities (page 45).

Notes to the Financial Statements for the year ended 31 December 2013 (continued)**7. COST OF CHARITABLE ACTIVITIES**

Activity	Activities undertaken directly	Support costs (Note 9)	2013 Total	2012 Total *(restated)
	£'000	£'000	£'000	£'000
Grants	117,811	–	117,811	78,156
Productivity	46,111	3,399	49,510	48,275
Low carbon	3,981	225	4,206	8,588
Leadership	9,060	640	9,700	5,575
Recruitment	57,323	4,490	61,813	59,740
Employer engagement	11,928	967	12,895	7,425
Education and training	3,157	295	3,452	3,438
Levy collection and grant processing costs	–	5,302	5,302	4,878
	<u>249,371</u>	<u>15,318</u>	<u>264,689</u>	<u>216,075</u>

*The restatement of 2012 figures is a reclassification of certain balances within the note.

Activities undertaken under the skills challenges headings: Productivity, Low carbon, Leadership, Recruitment, Employer engagement, and Education and training are described in more detail on pages 28 and 29.

8. GOVERNANCE COSTS

	2013	2012
	£'000	£'000
Board and committee costs	278	297
Corporate assurance	355	406
Business planning	28	43
Legal	95	77
Finance	100	54
External audit	73	65
Chairman and Chief Executive*	324	70
Other	9	–
	<u>1,262</u>	<u>1,012</u>

* Additional Chief Executive costs incurred during 2013 which could not be assigned to the skills challenges have been treated as Governance costs.

Notes to the Financial Statements for the year ended 31 December 2013 (continued)

9. NET MOVEMENT IN FUNDS

	2013	2012
	£'000	£'000
The net movement in funds for the year of £5,720,000 (2012 £24,612,000) was arrived at after (crediting)/charging:		
Profit on disposal of fixed assets	(5)	(577)
Board members' remuneration (see Note 22)	35	32
Rentals paid under operating leases		
• Hire of plant and machinery	131	87
• Other operating leases	774	1,082
Auditors' remuneration		
• Audit fees	73	65*
Depreciation		
• Owned assets (see Note 10)	1,283	1,486
SSC activities (see Note 2)	–	755
Indemnity insurance	14	14
Support costs (see below)	15,318	13,486

*The 2012 audit fee includes a charge of £12,000 in respect of work performed on the accounting treatment of fixed asset impairments.

Indemnity insurance covers breach of professional duty by reason of any neglect, error or omission committed in good faith by any employee or agent. Support costs are allocated on a staff time basis as follows:

Support costs	Levy collection and grant processing	Productivity	Low carbon	Leadership	Recruitment	Employer engagement	Education and training	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Levy and Grant	4,571	–	–	–	–	–	–	4,571
Management	36	339	22	64	447	96	29	1,033
Finance	186	485	32	91	641	138	44	1,617
Information technology	206	1,943	129	366	2,567	553	167	5,931
Human resources	47	432	29	81	571	123	37	1,320
Legal	256	200	13	38	264	57	18	846
2013	5,302	3,399	225	640	4,490	967	295	15,318
2012	4,878	3,313	75	280	4,657	161	122	13,486

Notes to the Financial Statements for the year ended 31 December 2013 (continued)

10. TANGIBLE FIXED ASSETS

	Freehold property	Plant and machinery	Motor vehicles	Office and computer equipment	Assets under development	Total
(a) Summary	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation						
01 January 2013	9,326	5,698	1,949	9,887	1,966	28,826
Additions	1,751	10	14	475	2,124	4,374
Disposals	–	(43)	(206)	(483)	–	(732)
Transfers	71	–	–	(252)	181	–
Impairments	(1,638)	–	–	–	–	(1,638)
31 December 2013	9,510	5,665	1,757	9,627	4,271	30,830
Valuation 2013	8,910	–	–	–	–	8,910
Cost	600	5,665	1,757	9,627	4,271	21,920
	9,510	5,665	1,757	9,627	4,271	30,830
Depreciation						
01 January 2013	137	5,048	1,140	7,627	–	13,952
Charges for the year	29	256	242	756	–	1,283
Disposals	–	(43)	(178)	(479)	–	(700)
31 December 2013	166	5,261	1,204	7,904	–	14,535
Net book value						
31st December 2013	9,344	404	553	1,723	4,271	16,295
31st December 2012	9,189	650	809	2,260	1,966	14,874

At 31 December 2013, CITB received professional, external valuations of its freehold property. FDP Savills undertook the valuation of the property at Bircham Newton, valuing the training centre and head office on an existing use basis and the agricultural land at market value. Lambert Smith Hampton carried out the valuations of freehold property held at Glasgow, Birmingham and Erith on an existing use basis. These valuations were made in accordance with the Practice Statements in the Royal Institution of Chartered Surveyors Appraisal and Valuation Manual, which resulted in a reduction in value of £1,638,000, which has been treated as an impairment, being a reduction in value below historical cost.

	2013	2012
(b) Historical cost information	£'000	£'000
If the valuations had not been included then freehold property would have been included at the following amounts:		
Cost	20,205	18,252
Accumulated depreciation	(4,123)	(3,966)
	16,082	14,286
(c) Freehold property		
Freehold land cost	3,625	3,635
Freehold property cost	5,885	5,691
Accumulated depreciation freehold property only	(166)	(137)
	9,344	9,189

Notes to the Financial Statements for the year ended 31 December 2013 (continued)

10. TANGIBLE FIXED ASSETS (continued)**(d) Modified historic cost accounting**

Apart from freehold property, fixed assets are included at cost less accumulated depreciation. No adjustment has been made in respect of modified historical cost accounting as the amount is not considered to be material.

(e) Capital commitments

There were capital commitments of £3,327,000 at 31 December 2013 (2012 £2,671,000) for computer equipment.

(f) Plant equipment on loan

The NCC has the use of equipment on loan, free of charge, from plant equipment suppliers equivalent to a purchase value of approximately £961,000 (2012 £430,000).

