

CONSTRUCTION INDUSTRY TRAINING BOARD (CITB)

Annual Report and Accounts 2019-20

HC 842

The background of the lower half of the page is a photograph of several large tower cranes silhouetted against a dramatic sunset sky with shades of purple, pink, and orange. A purple circular graphic is overlaid on the right side of the image.

For the year ended
31 March 2020

Construction Industry Training Board (CITB)

Annual Report and Accounts 2019-20

For the year ended 31 March 2020

Presented to Parliament pursuant to section 8 (4) of the Industrial Training Act 1982

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Chairman's foreword

Building a stronger industry for a better Britain

The construction industry is a great industry to work in. We create 6% of the nation's GDP – building communities and the infrastructure we need to power economic growth. We provide work for over two million people who develop their skills and careers in an industry full of opportunities.

We are an industry that is modernising fast – increasingly relying on modern methods of construction and digital ways of working to face the challenges of reducing our carbon footprint and improving productivity. All of this means we need to invest in skills for the future: skills which blend the best of traditional trades with modern ways of building and training for new entrants, as well as those already in the industry, as they learn new techniques and move up the ladder. One of the key outcomes of training and skills in any workforce is of course improved productivity, and this is one issue CITB will continue to champion.

CITB exists to help industry develop world-class skills. In 2019-20, we invested over £133 million of the £188 million we collect from industry to support the next generation of apprentices, enabling over 27,000 young people to start their careers in construction. We also helped over 15,000 firms grow and develop through our grants system, as well as funding the training of around 245,000 of their employees. Sarah Beale's introduction provides further highlights of a year of significant delivery.

I am sure employers would be delighted if all this could happen without the Levy we raise! But it can't; we need the Levy to make sure that industry has the skills it needs. So, I am pleased to see that 71% of 1,500 employers in our regular Employer and Stakeholder Research (ESR) survey say the Levy/grants system is important and 74% say it should continue.

Since 2018, CITB has undergone a significant change programme to make sure we provide value for money for the industry and stop doing what is best done by others. This has now realised one-off financial savings of around £5m in 2019-20 and recurrent savings of a further £4m per annum. We have reduced our headcount from 1,500 to 850, with a further maximum reduction of 312 to come from divestment of the National Construction Colleges (NCC) and company restructuring.



Near the end of the 2019-20 financial year, like other industries, construction faced an unprecedented impact on its normal business because of the coronavirus pandemic – a challenge we had to address immediately. Sarah Beale covers more detail in her introduction about how we responded to support and protect the industry we serve. Given the challenges being faced by the industry, we did not conduct the Consensus process that was planned for 2020, instead for continuity and in recognition of the economic situation, we proposed a one-year Levy Order, with a 50% reduction to rates for employers. We have and will continue to listen to employers and partners across the construction industry and find new ways of meeting the skills the industry needs.

We are determined to rise to the challenges of the future and provide the best service we can to employers in an industry I am proud to be part of.

A handwritten signature in black ink, which reads "Peter Lauener". The signature is written in a cursive, flowing style.

Peter Lauener
CITB Chair



Chief Executive's introduction

So much has changed since last year that it seems an eternity ago. I wanted to highlight what the Levy helped to achieve last year and recap what we have done and how we continue to support the industry through the COVID-19 pandemic.

When lockdown began, our customers told us loud and clear that cash flow was a major issue, and it was clearly right to do everything we could to ease those concerns. We took a series of measures with the Levy, grants and funding, all with the intention of providing a sustainable situation in which employers did not reduce their workforce unnecessarily. Our response grew to include measures to adapt training methods and support a safe return to work and, in the early stages of the pandemic, we put together a Skills Stability Plan, with a clear focus on the core and immediate skills needs of the sector, placing employers and the industry in a stronger position to recover.

While COVID-19 has dominated the agenda recently and meant that many initiatives were impacted by our need to prioritise, I want to highlight several key programmes

delivered during 2019-20 which have had a positive impact on our customers. This included providing work experience for thousands of people and helping many of them into work through the Construction Skills Fund hubs.

Our Construction Training Directory and Register have both ramped up impressively, supporting the drive for quality-assured, standardised training. This is boosting industry's skills and, importantly, reducing duplication (and therefore overall cost of training) while providing a trusted record that can be used to drive future competence and development. We have supported 17,000 small and micro firms through our Skills and Training Fund, which offers a simple, easy-to-access way of getting vital training for those businesses. We also developed, in close collaboration with employers, a Skills and Training Fund for Medium-Sized Businesses, which we opened this year, as well as a Leadership and Management Development Fund seeking to address the specific skills requirement for large companies.

I'm proud that we have delivered specific programmes in Scotland and Wales and have worked closely with Government and employers. In Wales, we helped construct the new apprenticeship qualification to ensure that the competencies required for jobs are taught and assessed correctly. In Scotland, we are funding the development of an enlarged assessor base to ensure the way Scottish Vocational Qualifications are assessed in the workplace, securing the standard of these qualifications for years to come.

This Annual Report and Accounts tells the story of CITB delivering for its customers while, like all businesses, having to move with speed and agility to address the new challenges presented by the coronavirus pandemic.

While the present challenges are unprecedented, there are also real opportunities – to work together, to innovate and increase productivity, to solve the long-term skills challenges and drive the industry we want in the future.

We need to work together to make a difference. Now is the time to seize these opportunities and put our plans into action.

Sarah Beale
Chief Executive

SECTION 1

STRATEGIC

REPORT

Who we are

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

We believe that properly trained, competent and qualified people deliver better results, and make the companies they work for more competitive and the industry more productive. A skilled construction workforce creates the image required to attract future talent and helps create a better-quality built environment that benefits society as a whole.

Vision

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

Mission

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

Our statutory basis

CITB's charitable activities are partly funded by the statutory Levy raised pursuant to the Industrial Training Act 1982 and confirmed through Levy Orders passed by both Houses of Parliament. The most recent Levy Order came into force on 29 March 2018. Full details of CITB's powers and responsibilities, as well as the restrictions placed on it, can be found in the Industrial Training Act 1982 and subsequent amendments. CITB is registered as a charity in England and Wales (264289) and in Scotland (SC044875).

Objectives – public benefit

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

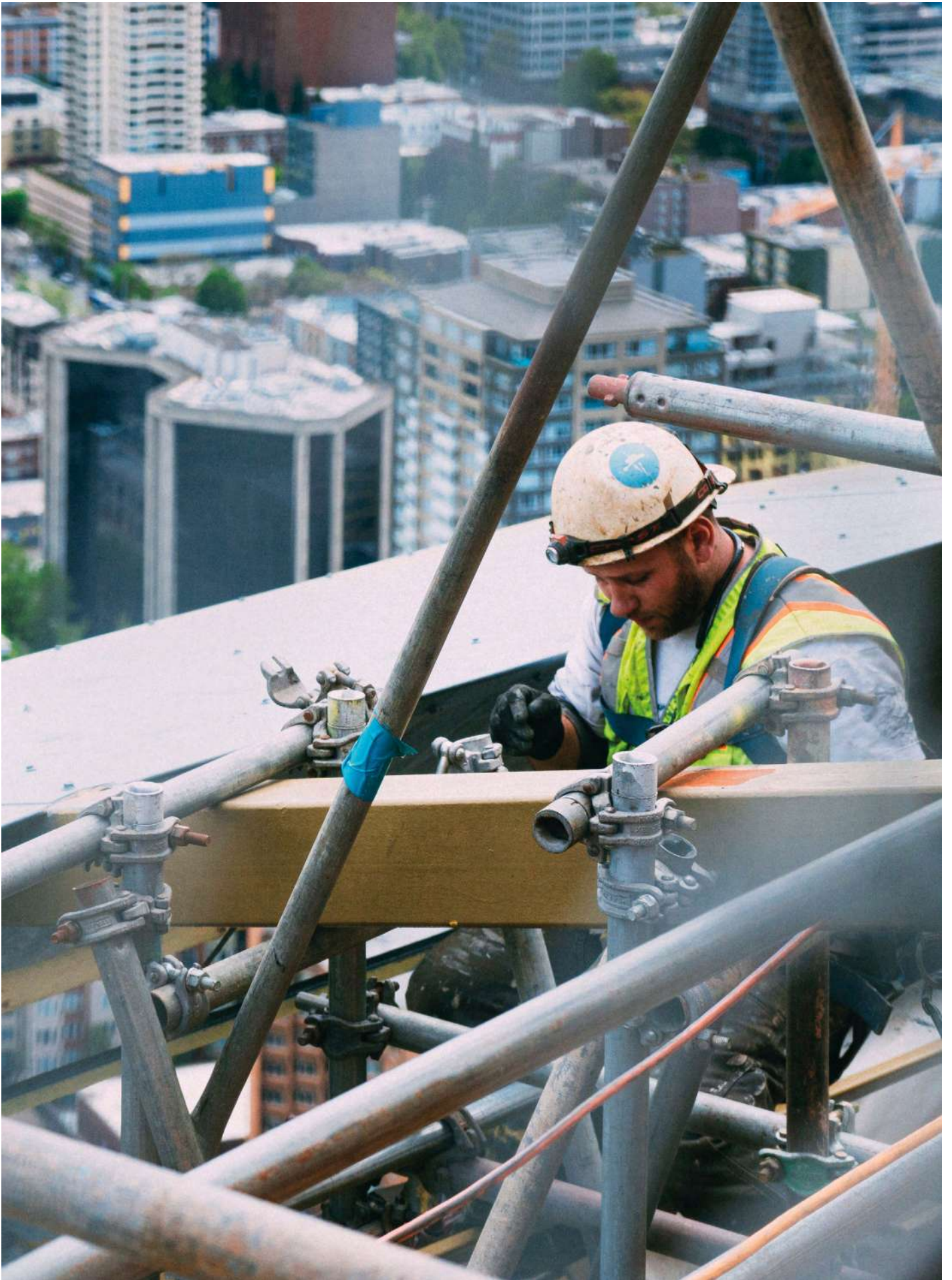
Activities

Our priorities are:

- **Careers:** Support recruitment and retention and promote career progression across the construction industry
- **Standards and qualifications:** Support employers in developing and maintaining standards and qualifications
- **Training and development:** Ensure access to and assure the provision of high-quality training that presents good value for money.

We will do this by:

- **Improving our evidence base:** Develop knowledge of current and future skills needs and the supply of training
- **Building our influence and engagement:** Work with the industry to influence skills funding and vocational training policies and provision
- **Improving funding:** Use employer funds to support construction employers to address their skills needs.



SECTION 2

OPERATING ENVIRONMENT

Throughout most of the second quarter (April to June) of 2020 the UK construction industry, in common with all parts of the UK economy, experienced a period of unparalleled disruption brought about by the coronavirus pandemic. A brief respite in quarter 3 (July to September) in the form of some very positive economic figures was unfortunately followed by an increase in infection rates leading to further lockdowns across all parts of the UK. With the full rollout of a successful vaccine to most of the working-age population likely to take 12 months, there is a high probability of further short-term disruption until at least quarter 2 2021.

As well as the societal impact of the virus, the pandemic swept away some early positive signs for UK construction in the first two months of 2020. Output in the industry had increased by 2.5% in 2019, driven largely by private new housing (4%) and infrastructure (6.5%). These figures were only partially offset by a contraction (1%) in the commercial sector where firms had delayed investment decisions due to the political uncertainty that hung over the economy throughout much of 2019. Employers had been reporting ongoing skills issues, with almost half finding it difficult to find suitably skilled staff.

COVID-19 was already having an impact on the economy before the country went into full lockdown on 24 March 2020, which meant that quarter 1 (January to March) saw the UK economy gross domestic product (GDP) decline by 2.2%. Every major sector of the economy was hit, although the biggest fall was seen in construction where output fell by 2.6%.

This was followed by a record decline in output of 20.4% across all parts of the economy in quarter 2 2020, with construction output down by 35%. Whilst work on sites had been permitted in England and Wales throughout the pandemic, this did not prevent almost two-thirds of UK sites by value being closed at its peak, hitting projects with a total construction value over £100bn. The housebuilding sector was hit hardest, but high-value larger projects, including HS2, Crossrail and Tideway, were also among those to have had work either completely or substantially paused.

The overall impact of this on jobs was significant, with the unemployment claimant count rising by 120% between March and August to 2.7 million people; many economists expect it to continue rising well into 2021.

Quarter 3 2020 saw some welcome good news with output across the UK economy growing by an estimated 15%, with construction bouncing back by over 40%. Even this, ordinarily remarkable, growth leaves output levels in the industry some 11.5% lower than in the final quarter of 2019, and indeed there are signs that the rate of growth was slowing towards the end of quarter 3. With rising coronavirus cases leading to a second lockdown, the expectation is that quarter 4 (October to December) will see only weak growth at best with the real possibility of further declines in output.



The Government's furlough scheme has provided a valuable lifeline to many struggling construction firms, with the number of firms filing for administration actually falling during lockdown as companies began receiving cashflow help through the various financial aid packages on offer. Looking ahead, current workloads should be sufficient to support firms working in the infrastructure and housing sectors, while those in the commercial sector may face further substantial challenges next year as the economy adapts to its new circumstances. The number of firms going into administration in the commercial sector may well rise, with small and micro businesses (a critical component of the supply chain and key to delivering apprenticeship training) and the self-employed particularly vulnerable.

On a positive note, construction is often amongst the first parts of the economy to bounce back after a recession, so while planning to mitigate damage is paramount, it is important that plans are also made for recovery. Long-term challenges facing the industry, whilst temporarily relegated to secondary importance, are likely to return. The perennial task of raising the industry's productivity level is driving the early stages of significant

change involving greater use of technology that may well have a bigger impact over the next few years, especially if skills shortages are exacerbated by a loss of skilled workers in a recession. The Government's Construction Sector Deal is intended to transform the industry using innovative and digital technologies, leading to increased productivity and the faster delivery of new homes.

This has the potential to transform the way the industry thinks about training, as existing workers will need to reskill, and workers join the industry in new and innovative roles that that will emerge as the economy, and the industry, begin to recover. Accordingly, and despite the significant uncertainty about the longer-term impact of the coronavirus pandemic on the UK economy, and what is a highly dynamic situation, CITB is planning for short-term stability and the long-term transformation of the industry with the gradual resumption of growth in the economy over the next two to three years, and the reinvention of the industry to deliver better performance and value over the long term.

SECTION 3

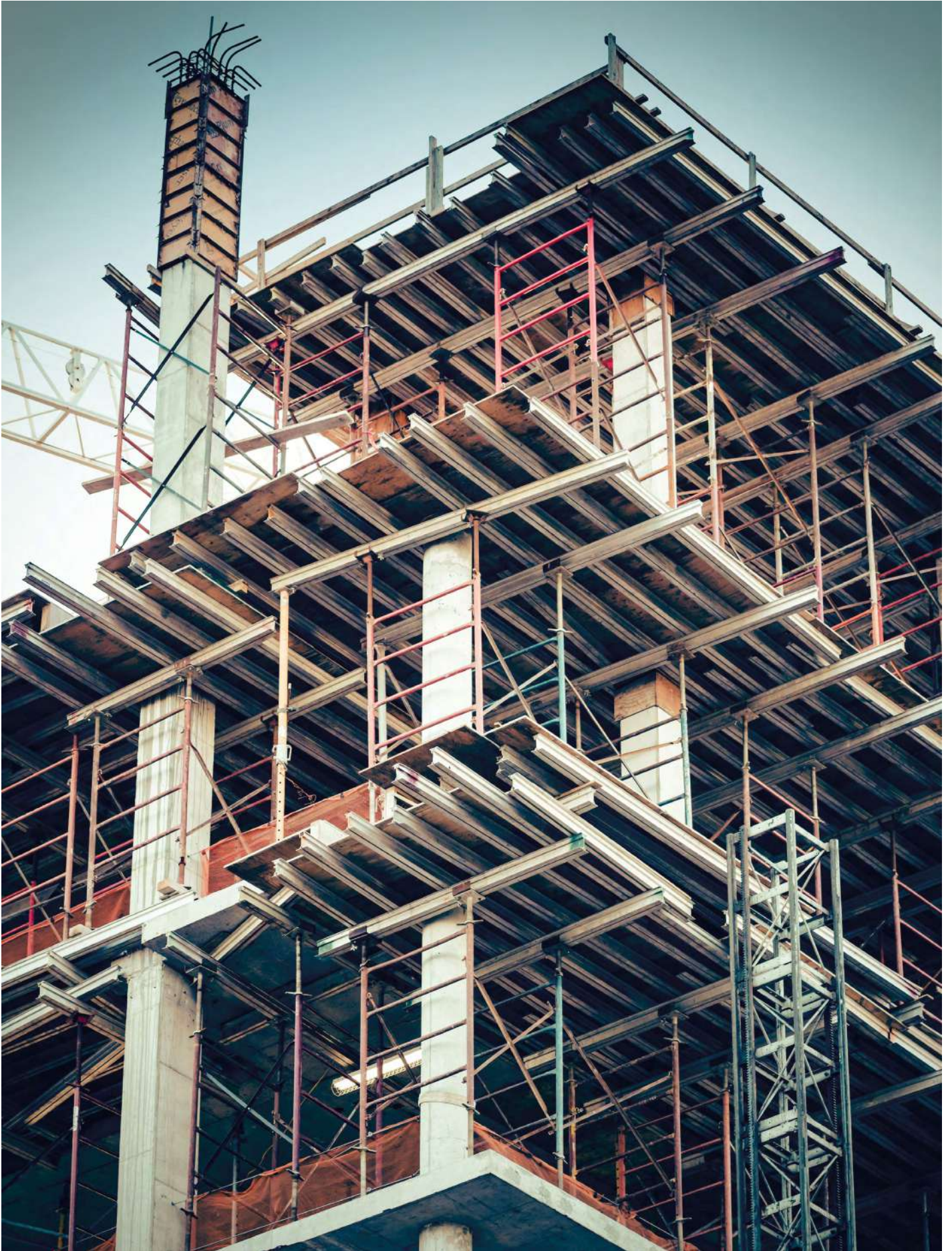
REVIEW OF

2019-20

How we support industry

CITB's income for 2019-20 was mainly raised through the Levy, with additional income streams derived from other charitable trading. This was further supplemented by funds drawn from cash reserves. Additionally, CITB managed an investment from the Department for Education (DfE) for the Construction Skills Fund. The following table gives a breakdown on how resources have been allocated to support industry.

	2019-20 £m
Levy income	188.2
Less cost of collection	(2.5)
Total	185.7
Grants Scheme	
Apprenticeship grants	61.0
Qualification grants	16.6
Short-duration grants	17.2
Total	94.8
Funding	
Flexible funding	5.5
Structured funding	8.1
Skills and training funding	10.6
Employer and industry support funding	5.7
Construction Skills Fund	9.0
Other funding	0.2
Total	39.1



Apprenticeships

£61.0m grant investment supported the creation of **27,987** apprenticeships, exceeding the target of **22,000** for the year (England only). **£61.0m** in apprenticeship grants is a **25% increase** on the **£48.8m** given in 2018-19.

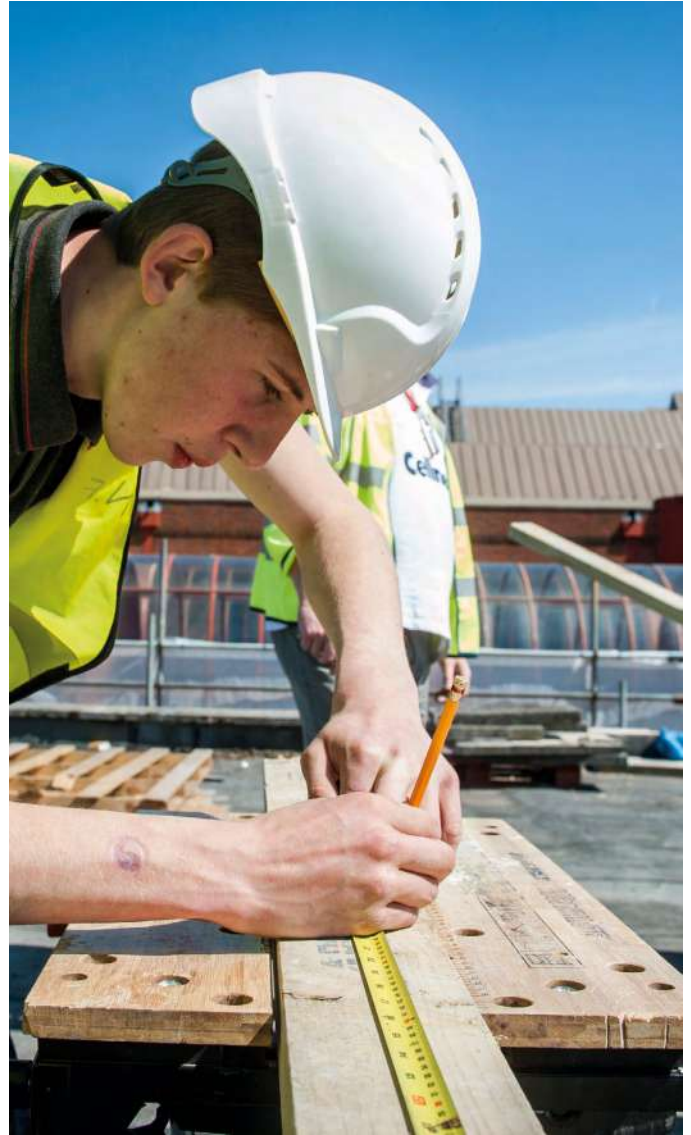
CITB Apprenticeships directly supported the creation of **4,528** new apprenticeships and provided ongoing support for **15,844** apprentices with an investment of **£35.3m**, part funded via ESFA, Welsh Government and Skills Development Scotland.

In England, CITB is reducing the number of apprenticeships we manage directly as we refer people to other training providers and move to a supportive role for industry.

“My apprenticeship was a great experience and I would fully recommend it as a route to a brilliant career. You get a good balance of learning and practical experience.”



Kieran Learmonth, apprentice joiner, winner of Inspirational Apprentice of the Year at the 2019 CITB Apprenticeship Awards



Qualifications

£7.5m was invested in **4,417** learners working towards long-period qualifications, while over **£9.1m** helped **15,091** learners achieve short-period qualifications. In total, qualification grants supported the upskilling of **19,508** workers.

“Upskilling means we are able to access tendering processes which companies with lesser qualified operatives can’t. A fully trained workforce is more engaged, efficient and productive and makes sound business sense.”



Daniel Roche, Company Director, M. B. Roche & Sons Ltd



Short-duration training

Short-duration grant spend totalled **£17.2m**, with **371,738** achievements accomplished by **205,868** individuals.

“With an ever-changing industry and multicultural workforce, the panel undertook a full and critical review of what was already in place and what could best move us forward.”



Douglas Price (Health and Safety Manager at Morgan Sindall) on updating CITB’s Health, Safety and Environment Test to maintain high health and safety standards

Construction Skills Fund

A **£20m** investment (including **£17m** of DfE funds received in 2019-20), being managed by CITB, delivered **13,200** individuals trained to become employment and site-ready (between October 2018 and March 2020), with **2,288** progressing into sustained employment.

“I’m progressing to become a tradesman in a specific trade. I’d like to take on bricklaying or dry lining. I can get into numerous different construction trades.”



Davey Allen, Construction Skills Fund site labourer

Responding to industry needs in the COVID-19 pandemic

The effects of the coronavirus began to affect the construction industry in the final weeks of the period covered in this review. In this time CITB had already fast-tracked measures to support employers:

- We agreed to suspend the issue of Levy bills for an initial period of three months to provide immediate financial relief to construction employers
- In March we provided an interim digital Health, Safety and Environment test so that employees wouldn't be barred from sites if their test had expired amid the lockdown. As of 14 September 2020, this had been downloaded approximately **25,038** times. We also provided access to a huge range of online products and training and will continue to add to this list
- On 24 March we announced a package that enabled employers to claim advance attendance grants for all apprentices in Years 2 and 3 of Level 2 and 3 courses. On 3 April this initiative was extended to Higher Level Apprenticeships, and by the application end date in June over **£3.7m** had been paid to support employers and apprentices

- Also on 24 March we began contacting **10,000** CITB Apprenticeship learners in England, Scotland and Wales, directing them to advice and guidance and putting in place one-to-one remote support to continue their learning and keep them on track
- On 1 April we relaunched the new Skills and Training Fund for Small and Micro-Sized Businesses, with its focus expanded to support achieving sustainability through training. Over the last 12 months, **£10m** worth of funding has been invested in more than **1,700** firms
- On 1 April we also launched the new Skills and Training Fund for Medium-Sized Businesses to support skills retention and development for the future
- The Leadership and Management Development Fund to support large employers was launched on 14 April
- We participated in the Construction Industry Task Force, convened by the Construction Leadership Council, to co-ordinate the industry response and facilitate communication between industry and Government. As part of this activity CITB produced support material for guidance issued to industry on site operating procedures consistent with the Public Health England guidelines.