(g) TANGIBLE FIXED ASSETS 2012 (comparative table)

	Freehold property	Plant and machinery	Motor vehicles	Office and computer equipment	Assets under development	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Summary						
Cost or valuation						
01 January 2012	9,025	7,647	1,971	8,690	2,740	30,073
Additions	4,007	40	696	610	2,306	7,659
Disposals	–	(1,989)	(718)	–	–	(2,707)
Transfers	935	–	–	672	(1,607)	–
Impairments	(4,108)	–	–	(85)	(1,473)	(5,666)
Revaluation	(533)	–	–	–	–	(533)
31 December 2012	9,326	5,698	1,949	9,887	1,966	28,826
Valuation 2012	8,725	–	–	–	–	8,725
Cost	601	5,698	1,949	9,887	1,966	20,101
	9,326	5,698	1,949	9,887	1,966	28,826
Depreciation						
01 January 2012	107	6,581	1,583	6,753	–	15,024
Charges for the year	30	401	181	874	–	1,486
Disposals	–	(1,934)	(624)	–	–	(2,558)
31 December 2012	137	5,048	1,140	7,627	–	13,952
Net book value						
31 December 2012	9,189	650	809	2,260	1,966	14,874
31 December 2011	8,918	1,066	388	1,937	2,740	15,049

Notes to the Financial Statements for the year ended 31 December 2013 (continued)**11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2013	2013	2012	2012
	£'000	£'000	£'000	£'000
Levy debtors	41,785		43,460	
Less: provision for bad debts (see below)	(14,121)		(17,699)	
Total Levy debtors		27,664		25,761
Trade and other debtors	18,281		14,065	
Less: provision for bad debts	(390)		(510)	
Total trade and other debtors		17,891		13,555
Accrued Income		3,549		3,404
Prepayments		1,577		1,384
Total Debtors		50,681		44,104
Balances with intra-Government bodies				
Central Government bodies		15,042		7,886
Public corporations		252		556
Local authorities		74		52
		15,368		8,494
Balances with non-Governmental bodies:				
Other trade debtors (see note 15)		4,366		7,189
Balances with other bodies:		30,947		28,421
Total Debtors		50,681		44,104

As stated in the Accounting Policies (see Note 1 on page 48), 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. As a consequence, there is a high proportion of prior years' assessments for which full provision is required. At 31 December 2013, £13,152,000 was outstanding for 2011 and prior Levy assessments (2012 £11,155,000 for 2010 and prior assessments), against which a provision for bad debts of £10,073,000 – 76.6% (2012 £10,536,000 – 94.4%) has been made.

12. PROPERTY HELD FOR SALE

Properties held for sale represents one Scottish property (2012 1) that is surplus to requirements and is stated at market value at 31 December 2013.

Notes to the Financial Statements for the year ended 31 December 2013 (continued)

13. INVESTMENTS

Analysis of movement of investments	2013	2012
	£'000	£'000
Carrying value (market value) at beginning of year	114,880	108,687
Additions to investments at cost	410,401	289,490
Disposals at carrying value	(408,215)	(282,392)
Net realised loss on revaluation	(630)	–
Net unrealised loss on revaluation	(636)	(905)
Carrying value (market value) at end of year	115,800	114,880

Investments

Listed securities in UK managed by fund managers	18,420	25,230
Listed securities outside UK managed by fund managers	7,221	–
Deposits with banks and building societies in UK	60,159	69,650
Deposits with banks and building societies outside UK	30,000	20,000
	115,800	114,880

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

Investments	2013	2012
	£'000	£'000
8% UK Treasury Stock 2013	–	7,395
Term deposits		
Bank of Scotland	10,000	10,000
Santander	10,000	10,000
Credit Agricole	10,000	–
National Bank of Abu Dhabi	10,000	–
Nat West bond	–	10,000
Svenska Handelsbanken	–	10,000
Lloyds TSB	–	10,000
Nationwide	–	10,000
National Australia	–	10,000
Money market funds		
RBS Global Treasury Funds	10,000	7,826
Barclays Business Premium	–	6,921

Notes to the Financial Statements for the year ended 31 December 2013 (continued)

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2013	2012
	£'000	£'000
Trade creditors	2,992	4,471
Taxation and social security	1,243	1,267
Deferred income	1,924	3,546
Accruals:		
Training grants and allowances payable to 31 December	32,309	23,182
College fees	9,749	7,286
Other	11,763	10,168
Total creditors	59,980	49,920
Balances with intra-Government bodies		
Central Government bodies	1,791	3,620
Public corporations	333	85
Local authorities	97	46
	2,221	3,751
Balances with other bodies	57,759	46,169
Total creditors	59,980	49,920

15. FINANCIAL INSTRUMENTS

FRS 29 requires the disclosure of information to enable users to evaluate the significance of financial instruments for CITB's financial position, the nature and extent of risks arising from financial instruments to which it was exposed during the period and at the reporting date and how these are managed.

Financial assets and liabilities by category

The CITB has undertaken a review of its financial assets and liabilities, and has concluded that they do not contain any material embedded derivatives which would require disclosure in these accounts. Set out below are the accounting classifications of each class of financial assets and liabilities as at 31 December 2013, together with any associated gains and losses. Their carrying value less impairment provision of trade debtors (see Credit risk below) are assumed to be approximate to their fair value. This is consistent with CITB's investment strategy of low risk investments with predictable returns. See Investment Policy and Performance Statement on page 31 for more detail.

	Loans and receivables	Available for sale	Other financial liabilities	Total 2013	Total 2012
	£'000	£'000	£'000	£'000	£'000
Debtors excluding prepayments	49,104	–	–	49,104	42,720
Investments	–	115,800	–	115,800	114,880
Cash at bank	8,230	–	–	8,230	1,439
Creditors	–	–	(59,980)	(59,980)	(49,920)
2013	57,334	115,800	(59,980)	113,154	109,119
2012	44,159	114,880	(49,920)	109,119	

	£'000	£'000
Investment losses		
Loss on disposal of investments	(630)	–
Net movement in fair value of available-for-sale investments	(636)	(905)
	(1,266)	(905)

Notes to the Financial Statements for the year ended 31 December 2013 (continued)

15. FINANCIAL INSTRUMENTS (continued)

Financial risk management

Qualitative information on CITB's approach to financial risk management is disclosed in the 'Investments' and 'Reserves' sections of the Annual Report above, and in the Governance Statement. Quantitative disclosures are included here. All investments are reported at market value at 31 December 2013.

Credit risk

CITB is exposed to credit risk of £4,366,000 (2012 £7,189,000) in other trade debtors (see Note 11 on page 58), which are stated at fair value, after making an Impairment provision of £390,000 (2012 £510,000) for bad debts. However, this is not considered to be significant as major customers are familiar and loss experience has been small. 95% of non-Levy debts have been recovered over the past year and it is expected that the majority of the current outstanding figure will be settled within normal payment terms. Any amounts that are overdue or impaired are adequately provided for. No collateral is held in respect of any debtors. Levy debtors arise as a consequence of raising statutory assessments on in-scope employers and are not perceived to be a credit risk.

As at 31 December 2013, term deposits and cash holdings are placed with approved UK and overseas banks and are spread across several institutions. CITB has not suffered any loss during 2013 (2012 nil) in relation to cash held by bankers.

Liquidity risk

62.0% of CITB's income in 2013 was derived from the statutory Levy (2012 58.5%), and the right to raise this Levy was confirmed for the three years 2013 to 2015.

The reserves policy is set out under accounting policies (Note 1 on pages 48 to 49). CITB believes that the level of unrestricted reserves at the end of 2013, combined with secure matching of expenditure to funding income for the year ahead and the continuation of Levy receipts, is such that CITB is not exposed to unacceptably high liquidity risks.

Cash flow risk

As CITB has no significant interest-bearing assets which are subject to changes in market interest rates, its income and operating cash flows are substantially independent of market changes in interest rates.

Market risks

Interest rate

CITB's financial assets, excluding short-term debtors and creditors, are made up of investments and cash. Information about material investments is disclosed at Note 13 on page 59.