Achievements

Becoming more focused and agile, making a real difference

CITB's Vision 2020 programme has continued to reshape the organisation into one better placed to fulfil the construction industry's future needs. A series of major changes, including staff reductions and the sale of property and business units, has improved efficiency and reduced costs, therefore protecting funds to directly invest back into industry. Delivery of this programme certainly afforded greater financial protection in the current crisis.

In 2019, CITB transferred its card services (CPCS and CISRS) to NOCN Group, one of several divestment projects. We continued to provide support services until a full completion and handover in January 2020. In December 2019 CITB officially ended its role delivering the CSCS contact centre and administration of the CSCS card scheme.

The beginning of this year also saw CITB complete its move to new headquarters in Peterborough and press ahead with its 2019-2021 Business Plan, which sets out the 'Big Six' skills challenges. Plans were in place to secure new co-located offices in Scotland and London in 2020, having joined Companies House in Cardiff in January 2020, but remote working due to the pandemic has put these plans on hold.

CITB completed the divestment of Birmingham Business & Land to Walsall College in December 2020. Divestments still to be completed are: National Construction College at Bircham, Erith Business & Land, Bircham Business & Health and Safety Training, Inchinnan Business, NSAC and A&V.

CITB has reshaped its workforce, substantially reducing staff numbers to 850 directly employed staff at the end of 2019-20. In late 2020, after a period of consultation, CITB agreed a further reduction of 98 roles which will be concluded before the end of the 2020-21 financial year.

In future CITB will continue to focus on doing fewer things itself so it can concentrate on outcomes for the industry.



The Big Six skills challenges

We need to address the biggest skills challenges facing an industry that is seeking to modernise. Shaped by a comprehensive evidence base, built both on research and our engagement with employers, these are defined by our Big Six:

- 1. A career destination:** Perception-changing campaigns and experiences, and clear guidance for potential entrants
- 2. Site-ready workforce:** Securing more entrants to the industry who are site-ready on day one
- 3. Growing apprenticeships:** Supporting employers to develop a pipeline of diverse, homegrown talent through apprenticeships
- 4. Learners into workers:** Boosting the number of students who complete construction courses ultimately joining the sector
- 5. Targeted help for businesses:** Specific funds which help small/micro, medium and large firms to grow and improve
- 6. Right training provision:** Ensuring the right training is in the right place, when needed.



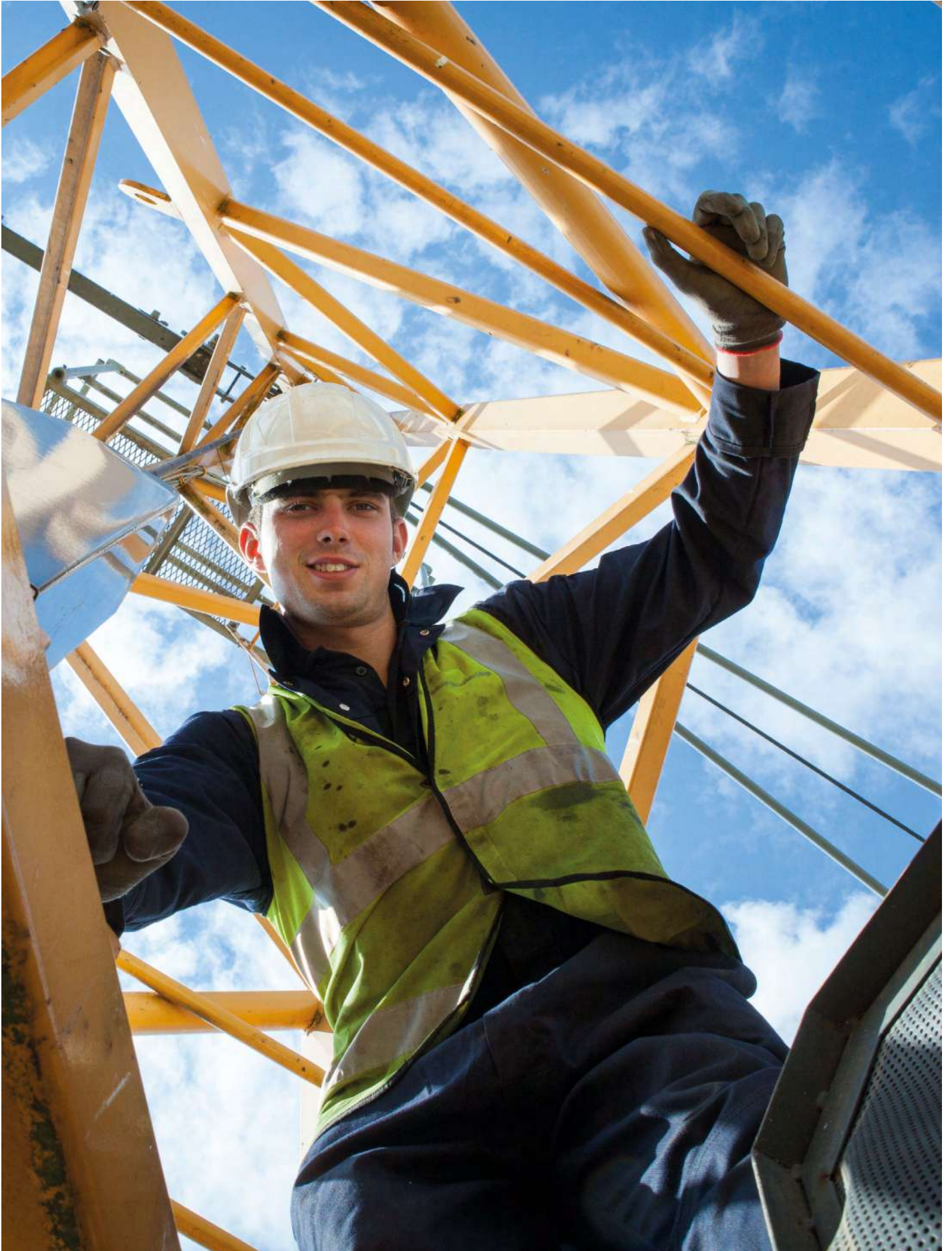
An agenda for change, by Government and industry


In 2017 CITB conducted one of its largest ever industry consultation exercises and gained a clear picture of how it needed to evolve to provide what UK construction wants from a modern training body. Informed further by the proposals and recommendations of a cross-departmental report on the future of the industry training boards, CITB outlined Vision 2020, an agenda for change supporting a range of priorities including improved productivity, modernisation and the Industrial Strategy.

In 2019-20 CITB continued to progress towards completing its reform programme by the end of 2020. This was one of four key priorities outlined in the annual priorities letter from the Department for Education in September 2018. The other three are helping the industry to:

- Develop the skills it will need
- Drive modernisation
- Tackle current issues and adapt to changes in the supply of labour.

CITB's progress on these three priorities is detailed on the following pages.





ATTRACT CAREERS

Creating a diverse site-ready workforce through onsite training hubs

CITB's management of the Construction Skills Fund, funded by DfE, yielded positive results with 25 onsite training hubs established across England. The Construction Skills Fund was launched in October 2018, comprising investments of £17m from the DfE and £3m from CITB.

The fund is addressing the skills shortage by providing individuals with placements and sustained employment in the sector and helping build a workforce that reflects Britain's diverse population. The Construction Skills Fund has welcomed 58% of its intake from under-represented groups (against a target of 45%), non-traditional learners and those at risk of unemployment. Joiners changing career from other occupations represented 40% of the intake (against a target of 15%).

The fund has established hubs located within a range of construction schemes, from major infrastructure projects, such as the Luton Direct Air to Rail Transit, the University of Manchester campus and sections of the M6 linked to HS2, through to housing developments, including the Manor Boot site in Sheffield, Bedfordwell Road in Eastbourne and student accommodation at Barking Riverside.

The original scheme completed in 2020 with 13,200 individuals trained to become employment and site-ready. Of these, 3,264 have moved into work with 2,288 of those being in sustained employment. Its success has led to a continuation of investment into the Onsite Experience hubs scheme, with 16 new rural hubs planned across Scotland, Wales and England. The scheme will engage with 19,000 prospective construction workers and help 3,650 people into sustained employment over three years. This forms part of our mission to close the skills gap in UK construction and support employers to attract the workforce they need.

ATTRACT CAREERS



Bringing back industry leavers

Colin Reeves' various jobs have included a previous stint in construction earlier in his career, and he has enjoyed his return to the industry as a hoist driver at Battersea Power Station.

"I decided to come back to something I knew, and the training I've received so far has given me the confidence to do something I've never done before. I would recommend taking up training to anybody."



Colin Reeves, Construction Skills Fund hoist driver

Government-set priority

The annual priorities letter set out a key activity for CITB: to help the industry to develop the skills it will need, with particular emphasis on meeting the Government's ambition to build 300,000 homes a year by the mid-2020s.

CITB's research has played a vital role in pursuing this priority through its research and analysis of workforce capabilities and reliance on non-UK-born workers (see 'Building a clear picture of future workforce needs' on the following page). The delivery of the Construction Skills Fund has been a major pillar in our efforts to support housing developers and associations as well as infrastructure projects.

"The Construction Skills Fund appears to be positively impacting the industry as a whole."

UK Construction Online, December 2019

Building a clear picture of future workforce needs

Analysis of future workforce needs is key to ensuring CITB's support for the sector is strategic, efficient and appropriately focused. This research has been collated through a range of activities:

- The **Construction Skills Network** is an annual forecast and analysis of skills demand in the industry on a national and regional basis. The February 2019 report lists the most in-demand jobs over the next five years as process managers (3,420), professional and technical staff (3,260) and wood trades/interior fit-out (2,380)
- Launched in 2018, the **Construction Training Directory** lists standardised quality training provision across the UK, with around 2,000 courses on the Directory as of January 2020
- Developed alongside the Directory, the **Construction Training Register** records the achievements and qualifications of workers and helps employers to avoid duplication of training, with over 13,000 searches performed in March alone (and over 68,000 in the full 12-month period)

- Both the Directory and the Register are increasingly valuable sources of information which highlight unmet training requirements
- Our third annual **Migration Research Project** revealed the extent to which non-UK-born workers play a key role in the UK's construction sector, making up 14% of the construction workforce (rising to 54% in London), illustrating the scale of the sector's supply of labour and skills needs resulting from the UK's exit from the EU
- The **Construction Skills Fund** has been instrumental in helping to identify alternative pathways into and progression routes within the construction sector.

CITB's support for industry training and development is guided by our Big Six strategic objectives '**site-ready workforce**' and '**right training provision**'



ATTRACT CAREERS

Supporting more businesses to bring in the right talent with increased and wider funding of apprenticeships

CITB's commitment to develop a talent pool sufficient for the needs of construction saw an increased pledge of apprenticeships funding and a widening of availability to employers across the industry.

In April 2019 we introduced a 30% grant boost for employers taking on apprentices, which means a three-year apprenticeship package for an apprentice successfully achieving a Level 2 and a Level 3 increases from £10,250 to £14,500.

From August 2019 we piloted a £500 apprentice support grant for small and micro businesses, available to all registered employers who pay no Levy or the reduced rate of Levy, helping with initial costs for every apprentice and encouraging more employers to take on an apprentice who may not otherwise have done so.

Our grants have supported 68,000 apprenticeships across the industry over the past five years, and in 2019 we supported 1,274 employers to take on an apprentice for the first time, increasing the number of employers we currently support to 5,442. Our goal, agreed prior to COVID-19, is to deliver a 63% increase in construction apprentices joining the industry and a 110% increase in the diversity of apprenticeship starts by 2025.

This boost is a part of CITB's commitment to ensure there is a talent pool sufficient to meet the needs of construction, and it is money well spent – our apprenticeship service is rated among the best in England, Scotland and Wales thanks to our excellent pastoral care, which contributes to achievement rates that remain significantly above the sector average.

"I'd definitely recommend an apprenticeship to anyone willing to work hard, have goals and go full out to achieve them."



Zoe Evans, apprentice at Ian Williams, winner of Inspirational Apprentice of the Year at the 2019 CITB Apprenticeship Awards

"Modern apprenticeships are central to the industry and with so many high-level skills needed across construction, this can only be good news for business and the economy."



Gordon Nelson, Director, Federation of Master Builders Scotland



Increasing the flow of people into the sector

1.3%

Forecasted workforce annual growth

168,500

Forecasted construction jobs created

2.2 million

2019 workforce

8.7%

2019 percentage of UK workforce

Source: Construction Skills Network 2019-23

Increasing apprenticeship numbers is a primary focus of CITB's priority to help the industry to tackle current issues and adapt to changes in the supply of labour, as set out in the Government's annual priorities letter. This work is vital in combatting the potential loss of migrant workers while the industry develops its domestic workforce. CITB is engaging with prospective entrants through:

- **SkillBuild**, a national multi-trade competition for construction trainees and apprentices, celebrating technical abilities, time management, character and commitment. The competition helps entrants build confidence, self-esteem and life skills, and 2019's final saw 80 trainees inspiring attendees at WorldSkills UK Live at the NEC Birmingham
 - The **Go Construct website** is the sector's go-to resource for potential entrants to explore career opportunities and find guidance on progressing into the industry. A programme of ongoing evaluation and refinement increased the site's reach and engagement, with Go Construct reaching 610,496 new users and engaging 70,755 users in ongoing journeys, directing them to external websites to find out more information
 - CITB's **Construction Ambassador** programme supported 1,067 ambassadors who engaged with over 13,000 young people about careers in 2019. We also partnered with the STEM Ambassador programme to provide one unified support programme for all ambassadors and employers in the industry
 - Successful pilot phase in Wales of **Go Construct: Engage, Educate, Experience** bringing Minecraft clubs and a teacher's toolkit to support lessons focused around the STEAM agenda (science, technology, engineering, arts and maths) and visits from ambassadors offering real-life experiences to bring the curriculum to life
 - Attendance of the Wales Nation Council and other employers at the **Buildathon** event with schools in the South East, South West and North Wales
 - The **See Your Site** initiative, where Further Education students across Wales attended local sites to see the workplace first-hand.
- CITB has worked closely with a number of different stakeholders to support preparations for the new **T Level qualifications** in England. This includes:
- Engaging with colleges to understand how CITB can support regional delivery
 - Working with DfE and City and Guilds to understand progression pathways from the T Level to full occupational competence
 - Exploratory discussions with City and Guilds on how construction onsite training hubs could be used to support the placement element of the T Level
 - Meetings with the ESFA about how to help raise awareness of T Levels amongst construction employers
 - An insight sharing session with the Strategic Development Network.
- These stories illustrate CITB's Big Six strategic objectives '**growing apprenticeships**' and '**a career destination!**'

SUPPORT

TRAINING AND DEVELOPMENT

Helping employers across the industry to expand and improve their training

We launched our new Grants Scheme in 2018-19 to provide greater support for apprenticeships and qualifications, and to encourage construction training throughout the industry. It remains one of the main ways we provide direct support to employers of all sizes across Great Britain.

The Grants Scheme focuses on supporting employers to train their workforce to industry-agreed standards, so that skills achieved are universally recognised and portable. It supports all Levy-registered employers and their full subcontractor workforce, delivering skills across the whole supply chain.

It uses targeted funding to support industry priorities and enhances support for the areas where the need is greatest. In addition, it prioritises investment in areas where there is a long-term commitment and return on investment.

Providing targeted support for employers of all sizes

CITB's Skills and Training Fund for Small and Micro-Sized Businesses has made a real difference over the last 12 months, sharing £10m of funding support between more than 1,700 firms.

We listened to industry feedback and broadened the Skills and Training Fund's focus, so it not only spans productivity and innovation but also helps employers with business sustainability and skill retention. The scheme's impact encouraged CITB to expand its training funds so the whole industry can access high-quality training for employees. We achieved this by adding a strand to the Skills and Training Fund for medium-sized employers and launching a separate scheme for large employers.

We launched the Skills and Training Fund in 2016 to help companies move beyond basic training into specialist areas of skills development. These could be management and leadership training, using new technology to unlock growth, or improving productivity by gaining new skills.

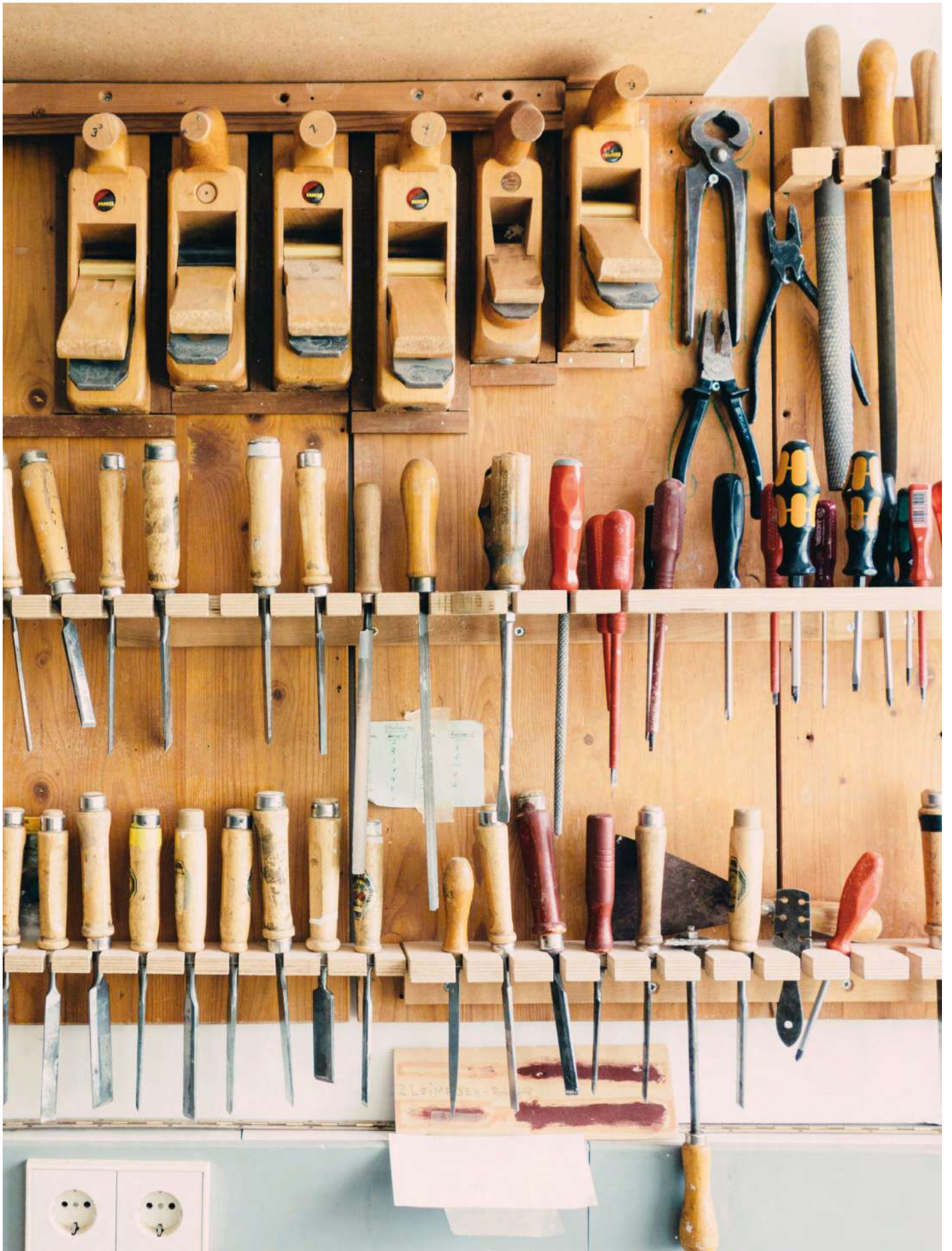
Employers access the fund by contacting their local CITB Adviser. Examples of training funded so far span from a senior mason studying for a Level 6 NVQ to a stained glass and metalwork team manager taking a course that will lead to Chartered Institute of Building accreditation.

CITB's three principal types of funding were:

- Skills and Training Fund, offering up to £10,000 for small employers
- Grants Scheme, covering apprenticeships, qualifications and short-duration training
- Commissions to address industry-wide issues, as well as ongoing projects that started under structural funding.

In total we spent £39.1m on programme-based funding in 2019-20, an increase on the £22.2m spent in the year to 31 March 2019 (though note this includes reclassification of CSF expenditure of £9.0m to funding in 2019-20).

These activities illustrate CITB's Big Six strategic objectives **'growing apprenticeships', 'targeted help for businesses'** and **'right training provision'**.





SUPPORT STANDARDS AND QUALIFICATIONS

Driving sector modernisation with future skills development

CITB's role in driving the modernisation of the industry (as mandated in the Government's annual priorities letter) is essential in delivering the skills and progression routes the construction sector will require in the future. Pioneering projects include:

- Small-scale **pilots for brickwork, and painting and decorating academies**, working in partnership with colleges and employers that are testing ways to 'fast-track' the training of much-needed new entrants and get more brickwork trainees to join the industry
- The **Lean Construction Development Pathways pilot project**, which saw more than 300 workers on more than 40 construction sites learn ways to maximise value and minimise waste on residential, infrastructure and highways developments across England. The pilot saved £12.7m across five companies, as well as creating free resources for the rest of the industry
- **Supply Chain Sustainability School**, an industry-led online learning portal, which is partnered with 96 employers (including 19 of the top 20 main construction contractors in the UK). It aims to improve the knowledge and skills of those working across the built environment sector and reached 14,000 learners across 6,500 unique businesses in 2019
- Working with **Qualifications Wales** and industry to support the review of construction and built environment qualifications, including Foundation, Progression and Apprenticeship as well as a new GCSE, AS and A Level qualification
- Establishing a **Roofing and Tiling L2 NVQ programme** for the first time in North Wales in partnership with Coleg Cambria and Wales National Roofing Training Group.



Transforming productivity and profitability by future-proofing British construction businesses

The development of skills to support the industry's adoption of digital and offsite manufacturing technologies is a particular focus of CITB's Government-set priority for sector modernisation.

CITB has funded two nationwide schemes to bring businesses up to speed with digital technology and transform productivity and profitability within the construction industry. One of these, titled 'Giving leaders the skills to drive digital transformation,' has been training up to 2,000 senior staff across England, Scotland and Wales – at least half of them from SMEs.

They have been learning how to embed digital practices through six projects, led by the National Federation of Builders, Willmott Dixon, Setting Out for Construction, Supply Chain School, Leeds Beckett University and the Gloucestershire Construction Training Group. All of these have drawn on lessons learned from the construction of London's £3.8bn super sewer.

The second scheme, CITB's Immersive Learning commission, invested £3.15m in another seven projects, which are future-proofing businesses and increasing workers' skills. All were chosen because of their potential for industry-wide adoption.

For example, BAM Nuttall, one of more than a dozen construction firms on the commission, is using handheld tablets to reduce teaching time and improve memory retention during induction training at highway construction sites.

"The CITB research report 'Unlocking construction's digital future: a skills plan for industry' has found that technology-specific skills aren't the problem – the broader skills and competencies at various levels need to be addressed."



Marcus Bennett,
Future Skills Innovation
and Strategy Lead, CITB

"With this software and these tablets, we're now able to bring individuals out of a classroom environment to deliver an immersive, engaging and comprehensive site induction."



Susan Fletcher,
Skills Manager, BAM Nuttall

CITB's support for industry standards and qualifications is guided by our Big Six strategic objectives '**right training provision**' and '**learners into workers!**'

KEY PERFORMANCE INDICATORS

Board outcomes: key performance indicators (KPIs)

There are 12 Board key performance indicators (KPIs). The results are shown in Table 1 (below). In summary:

- Three of the 12 measures have a green status, being measured at higher than target
- Six of the 12 measures have a red status, being measured at lower than target
- Three of the 12 measures have an amber status, being measured as just off target.