Cash is held in a variety of non-interest bearing bank accounts.

Interest income for the year made up 0.7% (2012 0.9%) of CITB incoming resources and no loans are held, so exposure to interest rate risk is minimal. The effect of a 1% movement in interest rates in 2013 would have been approximately £1,315,000, which would not have been material.

Foreign currency

All of CITB's financial assets are denominated in pounds sterling; therefore there is no exposure to any foreign currency risk.

Other price

Exposure to wider price risks is reduced by appropriate procurement controls, coupled with competitive tendering and the securing of longer-term fixed price contracts where possible. Whilst some contracts have an element of variability based on the Retail Price Index, any risks arising from these are not deemed to be material.

Notes to the Financial Statements for the year ended 31 December 2013 (continued)**16. PROVISIONS FOR LIABILITIES AND CHARGES**

	Leasehold property dilapidations	
	2013	2012
	£'000	£'000
Balance as at 01 January 2013	388	400
Utilised	(79)	(90)
Released provisions	(81)	–
Additional provisions	39	78
Balance as at 31 December 2013	267	388

Leasehold property dilapidations represent a provision for estimated settlements with landlords on the expiry of the leases over the next seven years based on past experience. £89,000 of this provision is in respect of leases that expire in 2014 and the remainder relates to future years.

17. ACCUMULATED FUNDS

	Unrestricted fund				Restricted fund	
	General reserve	Fixed asset revaluation reserve	Total unrestricted fund	NCC East development fund	Total funds at 31/12/2013	Total funds at 31/12/2012
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 January	125,439	–	125,439	–	125,439	101,568
Capital funding receipts	–	–	–	1,088	1,088	2,662
Net movement in funds	5,720	–	5,720	(1,088)	4,632	21,209
Balance at 31 December	131,159	–	131,159	–	131,159	125,439

NCC East development fund represents receipts of grant from the Skills Funding Agency (SFA) towards the cost of constructing new student accommodation at the NCC East.

ACCUMULATED FUNDS 2011 (comparative table)

	Unrestricted fund				Restricted fund	
	General reserve	Fixed asset revaluation reserve	Total unrestricted fund	NCC East development fund	Total funds at 31/12/2012	Total funds at 31/12/2011
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 January	100,294	533	100,827	741	101,568	57,678
Capital funding receipts	–	–	–	2,662	2,662	741
Net movement in funds	25,145	(533)	24,612	(3,403)	21,209	43,149
Balance at 31 December	125,439	–	125,439	–	125,439	101,568

Notes to the Financial Statements for the year ended 31 December 2013 (continued)

18. GROSS CASH FLOWS

	2013	2012
	£'000	£'000
Returns on investments and servicing of finance		
Interest received on investments	<u>1,576</u>	<u>1,826</u>
Capital expenditure		
Payments to acquire tangible fixed assets	(4,480)	(7,905)
Receipts from sales of tangible fixed assets	33	725
Capital grant receipts	<u>1,088</u>	<u>2,662</u>
	<u>(3,359)</u>	<u>(4,518)</u>
Management of liquid resources		
Placed on deposit and purchase of externally managed investments	(410,401)	(289,490)
Deposit withdrawals and sale of externally managed investments	<u>408,215</u>	<u>282,392</u>
	<u>(2,186)</u>	<u>(7,098)</u>

19. ANALYSIS OF CHANGES IN NET FUNDS

	At 01/01/13	Cash flows	Net loss on revaluation	At 31/12/13
	£'000	£'000	£'000	£'000
Current asset investments on call	19,651	508	–	20,159
Other current asset investments	95,229	1,678	(1,266)	95,641
	<u>114,880</u>	<u>2,186</u>	<u>(1,266)</u>	<u>115,800</u>
Cash at bank	1,439	6,791	–	8,230
	<u>116,319</u>	<u>8,977</u>	<u>(1,266)</u>	<u>124,030</u>

20. ITB PENSION FUND

CITB is a participating employer in the ITB Pension Funds, a multi-employer defined benefit scheme. In accordance with the provisions of FRS 17 relating to multi-employer schemes, the Scheme has been accounted for as a defined contribution scheme, as the proportion of assets and funding level attributable to CITB are not separately identified.

The scheme comprises:

1. The '2007 Section', a defined benefits scheme for staff who joined before 1 January 2013. Employee contributions are 6% (2012 6%) and employer contributions are 7.6% (2012 7.6%).

The pension cost charge for the year was £6.5m (2012 £6.6m), including employer contributions and agreed fixed monthly deficit payments. Total deficit contributions of £3.6m were paid to the scheme in the year (2012 £3.6m).

The most recent triennial valuation of the scheme was performed as at 31 March 2013.

The principal future assumptions used are:

- That the real rate of return (net of pension increases) would be 0.8% pa
- The nominal rate of investment return on assets would be 4.25% pa
- The rate of pension increases would be in line with the Retail Prices Index (RPI) changes (and assumed to be 3.4% pa)
- 'Real' salary inflation would be 1.1% pa.

The 2013 valuation indicated that the actuarial value of the assets held by the total scheme fund showed a deficit of £39m against the scheme liabilities, based on FRS 17 methodologies.

2. The 'DC Section', is a defined contribution scheme for staff who joined on or after 1 January 2013. Employee contributions are 4% and employer contributions are 6%. CITB's contribution to the scheme amounted to £0.2m.

Total payments made in 2013 are shown in Note 23 on page 65.

Notes to the Financial Statements for the year ended 31 December 2013 (continued)**21. LEASE COMMITMENTS**

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

	2013		2012	
	Land and buildings	Other	Land and buildings	Other
	£'000	£'000	£'000	£'000
Operating leases				
Leases expiring within one year	90	35	219	55
Leases expiring in the second to fifth years	150	311	173	212
Leases expiring after five years	–	–	–	–
	240	346	392	267

22. BOARD MEMBERS' REMUNERATION

Remuneration of the Board members was as follows:

	2013	2012
	£	£
Chairman – James Wates	–	–
Deputy Chairman – Judy Lowe	35,063	32,251

The authority under which payments were made to the Chairman and Deputy Chairman is contained within the Industrial Training Act 1982.

James Wates elected to waive any entitlement to remuneration in favour of an award to the employer making the most innovative contribution to low carbon construction. No other Board members received any emoluments from CITB during the year. No Board member had pension entitlements under any pension schemes funded by CITB.

Expenses paid to Board members during the year amounted to £43,711 (£35,257 in 2012) in respect of accommodation, travel and subsistence. The total number of recipients was 13 (15 in 2012).

Notes to the Financial Statements for the year ended 31 December 2013 (continued)

23. PARTICULARS OF STAFF

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

	Directly employed	Temporary	2013 number	2012 number
Training	859	31	890	934
Other activities	516	32	548	512
	<u>1,375</u>	<u>63</u>	<u>1,438</u>	<u>1,446</u>

During the year, the following costs were incurred in respect of the above:

	2013 £'000	2012 £'000
Salaries of directly employed staff	45,595	43,418
Temporary staff costs	4,926	6,961
Redundancy costs	799	904
Social security costs	3,678	3,484
Other pension costs (see Note 20)	6,518	6,574
	<u>61,516</u>	<u>61,341</u>

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 34 to 36.

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 (pages 34 to 36), are within the ranges shown below.

	Number of employees	
	2013	2012
£60,001 – £70,000	23	24
£70,001 – £80,000	11	14
£80,001 – £90,000	2	5
£90,001 – £100,000	1	3

All employees earning over £60,000 (with the exception of two employees, one falling within the £60,001 – £70,000 range and the other falling within the £70,001 – £80,000 range) accrue benefits under the ITB Pension Fund.

Details of staff leaving the organisation during 2013 for whom exit packages were payable, are:

Exit package cost band	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band	
	2013	2012	2013	2012	2013	2012
<£10,000	3	46	–	–	3	46
£10,000 – £25,000	1	22	1	2	2	24
£25,000 – £50,000	3	12	1	–	4	12
£50,000 – £100,000	1	–	–	–	1	–
£100,000 – £200,000	–	–	–	–	–	–
>£200,000	1	–	–	–	1	–
Total number of exit packages	9	80	2	2	11	82
Total cost £	£463,897	£903,801	£61,284	£34,016	£525,181	£937,817

Notes to the Financial Statements for the year ended 31 December 2013 (continued)**24. 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 which is deemed to be of a non-charitable nature, resulting in a taxable profit of £20,985 (2012 £20,475). This has given rise to a potential corporation tax liability of £4,197 (2012 £4,095), provision for which is included under taxation in creditors (Note 14 on page 60).

25. RELATED PARTY TRANSACTIONS

CITB is sponsored by the Department for Business, Innovation and Skills (BIS) which is regarded as a related party. During 2013, there were some material transactions with other entities for which BIS is regarded as the parent department (namely Skills Funding Agency (SFA)).

In addition, CITB has had various material transactions with other Government departments and various central Government bodies. Most of these have been with Skills Development Scotland, Welsh Assembly Government, DECC and HM Revenue and Customs.

At 31 December 2013 there were material debtor balances for the following related parties:

Entity	2013	2012
	£'000	£'000
Skills Funding Agency (SFA)	13,098	6,744
Skills Development Scotland (SDS)	882	898
Welsh Assembly Government (WG)	1,053	208

At 31 December 2013 there were material creditor balances for the following related parties:

Entity	2013	2012
	£'000	£'000
Skills Funding Agency (SFA)	935	932
Department for the Environment and Climate Change (DECC)	562	1,774
HM Revenue & Customs (HMRC)	139	263
Learning and Skills Improvement Service (LSIS)	108	30
UK Commission for Employment and Skills (UKCES)	20	257
Welsh Department for Children, Education, Lifelong Learning and Skills (DCELLS)	–	319

In addition to this, some members of the Board hold positions with and/or are employees of organisations with which CITB has transacted during the year. Details of such positions and employments are declared in the following Appendices to this report:

- Appendix A (on pages 72 and 73) lists the members of the Board and its committees, also giving the names of their employers
- Appendix B (pages 74 and 75) shows the Register of Interests of Board members. On this basis, in the normal course of business, most Board members are likely to have commercial interests as Levy payers and grant claimers which, as they are transacted at arm's length, are not considered to be material for either party.

Material cash support payments paid during 2013, including those paid to employers of Board members, are set out in Note 6 (page 53). All of the transactions were under normal terms and carried out at arm's length.

Notes to the Financial Statements for the year ended 31 December 2013 (continued)**25. RELATED PARTY TRANSACTIONS** (continued)

The transactions in the following table comprised the receipt of Levy and income from the sale of training-related products and services to the organisations classified as Board member related employers. The total cash values received were:

Transactions with related employers under which funds were paid to CITB

	2013	2012
	£'000	£'000
Levy paid to CITB	5,582	3,276
Sale of training-related products and services by CITB	238	427
Total	5,820	3,703

At 31 December 2013 amounts owing to CITB in respect of the above transactions were as follows:

	2013	2012
	£'000	£'000
Levy paid to CITB	411	2,322
Sale of training related products and services by CITB	268	265
Total	679	2,587

The transactions in the following table comprised the payment of grants, the award of qualifications and the procurement of materials and training services to the organisations classified as Board member-related employers. The total cash values paid were:

Transactions with related employers under which payment or value flowed to the employers

	2013	2012
	£'000	£'000
Payment of grants	10,078	7,036
Purchase of materials and services by CITB	955	541
Total	11,033	7,577

At 31 December amounts owed by CITB in respect of the above transactions were as follows:

The grant creditor of £1,700,000 and associated accruals cannot be defined below as they cannot be apportioned between the employers.

	2013	2012
	£'000	£'000
Purchase of materials and services by CITB	–	–

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

26. LOSSES AND SPECIAL PAYMENTS

During the year, no special payments were made and there were no reportable losses over £250,000. Total bad debts written off during the year amounted to £5,278,607 (2012 £1,920,595).

27. EVENTS AFTER THE BALANCE SHEET DATE

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.

Statistical information for the year ended 31 December 2013*

Table 1: Distribution of employers by 2013 Levy Assessment band and main activity

Main activity	Levy value						Total
	Not assessed	£ Zero	£s 1-499	£s 500-4,999	£s 5,000-24,999	£s 25,000+	
Alteration to a building/part of a building	163	389	18	149	31	2	752
Architectural steelwork installation	17	25	2	33	7		84
Asbestos removal	20	20	1	41	7	1	90
Asphalt and tar spraying	18	135	22	137	51	5	368
Bricklaying	113	851	13	74	10	3	1,064
Building and civil engineering	271	1,938	77	956	320	174	3,736
Building repair and maintenance	361	2,319	124	977	237	48	4,066
Cavity wall insulation or draught proofing	13	16	1	31	11	3	75
Civil engineering	297	603	25	538	255	95	1,813
Construction labour agencies	48	124	8	16	5	3	204
Curtain walling/structural glazing	7	14	1	18	11	2	53
Damp proofing	82	54	5	29	1		171
Demolition	60	148	17	170	48	13	456
Developers	106	694	10	178	33	4	1,025
Diamond drilling	20	55	4	44	10	1	134
Dry lining or partitioning specialist	94	317	11	141	118	33	714
Erecting/dismantling exhibition stands	4	11		13	3		31
Felt roofing	7	116	4	60	16		203
Fire protection	6	16	3	23	17	2	67
Kitchen/bedroom/bathroom installation	101	576	18	185	19	3	902
Flat glass glazing	6	106	9	54	7	2	184
Floor covering	11	101	9	70	10	1	202
Flooring	60	245	20	143	39		507
General building	2,504	15,112	608	4,982	975	191	24,372
Hard landscaping	20	141	4	31	4		200
House building	269	1,228	45	555	177	114	2,388
Interior fit-out	88	174	8	208	96	13	587
Joinery and carpentry (mainly site work)	531	4,558	122	684	78	11	5,984
Joinery manufacture	154	895	97	602	62	5	1,815
Mastic asphaltting	4	27	2	27	3	1	64
Mastic sealant application	8	25	5	39			77
Painting and decorating	357	2,943	118	756	164	18	4,356
Paving	9	134	5	17	4	1	170
Piling	6	9	3	18	11	2	49
Plant hire/repair and/or tool hire	201	951	83	662	159	31	2,087
Plastering and/or artexing	1,090	1,399	37	266	108	19	2,919
Preparing/fixing stone for building including stonemasonry	36	182	18	107	30	2	375
Reinforced concrete specialist	12	59	3	23	10	7	114
Roof sheeting and cladding	111	192	13	148	81	18	563
Roofing including slating and tiling	1,125	1,720	93	618	131	13	3,700
Scaffolding	217	598	59	700	142	18	1,734
Shopfitting	78	181	18	212	134	26	649
Site preparation and groundworks	138	687	45	321	99	24	1,314
Steeplejack/lightning conductor engineering	4	35	3	44	7	1	94
Suspended ceiling installation	50	206	9	121	58	18	462
Swimming pool construction	3	18	2	18	5		46
Utilities	22	49	2	33	19	13	138
Wall and floor tiling	78	355	15	112	28		588
Other activities	270	198	14	167	54	13	716
Total	9,270	40,949	1,833	15,551	3,905	954	72,462