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

The results across the 2019-20 Employer and Stakeholder Research (ESR) KPIs have a range of outcomes, some disappointing. Support of the Levy and Grants Scheme remains strong. There is a decrease of 2 percentage points from the perspective of importance to firms ('my firm') in maintaining the level and quality of training within their own company compared with last year.

We are seeing a slight drop in awareness and use of products and services provided to Levy-registered companies. CITB has traditionally scored well in terms of grants, funding and apprenticeships; however, these are all weaker and reflecting issues with the Training Model implementation, slow adoption of the new Grants Scheme, and the uncertainty created by the lack of a contract for Non-Apprenticeship Levy employers. Although awareness and use are weaker, satisfaction with services and the impact that they are having remains generally positive and consistent with results from recent years.

All ESR KPIs have improved from their mid-year position. The result for familiarity of construction careers campaigns has increased to 61%, exceeding the target of 60%, a 2 percentage points improvement on last year and the fifth consecutive year that familiarity has increased.

The result for favourability of construction careers is 65%, which is an increase of 3 percentage points on last year; however, this is below the target of 66%. Parents' favourability score has increased again in 2018 and the

influencers' result has remained steady, but there has been a fall in the youth score. Message reach is stronger in the current year; therefore, it appears that the messages being used are not resonating with the youth audience.

As a result of COVID-19, our 2020-21 ESR survey was postponed for six months and released in October 2020. This survey shows that the KPIs we have results for have remained in line with 2019-20.

The apprenticeship starts result of 22,530 exceeded the target of 22,000 (England only). This result relates to academic year (1 August–31 July). However, we are aware that with the recent COVID-19 pandemic, apprenticeship figures will be negatively impacted for the coming year.

The target spans the whole sector and includes aspects of the industry that fall outside the scope of CITB. In-scope construction apprenticeships were 16,910, which is a reduction of 9% when compared to the 18,390 starts achieved in 2017-18. Out-of-CITB-scope built environment apprenticeships grew from 4,250 in 2017-18 to 5,620 in 2018-19. This is partially in relation to the introduction of degree apprenticeships in these subjects and the resulting change in learners' status.

The number of diverse applicants for CITB Apprenticeships for both sex and ethnicity finished the year 16% above target (actual 2,660 vs 2,300 target).

Apprenticeship grants are offered to industry employers, with £48.8m provided in 2018-19 compared to £61.0m in 2019-20, showing an increase of 25% in cash terms.

England, Scotland and Wales apprenticeships that are managed by CITB are showing a decline in numbers. This is a managed process in support of funding changes, more particularly in England. We have had 3,685 new starts, with Scotland at 1,550, Wales at 875 and England 1,260. This came as we began referring England apprenticeships to other training providers and moving to a supportive role for wider industry. The achievement rate is 71% for England and Scotland, with Wales exceeding at 83%.

CITB has focused on improving engagement with potential providers during this year by involving industry in the composition of commissions and utilising a variety of tools and approaches to widen the search for potential providers, as well as ensuring the actual commission is more accessible and comprehensible for providers. This has resulted in all commissions receiving a greater response rate from industry and improving quality within these responses.

CITB is further strengthening this approach in 2020-21 by establishing, within the Partnerships team, specific and dedicated resources to focus on marketing commissions, help prospective providers understand the desired outcomes and support the commissioning team to provide the best service to industry.

Funding commissions for plant operators, the Bricklaying Academy and onsite have been delayed to the following financial year, hence the total spend was lower than the target. As a result of our response to COVID-19 and the industry lockdown, all commissioning expenditure for 2020-21 is subject to review.

Table 1: Summary of Board KPIs – results and status

KPI	2019-20 Target	Result
01 CITB seen as credible and reputable adding value to the industry	33% net	26% net
02 Familiarity with campaigns and careers (young people, influencers, educators)	60%	61%
03 Favourability with campaigns and careers (young people, influencers, educators)	66%	65%
04 Employers say there is a talent pool sufficient to meet industry's recruitment needs	30%	22%
05 Employers say they can access the training they need in a timely manner	40%	34%
06 Increase in apprenticeship starts in the construction, planning and built environment sector (England only – from sector plan)	22,000	22,530 (2018-19)* 17,168 Q2 2019-20 This is -9% than same point of year in 2018-19
07 Employers believe that content and method of training and assessment reflects industry's need	39%	34%
08 Increase in diversity of sex and ethnicity apprenticeship starts in the construction, planning and built environment sector (England only)	S 1,150 (5.2%)	S 1,450 (6.4%)
09 Funding commissioned targeted to priority areas	50%	25%
10 Importance of Funding system at maintaining level and quality of training for Industry	70%	68%
11 Importance of Funding system at maintaining level and quality of training for My Firm	55%	51%
12 CITB is a trusted source of information and enhancing our reputation as an insight-led organisation	55%	49%

FINANCIAL REVIEW

Result for the period

In 2019-20 CITB has net outgoing funds of £10.6m, which was in line with our business plan. This compares to net incoming funds of £30m in the prior year, and we have used some of that surplus to invest in industry support this year. There is no direct link between Levy cash receipts and our grant and funding expenditure, and the drop in reserves is due to investing against the strategic decisions made to support industry. We also invested in the contract with our Enabling Partner and, in particular, £12.6m in new systems that will support CITB's relationship with SSCL over the next ten years. This expense will not be repeated in future years so the impact on reserves was a one-off.

Levy income

Levy income for the period was £188.2m (2018-19, £188.7m) comprising £192.2m (2018-19, £187.3m) in respect of the current year's assessment (net of current Levy year's bad debt) and a downwards adjustment of £4m (2018-19 increase £1.3m) in respect of prior year's assessments.

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

As of 31 March 2020, the number of employers in the Levy and Grant register was 79,264 (75,605 on 31 March 2019).

At the year-end we assessed the amount of Levy income debt still owed under our normal assessment process for likelihood of collection and assessed that £12m of outstanding debt would be collected. However, in the light of COVID-19 we decided that collection was less likely than in a normal year and so reduced the estimate of how much of the outstanding Levy would be collected. COVID-19 is a unique situation and as at the year-end we were unsure as to the extent it would impact our ability to collect debts. After much consideration we decided that midway between zero and normal collection was reasonable. Collection since the year-end has shown this position to be reasonable. We are still chasing all outstanding debts and do take court action where appropriate.

Non-Levy income

Non-Levy income was £84.2m (2018-19, £103.6m), down by £19.4m due to a combination of factors, the significant ones being:

- Apprenticeship income down by £15m due to volumes of CITB-managed apprentices in the system
- NCC income down £2m because bookings dropped in anticipation of CITB divesting the colleges, which has not been concluded in the financial year.

Having divested CSCS and CPCS, income relating to those products was down £6m. Offsetting these decreases was income relating to the Construction Skills Fund, which was up £6.7m on the previous year.

Grants Scheme

Grant expenditure in the year was £95m, down from £115m the previous year. Grants helped support 27,987 apprentices (2018-19, 23,822).

Programme-based funding

CITB's three principal types of funding are:

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

In total £39.1m was spent on programme-based funding in 2019-20, an increase on the £22.2m spent in the year to 31 March 2019. However, it should be noted that CSF expenditure was reclassified into Programme Based Funding in 2019-20, having been included in funding in 2018-19. CSF expenditure in 2019-20 totalled £9.0m (2018-19, £3.6m).

Restructuring

As part of Vision 2020, CITB has relocated its Head Office from Norfolk to Peterborough and outsourced some back-office functions to its chosen partner, SSCL. As a result, a provision of £10.9m was charged to the accounts in 2018-19 to cover the cost of inevitable redundancies. Due to more people relocating and redeploying than we anticipated, the actual cost of the redundancies is expected to only be £9m, of which £4.2m is still to be paid and continues to be provided for at this year-end.

Reserves and Reserves Policy

Total reserves at the year-end were £54.2m, down from £64.8m at the start of the year. As per the Reserves Policy, this was a planned reduction to return more money to industry, fund investment in the partnership with our enabling partner, SSCL, and bring reserves back into the agreed range of £40m to £60m.

When establishing the Reserves Policy and the appropriate level of reserves, the Board of Trustees takes into consideration the need to maintain a measure of stability for skills and training in the construction industry and the need for liquidity to fund CITB's planned strategic activity. Achieving this balance is more complex than setting a specific figure with regard to a surplus or deficit in accounting terms. The Board sets its Reserves Policy with reference to the availability of readily realisable assets, and the cash required to meet training commitments and sustain CITB's operations to deliver its plan.

The Board of Trustees concluded after taking into account the financial impact of CITB's strategic risks and working capital requirements that the year-end reserves target should be in the range of £40m to £60m. This level of reserves enables CITB to continue to operate and support industry should unanticipated events occur that have a short-term but significant impact on income. The Board agreed this level of reserves would also ensure that should CITB cease to operate there would be sufficient funds available to avoid leaving a residual debt. The reserves at the year-end would not be sufficient to cover the current section 75 remote contingent liability, but this remote liability would only crystallise on the cessation of CITB.

As set out on page 59, management have assessed that CITB continues to be a going concern and therefore the section 75 pensions obligation continues to be considered highly remote.

The debt under this obligation has increased as stock markets have fallen during the pandemic. The Fund Trustees have an investment strategy that expects the deficit to be eliminated over the next five to eight years.

In the event of financial turbulence, the reserves will allow CITB to meet its responsibilities to industry and contractual commitments. General reserves as at 31 March 2020 were £54m, representing approximately ten weeks of committed expenditure in the original budget for 2020-21, but CITB's response to the COVID-19 crisis, to support and stabilise industry through this period, saw reserves fall significantly during the first half of 2020-21. They have recovered since we issued the Levy Assessment in August.

The Board is confident that the actions CITB has taken to protect its cash balances, along with a loan for £10m from the Department for Education, will ensure cash flow does not become an operational issue in 2020-21.

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.

Investments and investment income

Investment objectives and strategy are designed to ensure the risk of loss is minimised and the range of investments available is consequently tightly controlled. Investment income during 2019-20 increased to £1m (2018-19, £0.3m) as we placed funds with our new investment partner, J.P. Morgan. A realised loss on investments was incurred of £1.3m.

At the year-end CITB held £29.9m in investments. This included £19.9m in corporate bonds managed by J.P. Morgan, and £5m each on term deposit with Lloyds and Santander. Post the reporting date CITB has liquidated the J.P. Morgan portfolio to raise the cash to support it through the COVID-19 pandemic.

SECTION 4

STRUCTURE, MANAGEMENT AND GOVERNANCE

The CITB Board of Trustees consists of:

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

As specified in Schedule 1 of the Industrial Training Act 1982, Trustees are appointed and answerable to the Secretary of State (normally for four years). This follows a public appointment process governed by the Office for the Commissioner of Public Appointments (OCPA), including the advertising of vacancies on the Government's Public Appointments website (www.publicappointments.cabinetoffice.gov.uk).

The CITB Board of Trustees comprises independent non-executive Trustees who have a broad range of skills, background and experience. Peter Lauener has been Chair of CITB since 1 May 2018 and there have been no Trustee resignations or appointments during the reporting period. All Trustees, with the exception of the Chair, are unremunerated.

Trustees are introduced to CITB's work through an induction meeting with the Executive Team on appointment and they receive ongoing support from the Corporate Governance Team. All Trustees are required to have relevant senior experience and currently five of the Trustees work within the construction industry; the remaining three Trustees were appointed as independents and bring additional and appropriate experience. Further support and training (both formal and informal) are provided to support specific duties, such as participation in the Audit and Risk Committee.

Trustees liaise regularly with relevant Executive Team members in relation to specific Committee items. They also receive a brief policy update each week. An annual programme of visits and meetings with stakeholders and staff ensures that the Trustees have necessary insight into operating practice. Further details in relation to the Trustees are also available on the CITB website: www.citb.co.uk/trustees

Structure

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

For the period 2019-20, in accordance with statutory requirements, the Board comprised a majority membership of employer Trustees supported by independent Trustees. The Board is supported by an Executive Team and the following Committees: Audit and Risk; Industry Funding; Nominations, Appointments and Remuneration; and, for this year, the Levy Working Party. Additionally, the Board receives strategic insights and feedback from three Nation Councils – Scotland, Cymru Wales and England.