Notes: Not assessed – Employers in their first year of registration and untraceable employers
 Zero – Employers whose payroll and labour-only payments fall below the £80,000 threshold

Table 2: Levy income by employer size

Employer size	Number of employers	Number of employees	Levy £'000
Large	229	197,050	53,194
Medium	1,365	131,023	37,603
Small	7,961	159,420	39,055
Micro	53,637	129,974	28,027
Other	9,270	Not known	Nil
Total	72,462	617,467	157,879

Table 3: Number of employers assessable to levy

	Number of employers	Number of employees
Assessable to positive Levy	22,243	529,450
Assessable to zero Levy	40,949	88,017
Not assessed	9,270	Not known
Total	72,462	617,467

Table 4: Grant and support by size of employer

	Number of employers claiming grant and other support	Value of grant and other support payments £'000	Percentage of total grant and other support
Large	225	36,209	33%
Medium	1,208	27,736	26%
Small	4,664	22,194	20%
Micro	9,009	21,314	20%
Other	224	856	1%
Total	15,330	108,309	100%

Key to size of employer

Large: 250+ employees

Medium: 50 – 249 employees

Small: 10 – 49 employees

Micro: 0 – 9 employees

Other: Includes new registrations

Table 5: Number of employers with new entrant trainees

Number of trainees	Employer size				Total
	Large	Medium	Small	Micro	
1	22	198	1,320	7,823	9,363
2 to 5	39	341	1,347	2,334	4,061
6 to 10	23	144	201	–	368
11 to 15	22	58	–	–	80
16 to 20	8	20	–	–	28
21 to 50	27	37	–	–	64
51 to 100	14	–	–	–	14
101 and over	5	–	–	–	5
Total	160	798	2,868	10,157	13,983

Table 6: Employers claiming grant by Levy band

Levy banding	Employers claiming grant		Employers not claiming grant	
	Count	Percentage	Count	Percentage
Assessable to positive Levy	8,657	12%	13,586	19%
Assessable to zero Levy	6,028	8%	34,921	48%
Other	645	1%	8,625	12%
Total	15,330	21%	57,132	79%

Key to size of employer

Large: 250+ employees

Medium: 50 – 249 employees

Small: 10 – 49 employees

Micro: 0 – 9 employees

Other: Includes new registrations

Table 7: Number of trainees by size of employer and main activity

Main activity	Employer size				Total
	Large	Medium	Small	Micro	
Alteration to a building/part of a building	–	1	46	155	202
Architectural steelwork installation	–	–	6	2	8
Asphalt and tar spraying	–	9	19	6	34
Bricklaying/pointing	–	8	54	501	563
Building and civil engineering	768	3,620	671	419	5,478
Building repair and maintenance	872	396	501	595	2,364
Civil engineering	326	203	103	57	689
Construction labour agencies	–	–	3	7	10
Damp proofing	–	–	8	16	24
Demolition	4	42	42	7	95
Developers	–	11	14	68	93
Diamond drilling	–	–	8	4	12
Dry lining or partitioning specialist	–	29	104	31	164
Erecting/dismantling exhibition stands	–	–	1	4	5
Felt roofing	–	4	13	10	27
Fire protection	–	4	4	–	8
Fitted kitchen/bedroom/bathroom installation	–	8	41	196	245
Flat glass glazing	–	10	13	12	35
Floor covering	7	2	31	32	72
Flooring	–	1	45	75	121
General building	612	1,301	2,195	5,092	9,200
Hard landscaping	–	–	11	25	36
House building	299	541	211	480	1,531
Interior fit-out	4	16	54	24	98
Joinery and carpentry (mainly site work)	13	68	545	2,540	3,166
Joinery manufacture	–	84	507	693	1,284
Mastic asphaltting	–	–	2	2	4
Painting and decorating	131	175	615	1,268	2,189
Paving	–	–	2	5	7
Plant hire/repair and/or tool hire	230	118	125	180	653
Plastering and/or artexing	–	6	120	611	737
Preparing/fixing stone for building including stonemasonry	–	5	56	91	152
Reinforced concrete specialist	–	2	7	4	13
Roof sheeting and cladding	–	2	10	42	54
Roofing including slating and tiling	–	26	296	336	658
Scaffolding	31	336	457	388	1,212
Shopfitting	12	89	174	89	364
Site preparation and groundworks	3	37	45	40	125
Steeplejack/lightning conductor engineering	–	26	37	5	68
Suspended ceiling installation	–	–	45	21	66
Utilities	37	1	2	22	62
Wall and floor tiling	–	7	18	135	160
Other activities	66	43	42	44	195
Other (out of scope)	41	39	29	865	974
Total	3,456	7,270	7,332	15,199	33,257

Key to size of employer

Large: 250+ employees

Micro: 0 – 9 employees

Medium: 50 – 249 employees

Other: Includes new registrations

Small: 10 – 49 employees

A: Members of the Board and its committees

	TB	FC	TC	AC	RC	HSEC
Steve ACASTER, Persimmon Homes						*
Harry ADAM, formerly Ian Williams Ltd	■	+		●	■	
Russell ADFIELD, Health and Safety Executive						◇
Rob ALLEN, Clee Hill Plant Ltd						■
John ALLOTT, Unite the Union	□					
John ARMSTRONG, Construction Employers Federation NI						*
Bruce BARCLAY, Department for Business, Innovation and Skills				◇		
Ian BILLYARD, Leeds College of Building	▲		▲			
Greg BROWN, Construction Industry Council						■
Paul BROWN, British Association of Construction Heads						◇
Vaughan BURNARD, CIOB						◇
Darin BURROWS, Rullion Alltrades Ltd	■					
Duncan CANNEY, Willmott Dixon Holdings Ltd				■		
John CARPENTER, The Joint Board of Moderators						◇
Professor Barry CLARKE, Leeds University	▲					
Richard CLARKE, Unite the Union			□			
Bob COLLINS, Stokey Plant	■					
Phil CULLEN, BAM Nuttall						■
June DAVIES, National Federation of Builders						*
Ian DICKERSON, Kier Group Services			■			
John DICKSON, Owen Pugh Holdings Ltd	■	■				
Keith DONNELLY, Carillion Training Services			▲			
Andrew DUNCAN, Department for Business, Innovation and Skills	◇					
Richard EASTON, A F Hadley Ltd, T/A Hadley Shopfitters			■			
Hayley ELLIS, Federation of Master Builders						◇
Peter FISHER, Costain Ltd						●
Kevin FITZPATRICK, Wates Group Ltd				■		
Jim GAMBLE, Union of Construction Allied Trades and Technicians						□
Trevor GAMBLE, Ramble Containers Ltd			+			
Jim GILMOUR, Regency Homes (Scotland) Ltd	■					
Peter GODSALL, Interserve Ltd						*
Nazir HAJI, Federation of Master Builders				*		
John HALLAM, Simons Construction Ltd						■
Bob HARPER, Ashstead Plant Hire Co Ltd			■			
Geoff HOLT, Associated Roofing and Maintenance Ltd	■		■			
Robert HUDSON, National Association of Shopfitters						▼
Dafydd HUGHES, Welsh Assembly Government	◇					
Hugh HUNTER, Balfour Beatty				*		
Chris JONES, BAM Construct UK Ltd	■		+			
Richard KANE, Stallard Kane Associates						*
Billy KIRKWOOD, RDK Construction Ltd	■					

	TB	FC	TC	AC	RC	HSEC
Richard LATHAM, Persimmon plc			■			
Geoff LISTER, Greenwood Estate and Property Maintenance Ltd			+			
John LORIMER, JLO Innovation Ltd	⊛			■		
Judy LOWE, Strategic Consulting Ltd	○	■	●		○	
Simon MANTLE, National House Building Council						■
Jim MCKECHNIE, JBM Contractors						⊛
Hayden MEAD, Dyer and Butler			■			
Stephen MURPHY, UCATT	□	□				
Susan Murray, Unite the Union						□
Tim PEACH, Lend Lease	■	●			■	
Martyn PRICE, Consign (Construction Skills Solutions) Ltd	■		■			
Harold RACKHAM, G N Rackham & Sons Ltd	■	■				
Amit SHAH, Balfour Beatty plc				■		
Mick SHEPHERD, Complete Access Scaffolding Ltd			■			
Frank SHEPPARD, Unite the Union						□
Geoff SNOW, OBE, Snows Construction 1976 Ltd			■			
Haydn STEELE, Construction Plant-hire Association						+
Billy SWEENEY, Scottish Building			■			
Neil VERNON, UCATT			□			
James WATES, Wates Group Ltd	●				●	
Ray WILSON, Carillion Training Services	■				■	
Graham WINTER, Environment Agency						⊛

(This table shows the position as at 31 December 2013)

●	Chairman	▼	Federation Member	TB	The Board
○	Deputy Chairman	⊛	Member	FC	Finance Committee
■	Employer Member	⊛	Client Member	TC	Training Committee
□	Trades Union Member	❖	Observer	AC	Audit Committee
▲	Education Member	+	Ex-officio	RC	Remuneration Committee
				HSEC	Health, Safety and Environment Committee

B: Register of interests of Board members

Related party transactions

Employer Board members must be concerned with 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. All will therefore have business interests as Levy payers or potential grant recipients that may be perceived to conflict with their responsibilities as Board members.

The following have in addition declared other personal or business interests.

John Allott

National Secretary for Construction, Unite the Union

John is a director of Construction Skills Certification Scheme Ltd.

Ian Billyard

Principal and Chief Executive, Leeds College of Building

Ian is a governor of the David Young Community Academy, Leeds, a council member of the City & Guilds of London Institute and a governor of the City of Leeds School. He is also a director of Achieve Through Training Limited and LCB Enterprises – a company set up by Leeds College of Building.

Barry Clarke

Professor of Civil Engineering Geotechnics, University of Leeds

Barry is immediate past President of the Institution of Civil Engineers and a member of the council of that institution. He is a member of the Executive of the Construction Industry Council, Chairman of the Engineering Accreditation Board, a member of the Executive Group of the Engineering Professors' Council, and a member of the Department for Transport's (DfT's) Scientific Advisory Council.

Bob Collins

Stokey Plant Hire Ltd

Bob is current President of the Construction Plant-hire Association and a member of CITB's Construction Plant Competence Scheme Management Committee. He is a shareholder of Stokey Plant Hire Ltd, a company potentially in receipt of grant payments.

John Dickson

Group Chairman, Owen Pugh Holdings Ltd

John is Director and controlling shareholder of Owen Pugh Holdings Ltd and a director of all the companies in the Owen Pugh Group, some of which receive grant from CITB. He is also a director of Civil Engineering Contractors Association (North East) (CECA) and of CECA Ltd.

Jim Gilmour

Director of Regency Building, Regency Finance and ODC Ltd

Jim is National President and a director of the Federation of Master Builders. He is also a director of FMB Training Services Ltd. In addition, he is Director of Regency Finance Ltd, ODC Ltd, Scotia Extensions, Vigilo Facilities Management and Jim & Laura A-Firm. He is Chairman of Build Assure, of the Lennoxton Initiative and of the Kirkintilloch Community Sports Centre.

Chris Jones

BAM Construct UK Ltd

Chris is Director of Learning and Development for BAM Construct UK Ltd with responsibility for claiming training grants from CITB. He is also a member of the governing body for Medway UTC.

Billy Kirkwood

Managing Director of RDK Construction Ltd, RobertRyan Timber Engineering Limited and RobertRyan Homes. Director of Constructive Architectural Design.

Billy is a member and past President of the Scottish Building Federation. He is also a member of Homes for Scotland and a registered NHBC builder. RDK Construction Ltd and the other businesses of which Billy is a director are all potential Levy payers and grant recipients.

John Lorimer

Director, JLO Innovation Ltd

JLO Innovation Ltd provides consultancy services to public sector clients and contractors. He is a member of the BIS BIM task group and Visiting Professor at Salford University.

Stephen Murphy

General Secretary, UCATT

Steve is Employee's Secretary of the Construction Industry Joint Council and a non-executive director of B&CE. He is a director of Construction Skills Certification Scheme Ltd.

Martyn Price

Chief Executive of Consign (Construction Skills Solutions) Ltd

Martyn is often engaged as a consultant within the construction sector, which may cause a conflict of interest. Should a conflict or potential for conflict arise, it would be declared as appropriate. He also chairs the SkillBuild and Skills Competitions Strategic Board and represents the sector on the Apprenticeship Ambassador Network, as well as being a member of the Cross-Industry Construction Apprenticeship Task Force.