Board performance

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

The governance cycle incorporates a Board effectiveness review, an annual Chair appraisal undertaken by the Department for Education and an individual Trustee appraisal conducted by the Chair. This year there has also been a Nation Councils effectiveness review, the results of which highlighted the growing importance that these Councils play in providing CITB with critical insights into the views of industry, and giving constructive challenge and support to help CITB and its Board shape its strategy. These Councils meet quarterly to discuss key issues affecting or likely to affect industry across the three nations and assist the Board to accurately prioritise support.

The Board met six times in 2019-20, with standing agenda items running throughout the majority of these meetings, such as monitoring the progress of CITB's Future Operating Model and holding the business to account through performance management. At each full Board meeting Trustees received an overview of current strategic risks and a full review of progress made against CITB's current KPIs. Additionally, much work has been done to streamline the KPIs in response to feedback from stakeholders and Councils that there should be just one KPI for each of the three main strategic areas. Apprenticeships provision remained at the fore, with Trustees keen to ensure that apprenticeships training requirements across each of the three Nations is clearly identified and understood so as to ensure that CITB's support for this provision is tailored appropriately and is impactful.

Towards the end of this year the growing COVID-19 crisis began to have an impact, so the Board worked closely with the business to rapidly identify and implement immediate action required to help industry retain existing skills, and to then reassess the key priorities for the next 12 months. As a result of this, the Board agreed to replace CITB's 2020-21 Business Plan with the Skills Stability Plan. This plan has now set the tone of the Board's work for the new financial year.



GOVERNANCE

Audit and Risk Committee

The Audit and Risk Committee is a sub-committee of the Board and supports the Board's strategic leadership with corporate oversight of strategy and performance. The Committee is charged with ensuring that the Board and the Accounting Officer gain the assurance they need on the adequacy and effectiveness of CITB's arrangements for risk management, governance and control. Within this, the Committee has particular engagement with the work of the internal audit, the work of the external auditor and financial reporting issues.

The Committee has two Trustee members, one of whom is Chair. The Committee benefits from the contribution of two external members who are able to bring additional depth of experience and expertise from internal audit and finance. In addition, other observers and attendees from our sponsor departments and the external audit team at the National Audit Office (NAO) contribute to the breadth and robustness of scrutiny and discussion.

Risk management

CITB has made good progress in developing its Risk Maturity Model. During the year there was continued progress on the consideration and management of strategic risk within the organisation, with stronger Executive ownership and 'deep dives' undertaken for all strategic risks. The number of strategic risks remained high at eight, but the Committee agreed that this was justified and real (see Risk overview table on page 45).

The outbreak of COVID-19 in the latter part of the year had a significant impact on the business operations of CITB, its customers and its key partners. The Committee received reports on the initial organisational response to COVID-19 and considered how strategic risks might be reviewed taking account of current circumstances. The Committee provided input and key questions for consideration by the Executive in undertaking the review of strategic risks. The Committee agreed that the role of the internal audit would need to be reviewed as part of the organisation's risk management strategy moving forward and acknowledged the need for changes to the internal audit plan for 2020-21.

Internal audit

The Committee monitored and reviewed the effectiveness of internal audit activities, receiving and discussing summary reports from the Head of Internal Audit, Risk and Compliance including a special review process undertaken for a funding claim review for which an advisory note was issued.

The internal audit is supported externally by RSM. This enables the use of specialist skills as and when required, enhancing the skill set available in the audit function (for example, for information governance and GDPR) and independence where there might be conflict of interest for the internal team.

During the year significant progress was achieved in reducing the number of overdue recommendations, although COVID-19 interrupted completion of several reviews. The Committee reviewed and approved the Internal Audit Charter, keeping the internal audit work programme and plan under review, monitoring targets and agreeing changes to the plan in response to circumstances and changing risk profile, and agreed that following COVID-19 the programme for 2020-21 would be thoroughly reviewed to ensure a focus on key risk areas.

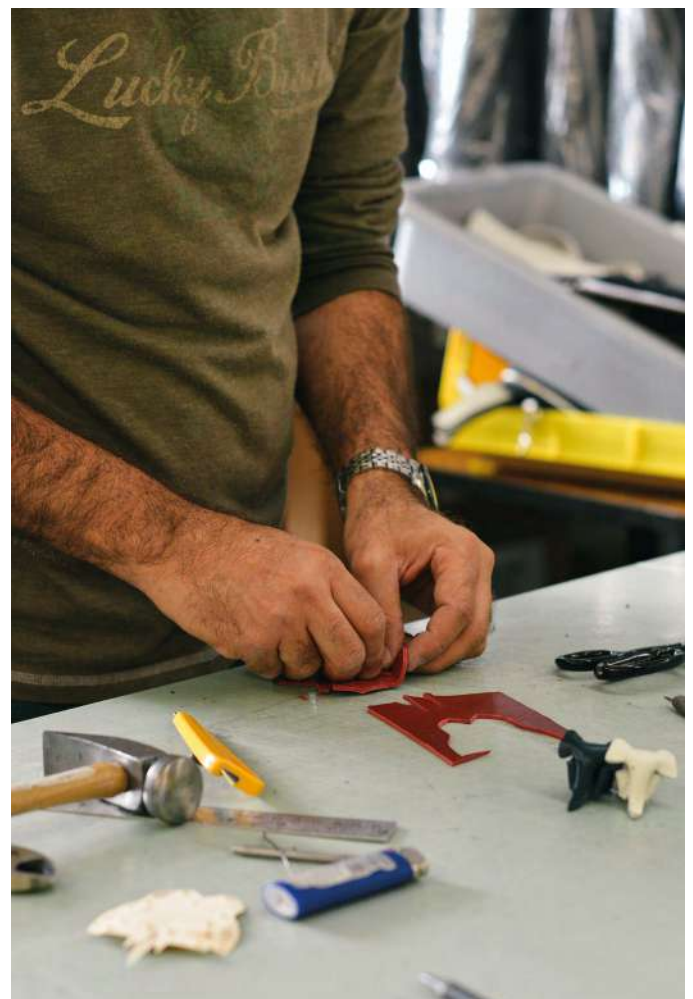
During the year the Board agreed to delegate to the Committee oversight of counter-fraud and bribery policies, whistle-blowing processes and arrangements for special investigations. The Board also agreed to appoint the Chair of the Audit and Risk Committee as the nominated Board member with accountability for counter-fraud. The Committee receives formal fraud updates at least twice per year, which cover the Fraud Action Plan, Fraud Prevention and identified loss from fraud, bribery and corruption.

External audit

The statutory external audit of the Annual Report and Accounts is performed by the National Audit Office on behalf of the Comptroller and Auditor General, in accordance with the Industrial Training Act 1982. The NAO attended all five meetings of the Committee.

An update report is provided for each Committee meeting and an interim audit enabled the Committee to understand progress and pinch points and identify issues for further review. The Committee reviewed the audit plan in advance of the audit and reviewed the audit report and findings. The Committee also reviewed the Letter of Representation and Management Responses to the audit findings including 2018-19 Management Letter and Interim Audit Reports.

CITB acknowledges the recommendations resulting from the NAO 2018-19 Audit Completion Report and interim update report on the 2019-20 Financial Statement Audit, including weaknesses in financial management which are being addressed by CITB.



Nomination, Appointments and Remuneration Committee

During 2019-20 the Nomination, Appointments and Remuneration Committee continued to provide advice to the Board on matters relating to Executive accountabilities and appropriate pay packages, performance management, strategic and operational HR policies, and parameters for the negotiation of the annual pay review. The Committee had a particular focus this year on the review and revision of the total reward framework, which was timely following the radical restructuring of CITB with a reduction in staff numbers and a change in role from delivery to commissioning. The Committee drew on external consultancy support for the review of the total reward framework, which was planned to continue until March 2021 and the new framework implemented from April 2021. However, it was decided in April 2020 that this work should be put on hold whilst other activities took priority in response to the impact of the COVID-19 pandemic.

The Board also agreed that it was appropriate to change the name of the Committee from Appointments and Remuneration Committee, to Nomination, Appointments and Remuneration Committee in February 2020, to reflect the role the Committee has in reviewing the succession planning process for members of the Executive Team and Nation Council Chairs.

CITB's response to COVID-19 became a major focus for the Committee, as for other parts of CITB, at the tail end of the 2019-20 year and into the start of the new financial year. CITB took the decision to curtail staff costs as far as possible, to reduce the requirement for Levy income from industry and to sustain continuing investment in training support for the industry's recovery. The Committee accordingly supported proposals from the Executive to furlough a significant number of staff, to abandon the general cost of living increase for 2020, for the Executive to take a temporary 20% pay cut and to pause the work on a new total reward framework as interim measures until the impact of COVID-19 had been fully assessed. Once the scale of the challenges faced by industry, and specifically CITB, became clearer over the first quarter of the new financial year, the Committee worked with the Executive Team to identify organisational changes that would be required to ensure that CITB remains agile and responsive to industry's skills and training needs, both now and in future years.

The CITB Chair has chaired the Committee as a temporary measure throughout 2019-20, following the previous Committee Chair reaching the end of her term in office. Post reporting period, in June 2020, Tony Elliott was appointed as a Board Trustee and agreed to assume the role of the Nomination, Appointments and Remuneration Committee's Chair.





Industry Funding Committee

In 2019-20 the Investment Funding Committee changed its name to the Industry Funding Committee. This change was made to better reflect the Committee's work in monitoring how industry's Levy funding is used to help address its training and skills needs.

The Committee has a responsibility to develop, for approval by the CITB Board, a Funding Strategy that delivers against the Board's strategic priorities and to then monitor and review this strategy in order to provide assurance to the Board that the strategy remains fit for purpose. Throughout the year, Committee members have worked closely with the business to use quantitative and qualitative sources of information, including performance dashboards and deep dives, to monitor the performance and impact of CITB's Grants Scheme, employer funds commissions and pilots. As a result, this impact assessment has brought sharper focus on which initiatives and projects are working well and has highlighted others that have needed modifying to maximise the best use of Levy funds. Key areas of focus and achievement this year have been:

- The Committee's drive to improve key reporting measures, which has increased members' ability to assess the impact of Levy spend and hold the business to account
- The Committee has helped shape CITB's communications in respect of Levy spend to ensure that the impact of CITB's investment of Levy funds is meaningful to the industry

- The impact of the Construction Skills Fund (funded by Government) and the development of the existing Skills and Training Fund for Small and Micro-Sized Businesses and the introduction of a related fund for medium-sized businesses
- Identifying the best way to support employer investment in leadership and management training, which led to the creation of the Leadership and Management Development Fund
- The performance of all CITB's funding channels.

The Committee's last meeting of 2019-20 was on 13 March 2020, just as it was becoming clearer that COVID-19 would have a major impact on construction. In light of the depth of this impact becoming apparent, and CITB's resultant decision to delay Levy collection for six months, subsequent Industry Funding Committee meetings have focused upon helping CITB to reprioritise how it invests Levy funding in line with the Skills Stability Plan.

This Committee has been headed up by Trustee member Steve Fox, who has been joined by independent members Julia Evans, Alison Lamplough (resigned December 2019) and Rupert Perkins. Two new Trustee members also joined the Committee this year – Yvonne Kelly and Holly Price. Collectively these Committee members bring extensive experience and knowledge from construction and its associated industries, Further Education and Higher Education, along with a good spread of industry representation from major contractors, SMEs and not-for-profit organisations.

Nation Councils

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

The purpose of the three Nation Councils is to:

- Capture and articulate to the Board key issues affecting or likely to affect industry over a forecast period of three years
- Assist the Board to accurately prioritise support for key issues affecting industry across Great Britain
- Review and advise the Board on CITB's Strategic Business Plan ('the Plan') to ensure that the Plan appropriately addresses industry opportunities, pressures and priorities as identified through CITB's evidence base, which the Nation Councils will help to enhance
- Make timely recommendations to the Board about extraordinary matters arising that may impact on the ability of the Board to deliver the Plan.