James Wates

Deputy Chairman, Wates Group Ltd

James is Chairman of the UK Contractors Group, Commissioner on the UK Commission for Employment and Skills, Vice Chairman of the CBI Construction Council, President of the British Council for Offices, a Trustee of BRE (the Building Research Establishment) and immediate past President of the CIOB.

Ray Wilson

Director and General Manager, Carillion Training Services Ltd

Ray is a member of the UKCG training sub-group, of its Apprenticeship task group and of the Cross-Industry Construction Apprenticeship Task Force. He is also a member of the B-Live Construction Careers Board.

C: Employer organisations

During 2013, CITB maintained close contact with the following major employer organisations:

The British Woodworking Federation
The Civil Engineering Contractors Association
The Construction Plant-hire Association
The Federation of Master Builders
Hire Association Europe
The Home Builders Federation
The National Association of Shopfitters
The National Federation of Builders
The National Federation of Demolition Contractors
The National Specialist Contractors Council
The Scottish Building Federation
The Scottish Decorators Federation
The Scottish Plant Owners' Association
The UK Contractors Group

CITB also maintains regular contact with the following trades unions over skills and training issues:

Unite the Union (formerly TGWU)
Union of Construction, Allied Trades and Technicians (UCATT)

D: CITB's statutory basis

As an Industrial Training Board promoting and improving the standard of training in the construction sector, the Construction Industry Training Board – now more commonly known as CITB – is established for exclusively charitable purposes and so is registered as a charity in England and Wales (Registered Charity Number 264289) and in Scotland (SC044875). Members of the Board, who also act as Trustees of the charity, are identified on page 24.

Its charitable activities are partly funded by the statutory Levy introduced by the Industrial Training Act 1982 and confirmed by Levy Orders passed by both houses of Parliament. The most recent is the Industrial Training Levy (Construction Industry Training Board) Order 2012 (2012 No. 549), enacted on 27 March 2012 and coming into force on 28 March 2012. 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.

In July 2013, a Triennial Review, which is following the framework published by the Cabinet Office in 2011, began considering CITB's functions, status and governance. This process, applied periodically to all public bodies, is due to conclude in 2014.

In 2003, the organisation, operating with the Construction Industry Council and CITB Northern Ireland (another statutory body), was recognised as the Sector Skills Council (SSC) for Construction, an entity collectively known as ConstructionSkills. In 2009, after a rigorous review by the National Audit Office, its performance was assessed as Good against the framework established by the UK Commission for Employment and Skills (UKCES) and its licence to operate as an SSC was renewed by the Secretary of State on the recommendation of the UKCES.

The SSC is governed by a management group on which all three partner organisations are represented. This body advises on the development and delivery of a programme of work to give strategic leadership and influence in support of the learning and skills agenda across the construction sector throughout the UK. Since 2004, ConstructionSkills has maintained a Sector Skills Agreement (SSA) involving commitments from employers and their trade associations, the trades unions, the education sector and Government. It also created a robust forecasting model (the Construction Skills Network or CSN) for the sector's future skill needs, validated by industry locally and nationally. The CSN has developed an increasingly sophisticated analysis of data on skills needs and training supply across the UK which is used by Governments, local authorities and other stakeholders.

In addition, the National Skills Academy for Construction (NSAFC), based on a project-driven approach to supporting training, helps to ensure that provision will be able to meet sector needs in more difficult economic times.

CITB's aims and objectives

CITB exists to help employers ensure that there are, and will continue to be, enough trained people to meet the needs of the construction industry. Its principal activities are designed to achieve this end.

The Industrial Training Act passed in 1964 made possible the establishment of Industrial Training Boards 'for the purpose of making better provision for the training of persons for employment ... in any activities of industry...'. In that July, the Industrial Training (Construction Board) Order 1964 brought CITB into being. The legislation also provided for the raising of a training Levy to fund its activities. Rates of Levy (which with the consensus agreement of the industry expressed through employers' organisations is not based on exemption) are recommended by the Board and subject to affirmative resolution by both houses of Parliament. For assessments payable in 2012, 2013 and 2014, Levy rates are 0.5% of the total of payments made to employees and 1.5% of the payments made under labour-only agreements, offset by 1.5% of labour-only receipts from employers in the construction industry.

The Governance Statement (pages 37 to 42) gives more information about how the business is governed, and a list of those who served as Trustees during 2013 is on page 24. Board and main committee membership is shown in Appendix A, pages 72 and 73. Members of the senior management team are identified in the Remuneration Report on pages 34 to 36.

CITB is indebted to the employers' organisations and other bodies that provide valuable support and advice and to the many employers and stakeholders who give their time freely to help direct the business. A list of the major employers' and employee organisations with which CITB maintains close contact is shown in Appendix C, page 76.

CITB's structure

Activities across Great Britain are covered in this report, with separate pages for England, Scotland and Wales (on pages 14–23), reflecting the diversity of national approaches to meeting the needs of employers.

In 2013, CITB was structured into six directorates (Business Services, Employer Services, National Construction College, Skills Strategy, Communications and Change, and Corporate Services), each headed by a Director reporting to the Chief Executive and collectively responsible to the Chairman and Board. This will change in 2014, when a new five-part structure will be implemented. The five teams will be Policy and Strategic Planning, Customer Services, Commercial, National Construction College and Corporate Performance. A separate Internal Audit unit will continue to report directly to the Chief Executive, as will a Communications, Public Affairs and Public Relations unit.

CITB's five-year rolling activity-based business plan is informed by external industry-focused drivers and internal organisational development drivers. While clear accountabilities for delivery are seen as critical, the vital importance of interdependencies between teams is also reflected in each activity plan. No single team can fully meet any of its accountabilities without the support of at least one other team.

CITB's principal activities

CITB delivers its objectives primarily by giving financial help to employers engaged in training, offering advice about, and support for, their training needs, developing and maintaining a framework of standards and qualifications in consultation with the industry, and managing schemes for recording achievement. It provides training itself where there is no satisfactory market alternative. Delivery plans are published in its Business Plan and updated annually. These include key performance indicators and targets for the forthcoming year and beyond. Information about progress against those plans in 2013 is given on pages 7–8.

Research and development

CITB maintains an ongoing programme of research on matters relevant to training in construction. The CSN provides an authoritative basis for forecasting capacity, productivity and skills across the sector, which helps the organisation and industry to plan for the impact of future trends on the workforce. Outputs from this and other research work are reported widely and available at citb.co.uk. CITB undertakes a regular review of National Occupational Standards, ensuring that they match current industry needs. This involves consultation and research with employers and trade associations across the four home countries. The development of appropriate training and other support material is undertaken separately.

CITB and public service

As a non-departmental public body, CITB is expected to continually raise its standards of public service and to become more responsive to the wishes of users. As this report shows, CITB constantly seeks to ensure that its policies accord with industry's needs and that it operates cost-effectively in the interests of the Levy payer. The business aims to become *Simpler* to deal with, *Faster* to respond to customers and *Closer* to their needs.