Nation Council areas of focus this year and points of note:

Cymru Wales Nation Council

- The **Careers Strategy** and the development of Go Construct
- The transition to new **qualifications** in Wales
- Producing an impactful approach to **digital skills**
- The importance of tailoring support to the Nations with regard to **apprenticeships**
- Contribution to the Wales **Business Plan**
- A review of and simplification of Board **KPIs**
- Developing the **2021-25 Strategic Plan**, which delivers for all nations
- Jenny Hudson resigned from the Council in June 2019, and the vacancy was filled by Nick Evans in March 2020 (Nick has subsequently resigned post reporting period).

England Nation Council

- A review of and greater ambition in Board **KPIs**
- Improvement in CITB **communications** to industry
- The launch of the **Careers Strategy** and **Future Made** campaign
- A review of CITB's strategy for **standards and qualifications**

- Support of positive behaviours within **Training Groups**
- Developing the **2021-25 Strategic Plan**, which delivers for all nations
- Chris Last resigned from the Council in November 2019, and Karen Brookes filled the vacancy in March 2020.

Scotland Nation Council

- Responding to challenges around changes to provision of **apprenticeships** – including working in conjunction with the CITB Board and senior members of the key colleges in the Scottish sector to gain continued levels of support for current and new apprentices
- Involvement in the revision of Board **KPIs** to enable national plans to be prepared
- Working in conjunction with CITB and the wider Scottish construction sector to ensure that there were Scottish nation-specific KPIs and employer input into the development of a Scottish strategic plan
- Prioritising research and support towards **mental health**
- Driving a local approach to the **Careers Strategy**, working in collaboration with Scottish Government
- Developing the **2021-25 Strategic Plan**, which delivers for all nations
- Michael Smyth resigned from the Council in October 2019, and there are currently three vacancies on the Council (including that of Chair following Tony Elliott's appointment to the CITB Board post reporting period) – an application process is underway to fill these vacancies.

Various members of the England, Scotland and Cymru Wales Nation Councils have supported the CITB senior leadership in projects that included the Levy Working Party, aiding in the design of the Consensus process, appearing at CITB employer roadshows and speaking at other events.



Levy Working Party Committee

The Levy Working Party Committee was established by the Board pursuant to the Industrial Training Act 1982. The purpose of the Committee is to represent the views of industry across all three nations on the development of the 2020 Levy proposals, with specific reference to the anticipated cost of the Funding Strategy against the impact on all industry employers. Its aim is to achieve a fair and sustainable outcome and deliver an initial recommendation to the Board in November 2019, with further and final recommendation to the Board in May 2020 on the Levy proposal to present to industry for Consensus in 2020.

In the 2019-20 financial year, the Committee covered the following:

- Recommending draft Levy proposals for the 2021 Levy Order that were put out to industry consultation in March 2020. This is their primary purpose and resulted in two options being approved by the Board in November 2019 for consultation. This work included considering the employment basis of the Levy, the differential between the payroll and subcontractor Levy rates and the basis for Levy on subcontractor payments
- Providing feedback on the Future Investment Strategy
- Considering the benefits of a real-time Levy system, which is still at the conceptual stage and still being researched
- Considering flexible Levy Order (i.e. one that would permit a temporary downward change to Levy rates in times of recession). Initially the members did not favour the flexible Levy but, since the COVID-19 outbreak, they are looking into recommending a flexible Levy Order
- Considering the impact of future changes to the Apprenticeship Levy on the CITB Levy.

The planned consultation on the Committee's recommendations went ahead in spring 2020; however, the outbreak of COVID-19 meant changes to the planned timetable from that point onward, including the Board making the decision not to go for Consensus during such an unstable time for industry and the wider economy. The Committee therefore met again between April and July 2020 and took into account the findings of the consultation and other engagement with employers, along with the impact of COVID-19 on the construction industry, to produce its final 2020 Levy Proposals recommendations. These recommendations were submitted to the Board in August 2020.

RISK MANAGEMENT

Our system of internal control is designed to manage risks to a reasonable level, to evaluate the likelihood of those risks occurring, to mitigate the impact should they be realised, and to manage risks efficiently, effectively and economically.

We manage risk through regular scrutiny, at strategic and team level. Oversight of the effectiveness of risk management and the assurances from management is provided by the Audit and Risk Committee.

The system of internal control has been in place for the financial period ended 31 March 2020 and, by following the Public Sector Internal Audit Standards, accords with Treasury guidance.

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

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

Risk overview

The most significant risks faced by CITB during the 12-month period to 31 March 2020 that could affect the delivery of its strategic objectives are shown on the right notwithstanding the recent changes as a result of COVID-19.

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

Risk management process

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

There are several ways we manage risks, specifically for the year ending 31 March 2020:

- A review of CITB's strategic risks was undertaken as part of the business planning process. This involved sessions with the Executive Team, with the Leadership Team and sign-off by the Board, via the Audit and Risk Committee
- Risks were also considered from an operational and project level and accountability of the risks was appropriate
- The Executive had collective oversight of risks at strategic levels and undertook deep-dive reviews of the management of these risks throughout the year
- In managing the risks associated with organisational change, a Change Risk Manager was employed up until 31 December 2019 to provide guidance, support and an overview of the risks associated with the individual programmes. This role then provided an update on the risk maturity levels to the Change Board
- Each meeting of the Audit and Risk Committee received a risk update, including details of the organisation's strategic risks and the deep-dive reviews undertaken by the Executive.

A programme of deep-dive reviews has been in place, ensuring that the management of each strategic risk is subject to scrutiny and challenge during the course of the year, alongside a collective review at the CITB Performance Hub and reporting to the Audit and Risk Committee.

The deep-dive reviews ensure that the Executive Team's risk discussion focuses upon whether sufficient action is being undertaken to bring the risks to an acceptable level of tolerance; they also ensure visibility and ownership by the entire Executive. An independent audit review of the strategic risk management process stated that CITB 'can take reasonable assurance that the controls upon which the organisation relies to manage this area are suitably designed and consistently applied.'

No.	Risk Description	Current Mitigations Include
1	Vision 2020: There is a risk that CITB does not deliver on the commitments made in Vision 2020	Measurement of future skills requirement Products linked to strategy Risk-based prioritisation of quality inspections
2	People: There is a risk that CITB does not have the sufficient number of the right people with the right skills in the right place	Identification of business-critical roles Performance data on joiners and leavers Introduction of mental health first-aiders
3	Planning beyond 2020: There is a risk that CITB does not effectively plan and/or engage with industry for the long term beyond 2020 (reduced and removed from Strategic Risk Register during the year)	Risk now reduced and removed from the Strategic Risk Register
4	Responsiveness: There is a risk that CITB does not effectively respond to changed requirements of industry or Government	Structured engagement with Government, local partnerships and industry groups Measurement of future skills requirement Nation Councils established and operating
5	Use of funding: There is a risk that CITB does not demonstrate to stakeholders its effective use of funding	Governance structure to agree funding decisions Funding plan aligned to strategic priorities Processes in place to verify funding use
6	Cash flow: There is a risk that CITB does not manage its reserve levels and maintain a sustainable business	Robust forecasting process and monthly review Process to delay or stop operational expenditure Increase in non-Levy debt collection
7	Fraud: There is a risk that CITB does not protect itself adequately against high levels of fraudulent activity, which is damaging due to profile, value or volume	Vetting of companies applying to be Approved Training Organisations (ATOs) Use of CCTV at test centres Cross-agency working, including with Home Office and UK Border Agency
8	No-deal Brexit: There is a risk that CITB is not sufficiently prepared to support the construction industry in the event of a no-deal Brexit (reduced and removed from Strategic Risk Register during the year)	Risk now reduced and removed from the Strategic Risk Register
9	Third-party providers (new strategic risk added during the year): There is a risk that CITB is unable to operate effectively because third-party providers fail to meet CITB's requirements	Regular due diligence and financial assessment of suppliers Monthly monitoring of key suppliers' performance
10	Consensus/Levy Order (new strategic risk added during the year): There is a risk that the minister does not agree to the raising of a three-year Levy Order	Levy Working Party convened to develop Levy proposals Guidance on Consensus to be provided to Prescribed Organisations Industry engagement plan developed

Two new risks were added during the year relating to the increased reliance on third-party providers to deliver the organisation's priorities and the failure of the minister to agree to a Levy Order.

With regard to third-party suppliers, we have established a contract management function and commissioning function to manage all third-party services. We conduct regular performance reviews with key suppliers and providers, and we have rights of audit with key operational suppliers which will form part of our ongoing internal audit plans. This increases the assurance level around the outsourced provision and helps identify and address any future areas of concern at an earlier point in time. We have experienced some issues in the early stages of transitioning services to our outsource partner and we have worked and continue to work collaboratively with our partners to ensure performance levels meet the required level.

With regard to the failure to secure ministerial approval for a future Levy Order, that risk is being managed through increased and targeted engagement with industry to ensure that CITB delivers the right training and support to further its charitable objectives and meet industry's needs in the most effective and relevant way possible. In order to support this engagement, and build upon the work done by the Levy Working Party in respect of the 2020

Levy Proposals, CITB's Board has created a new standing committee to provide immediate and longer-term strategic Levy oversight, advice and recommendations to the Board on appropriate 2022 Levy proposals. This committee will also work to support the longer-term fundamental review of future Levy proposals and meet the presenting challenges to ensure the future Levy proposals remain appropriate and effective.

With the outbreak of the COVID-19 pandemic towards the end of the year, the impact this had across each strategic risk was further assessed, together with the impact on the business as a whole, the results of which were shared with the Audit and Risk Committee. COVID-19 also meant CITB and its delivery partners had to operate differently, but business continuity plans were instigated to ensure the business continued to operate as effectively as possible, while maintaining an acceptable system of internal control. A risk workshop has also been undertaken with the Executive Team to review all the organisation's key risks, including any new risks arising from the COVID-19 pandemic, the Business Plan and the change in the industry landscape. The results of this workshop will be presented to the Audit and Risk Committee for oversight and scrutiny during the year.

Head of Internal Audit's opinion

The Internal Audit Team, working to the Public Sector Internal Audit Standards, delivered reviews against a plan approved by the Audit and Risk Committee. This plan was developed to focus on areas of control and risk considered core to the system of internal control, as well as areas of known development needs and areas of low assurance and high risk. An annual report, summarising the work undertaken and containing the Head of Internal Audit's opinion, was presented to the Audit and Risk Committee. This stated that the current position appears to show a deterioration in internal control: this is due a combination of unique circumstances including the movement of works, significant staff turnover due to the organisational change and COVID-19.

While the control environment may have deteriorated slightly during the year, the overall conclusion is that the quality of governance, risk management and internal control during the year to 31 March 2020 was 'Satisfactory.'

This is based on delivery of the 2019-20 plan of work across activities, and inputs from risk management activity and governance arrangements.



SECTION 5

STATEMENT BY

ACCOUNTING

OFFICER

Statement by Accounting Officer, Sarah Beale

Our approach to data security

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

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

We routinely review systems and processes for handling data securely against prevailing guidelines to ensure we continue to meet expected standards. We follow ISO 27001-compliant practices in relation to information security and have a current Cyber Essentials Plus certification.

We meet our legal obligations in relation to incidents involving personal data, and as such are required to publish information about any serious data-related incidents, which must be reported to the Information Commissioner's Office.

As CITB's outsourced IT Service Provider, SSCL are committed to protecting the security and access to the data of our customers. SSCL follow ISO 27001-compliant practices in relation to information security and enable CITB to hold a current Cyber Essentials Plus certification.

SSCL investigates all security incidents relating to its service to CITB to identify suitable improvements in process, staff education and technical security measures. The only high-severity impacts in the past year related to a vulnerability discovered in the implementation of Oracle reporting software and an issue caused by the remediating patch; both were resolved without any data being compromised.

Our approach to reporting concerns

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

Register of interests

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

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

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 have connections with federations, trade unions and educational bodies.

We work with Government (with the DfE at Westminster and the Scottish and Welsh Governments) and we are involved in a range of stakeholder events, consultative groups and forums, and stakeholder surveys.

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

Conclusion

As Accounting Officer, I am satisfied that the governance arrangements that were in place during the year to 31 March 2020 are sufficient to continue managing risks effectively. This is informed by the work of Executive Directors and Leadership Team, who are responsible for developing and maintaining the governance structures and internal control framework. I acknowledge the comments made by the National Audit Office in its management letter and other reports (refer to External Audit section on page 39). The Governance Statement represents the end product of the review of the effectiveness of the governance framework, risk management and internal control.