In particular, CITB believes that transparency of decision-making and rigorous scrutiny by stakeholders will help it to attain these goals. Since December 2002, when it received the approval of the Information Commissioner for a publication scheme compliant with the Freedom of Information Act 2000, a range of material produced by CITB, including Board and other committee agendas, minutes and papers, has been made available through the website: citb.co.uk/en-GB/about-us/how-were-run/our-boards-committees/papers

Further requests for information can be addressed to the Corporate Governance Unit, CITB, Bircham Newton, King's Lynn, Norfolk PE31 6RH (email kim.mann@citb.co.uk).

In 2009, the Board approved a revised Code of Best Practice for its members, based on that published by HM Treasury. A Code of Employee Conduct based on guidance issued by the Cabinet Office has been in place for more than a decade and is kept under regular review.

Financial redress in cases of maladministration

As part of its commitment to public service principles, CITB offers financial recompense in cases of maladministration. In 2013, no payments were made under the terms of this policy.

Our mission for the industry

Ensuring the construction industry has the right skills in the right place at the right time.

Our vision for the organisation

To be the leadership organisation for the UK construction industry's skills and training needs.

E: Location of CITB Offices and National Construction College (NCC) centres

Head Office

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

ENGLAND

London

Carthusian Court
12 Carthusian Street
London
EC1M 6EZ
Tel: 0300 456 7700

Thurmaston

Suites 1, 2 and 3
1st Floor, Bridge Business Park
674 Melton Road
Thurmaston
Leicestershire
LE4 8BB

East

Compass House
Cambridge Vision Park
Chivers Way
Histon
Cambridge
CB24 9AD

West Midlands

The Regus Group
Birmingham Blythe Valley Park
Central Boulevard
Blythe Valley Business Park
Solihull
B90 8AG

Yorkshire Hub

Ground Floor
Unit 1
Deanhurst Park
Gelder Road
Leeds
LS27 7LG

SCOTLAND

Scottish Office

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

Scotland (North)

Alder House
Cradlehall Business Park
Inverness
IV2 5GH

WALES

Welsh Office

Units 4 and 5
Bridgend Business Centre
David Street
Bridgend Industrial Estate
Bridgend
CF31 3SH
Tel: 01656 655226
email: wales.office@citb.co.uk

National Construction Colleges

NCC East

Bircham Newton
King's Lynn
Norfolk
PE31 6RH
Tel: 0344 994 4433

NCC Midlands

83 Lifford Lane
Kings Norton
Birmingham
B30 3JH
Tel: 0300 456 5620

NCC Central with JCB

Ladyhole Lane
Ashbourne
Derbyshire
DE6 1LR
Tel/Fax: 01335 346738

NCC Waltham Forest/Cathall Road/ Leytonstone

Waltham Forest Construction Training Centre
Hollydown Way
Leytonstone
London
E11 4DD
Tel: 0208 539 8729

NCC South

Manor Road
Erith
Kent
DA8 2AD
Tel: 0300 456 5333

NCC Scotland

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

TUCA (The Tunnelling and Underground Construction Academy)

Lugg Approach
Ilford
Essex
E12 5LN
Tel: 0203 197 5002

NCC course enquiries

Tel: 0844 844 0466

OTHER

CITB's bankers

Barclays Bank plc
17 Market Place
Fakenham
Norfolk
NR21 9BE

CITB's investment advisers

Investec Wealth & Investment Limited
2 Gresham Street
London
EC2V 7QN

CITB's auditors

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

CITB's legal adviser

Claire Shopland
Head of Legal
Bircham Newton
King's Lynn
Norfolk
PE31 6RH

F: Glossary

AM	Assembly Member	NFRC	National Federation of Roofing Contractors
BACH	British Association of Construction Heads	NNB	Nuclear New Build
BIM	Business Information Modelling	NOS	National Occupational Standards
BIS	Department for Business, Innovation and Skills	NSAC	National Specialists Accreditation Centre
BME	Black and Minority Ethnic	NSAfc	National Skills Academy for Construction
BRE	Building Research Establishment	NSCC	National Specialist Contractors Council
BSC	British Safety Council	NVQ	National Vocational Qualification
BSR	Business and Skills Review	OSAT	On-Site Assessment and Training
C&AG	Comptroller and Auditor General	OSCR	Office of the Scottish Charities Regulator
CBI	Confederation of British Industry	PLA	Programme Led Apprenticeship
CCATF	Cross Industry Construction Apprenticeship Taskforce	R&M	Repair and Maintenance
CIOB	Chartered Institute of Building	RIA	Roofing Industry Alliance
COBRA	Complete Business Reference Adviser	RTPI	Royal Town Planning Institute
CPCS	Construction Plant Competence Scheme	SAPs	Specialist Apprenticeship Programmes
CPD	Continuing Professional Development	SASW	Specification of Apprenticeship Standards for Wales
CQS	Construction Qualification Strategy	SDS	Skills Development Scotland
CSCS	Construction Skills Certification Scheme	SEWSCAP	South East Wales Schools and Capital Projects
CSN	Construction Skills Network	SFA	Skills Funding Agency
DECC	Department of Energy and Climate Change	SME	Small and Medium-sized Enterprises
DWP	Department of Work and Pensions	SMSTS	Site Management Safety Training Scheme
ECP	Experience Construction Programme	SPRA	Single Ply Roofing Association
ESS	Employer and Stakeholder Survey	SQA	Scottish Qualifications Authority
EST	Economy, Science and Transport	SSA	Sector Skills Agreement
FE	Further Education	SSC	Sector Skills Council
FMB	Federation of Master Builders	SUPs	Specialist Upskilling Programmes
FIR	Fairness, Inclusion and Respect	SVQ	Scottish Vocational Qualification
FRA	Flat Roofing Alliance	TGWU	Transport and General Workers Union
GDP	Gross Domestic Product	TUCA	Tunnelling and Underground Construction Academy
HE	Higher Education	UCATT	Union of Construction, Allied Trades and Technicians
HRD	Human Resource Development	UKCES	United Kingdom Commission for Employment and Skills
ICE	Institution of Civil Engineers	UKCG	UK Contractors Group
liP	Investors in People	WCSG	Wales Construction Skills Group
ITB	Industrial Training Board	WG	Welsh Government
LFS	Labour Force Survey	WLGA	Welsh Local Government Association
MA	Managing Agency	WMCUTC	West Midland Construction University Technical College
MSP	Member of the Scottish Parliament		
NAO	National Audit Office		
NAS	National Apprenticeship Service		
NCC	National Construction College		
NDPB	Non-departmental public body		



citb.co.uk



CITB, CIC and CITB-ConstructionSkills Northern Ireland are working as ConstructionSkills, the Sector Skills Council for Construction. CITB is registered as a charity in England and Wales (Reg No 264289) and in Scotland (Reg No SC044875).