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



Sarah Beale, Accounting Officer,
20 January 2021

Acknowledged on behalf of the Board



Diana Garnham, Chair of Audit and Risk Committee,
20 January 2021

Statement of the Board and Accounting Officer's responsibilities

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

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

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

- a) Observe the accounts direction issued by the Secretary of State, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- b) Make judgements and estimates on a reasonable basis
- c) State whether applicable accounting standards as set out in the 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
- e) Confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable, and to take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

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

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

Approved by the Board on 20 January 2021 and signed on its behalf by:



Peter Lauener, Chairman,
20 January 2021



Sarah Beale, Accounting Officer,
20 January 2021



Certificate and report of the Comptroller and Auditor General to the Houses of Parliament

Opinion on financial statements

I certify that I have audited the financial statements of the Construction Industry Training Board for the year ended 31 March 2020 under the Industrial Training Act 1982. The financial statements comprise: the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes, including the significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as adopted by the European Union. I have also audited the information in the Annual Report and Remuneration Report that is described in that report as having been audited.

In my opinion:

- The financial statements give a true and fair view of the state of the Construction Industry Training Board's affairs as at 31 March 2020 and of its net expenditure for the year then ended;
- The financial statements have been properly prepared in accordance with the Industrial Training Act 1982 and Secretary of State directions issued thereunder; and
- The financial statements have been prepared in accordance with the Charities and Trustee Investment (Scotland) Act 2005 and section 8 of the Charities Accounts (Scotland) Regulations 2006.

Opinion on regularity

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

Basis of opinions

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

Conclusions relating to going concern

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- The Construction Industry Training Board's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- The Construction Industry Training Board have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Construction Industry Training Board's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Responsibilities of the Board and Accounting Officer

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Construction Industry Training Board's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Conclude on the appropriateness of the Construction Industry Training Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Construction Industry Training Board's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the Construction Industry Training Board to cease to continue as a going concern.

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

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

Other information

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

Opinion on other matters

In my opinion:

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

Matters on which I report by exception

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

- Adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- The financial statements and the parts of the Annual Report and 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.

Gareth Davies

Comptroller and Auditor General
25 January 2021

National Audit Office

157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

SECTION 6

FINANCIAL

PERFORMANCE

Financial Statements

Statement of financial activities for the year ended 31 March 2020

	Notes	2019-20 £'000s Restricted	2019-20 £'000s Unrestricted	2019-20 £'000s Total	2018-19 £'000s Total
Income from charitable activities					
Levy income	2		188,177	188,177	188,660
Non-Levy income					
Training and Development		39,357	43,685	83,042	102,641
Careers			39	39	106
Standards and Qualifications			353	353	382
Engagement and Evidence Base			56	56	54
Other			745	745	463
Total non-Levy income		39,357	44,878	84,235	103,646
Income from trading activities	3		15	15	49
Income from investments			1,001	1,001	346
Other income			346	346	3,782
Total income		39,357	234,417	273,774	296,483
Expenditure					
Expenditure on raising funds			2,507	2,507	3,680
Charitable activities					
Training and Development		61,516	191,883	253,399	244,211
Careers			2,128	2,128	1,735
Standards and Qualifications			7,369	7,369	1,627
Engagement and Evidence Base			19,486	19,486	14,991
	5	61,516	220,866	282,382	262,564
Expenditure from trading activities	3		67	67	56
Other expenditure			(1,870)	(1,870)	-
Total expenditure		61,516	221,570	283,086	266,300
Net loss/(gain) on revaluation of investments		-	1,268	1,268	-
Net income/(expenditure)		(22,159)	11,579	(10,580)	30,183
Net movement in funds – transfer from unrestricted fund		22,159	(22,159)	-	-
Total accumulated funds at period start	14	-	64,823	64,823	34,640
Total accumulated funds at period end	14	-	54,243	54,243	64,823

The above results include all recognised gains and losses and are derived from continuing activities. The notes 1 to 24 on pages 59 to 87 form an integral part of these accounts.

Balance Sheet as at 31 March 2020

	Notes	2019-20 £'000s	2018-19 £'000s
Fixed assets			
Divestment debtor > 1 year	9	-	4,000
Tangible Assets	8	12,927	12,684
Investments maturing in more than 1 year	10a	18,780	-
		31,707	16,684
Current assets			
Stock		746	715
Debtors	9	19,856	27,506
Investments maturing in less than 1 year	10a	11,117	20,000
Cash at bank	10b	62,390	65,169
		94,109	113,390
Liabilities			
Creditors: Amounts falling due within 1 year	11	(43,062)	(27,022)
Net current assets		51,047	86,368
Total assets less current liabilities		82,754	103,052
Provisions for liabilities			
	12	(28,511)	(38,229)
Total net assets		54,243	64,823
Unrestricted Funds			
Unrestricted Funds	14	54,243	63,795
Revaluation Reserve	14		1,028
Total Charity Funds	14	54,243	64,823

Notes 1 to 24 on pages 59 to 87 form an integral part of these accounts.
Approved by the Board on 20 January 2021 and signed on its behalf by:



Sarah Beale, Chief Executive and Accounting Officer,
20 January 2021



Peter Lauener, Chairman,
20 January 2021



Cash flow statement as at 31 March 2020

	Notes	2019-20 £'000s	2018-19 £'000s
Cashflows from Operating Activities			
Net incoming (outgoing) resources for the year		(10,580)	30,183
Income from investments		(1,001)	(346)
Depreciation charges	8	606	1,159
Profit on sale of tangible fixed assets		(95)	2
Proceeds on sale of business		-	(2,530)
Realised (gain)/loss on investments	10a	1,268	-
Net effect of revaluation of freehold properties	8	(1,871)	-
Decrease/(Increase) in debtors and stock		11,619	(160)
(Decrease)/Increase in creditors and provisions		6,322	(16,752)
Net cash inflow/(outflow) from Operating Activities		6,268	11,556
Cashflows from Investing Activities			
Interest received on investments	15	1,001	346
Payments to acquire tangible fixed assets	15	-	(109)
Receipts from sales of tangible fixed assets	15	1,117	6
Receipts from sales of business		-	2,528
Proceeds from sale of Investments	15	26,142	55,008
Purchase of Investments	10a	(37,307)	(55,008)
Net cash inflow from Investing Activities		(9,047)	2,771
Increase in cash and cash equivalents		(2,779)	14,327
Cash and cash equivalents at period start		65,169	50,842
Cash and cash equivalents at period end		62,390	65,169

Notes 1 to 24 on pages 59 to 87 form an integral part of these accounts.



NOTES TO THE ACCOUNTS

1. Accounting policies

Public Benefit Entity

CITB is a charity which is a public benefit entity, therefore 'an entity whose primary objective is to provide goods or services for the general public, community or social benefit and where any equity is provided with a view to supporting the entity's primary objectives rather than with a view to providing a financial return to equity providers, shareholders or members.'

Going concern

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

Just one week before our financial year-end the country went into the COVID-19 lockdown and CITB, like all other businesses, has been and continues to be impacted. CITB had shut its offices and colleges the week before the Government instruction, and since then the workforce has been working from home wherever possible, reopening the training facilities and adapting all of our products and services in line with Government guidelines. The impact of the pandemic on our 2019-20 income and expenditure

account is an income reduction of £5.6m. Our Levy income is based upon cash already received plus a reasonable estimate of the amount still to be received. The pandemic meant that we had to take a more prudent view of the likely collection experience of Levy that was unpaid at the year-end and so we reduced our income by £5.6m.

The immediate post-balance-sheet impact was that CITB announced a three-month suspension of the 2019 Levy Assessment, which would normally have been issued in April 2020 and collected through 2020-21. This was delayed further, seeing Bulk Assessment being raised in August 2020. This could have had a significant impact on our ability to make grants and funding to industry to both previously planned levels or anticipated demand in regard to our cash balances and reserves and presented a working capital challenge. However, with careful use of our cash, liquidation of our investments and longer-term deposits and securing access to a £10m loan from DfE we managed to remain able to function until we raised the 2019 Levy Assessment in August 2020 and started receiving cash in September 2020.

After that initial announcement, the CITB Board and Executive produced a Skills Stability Plan to try to ensure CITB continued to deliver essential support to industry as well as ensuring its own viability through this difficult period. In the formation of this plan CITB was in close dialogue with the Department for Education, and as a result the following was agreed:

- DfE provided CITB's Pension Scheme with an appropriate level of assurance on the contingent liability because the Industrial Training Act enables the Secretary of State to meet any pension debt falling due, thus allowing CITB to access its reserves and deliver the Skills Stability Plan
- DfE acknowledged CITB's decision to delay the 2019 Levy Assessment and its collection until August 2020 and offer employers a year to pay, and CITB's proposal to reduce the 2020 Levy Assessment by six months, payable between September 2021 and March 2022. This reflected the construction industry's available cash flow and effectively achieved the 50% reduction of the 2019 Levy liability
- DfE approved a loan of £10m providing CITB with the ability to both demonstrate financial sustainability and the ability to deliver the Skills Stability Plan. That loan was drawn down in September 2020.

DfE acknowledged CITB's decision to submit proposals to the Secretary of State for a new Levy Order other than by Consensus with the next planned Consensus in 2021 or 2022.

Other actions that CITB has taken post the balance sheet date to try to secure its future include utilising the Government Coronavirus Job Retention Scheme, putting over 600 staff on furlough to reduce ongoing monthly payroll costs. Also, we have divested of our investment portfolio to support cash balances in the short term.

On 25 August 2020 CITB entered in to a 45-day group consultation with colleagues and unions regarding a proposal to reduce the workforce by 110 roles to reflect the future size and shape of the organisation. The result of the group consultation was that the final agreed change was a reduction of 98 roles and CITB entered the individual consultation stage on 13 November 2020. This phase has now been completed and the results will be implemented in early 2021, with the reduction in operating costs being reflected in our 2021-22 expenditure. The proposal will reduce the annual wage bill by circa £4m and is another action to help ensure the organisation's sustainability.

Subsequent to the 2019 Levy Assessment being issued in August 2020 CITB started to receive Levy payments. Employers had signed up to instalment plans worth £140m over the next 12 months and the £11.7m due in September was collected. By the end of November we had received, including the instalments, in excess of £70m against the 2019 Levy and, along with the £10m loan from the DfE, our cash balance was a little over £75m. This gives CITB in excess of four months' of working capital against the Skills Stability Plan. With high expectation of cash being collected through the established instalment plans, plus the impact of the other actions noted above, liquidity is not expected to be a concern in the next 12 months.

The Board does not expect the second lockdown in England, starting on 5 November 2020, to have a significant impact on CITB assuming it only lasts for the planned four weeks and construction activity remains permitted. The main impact of the first lockdown was the delay in raising the Levy Assessment, but this time the assessment is complete and impact limited to collection issues. Given we have instalment plans in place valued in excess of £11m per month and our expectation of cash collection, outside of the instalment plans, is relatively low in November and December anyway, we are not expecting any significant variance. Some of our funding programmes might be slowed down a little if the third parties are not able to progress, but CITB continues to operate as near to normally as possible. We do have contingency plans in place should the second lockdown become prolonged into 2021 or if the lockdown becomes nationwide and more comprehensive. The Board is aware that the assumptions in the plan are subject to external forces, including how long the pandemic lockdown continues, the impact of the secondary infection in the autumn of 2020, consumer and industry confidence post the crisis and, in particular, industry's ability to pay a Levy in both 2020-21 and 2021-22. That said, the Board is confident, having received assurance from the DfE and reviewed the latest cash position, including the first three months of Levy receipts, that its Skills Stability Plan and variants thereof are robust enough to ensure CITB continues as a going concern.



Accounting convention

The financial statements are prepared in accordance with the Industrial Training Act 1982 and directions made thereunder by the Secretary of State for Education and previously the Secretary of State for Business, Innovation and Skills. The accounts comply with the requirements of *Accounting and Reporting by Charities: Charities SORP (FRS102)*.

The accounts also follow the disclosure requirements of the 2019-20 *Government Financial Reporting Manual* and also provide additional disclosures where this goes beyond the requirements of the *Charities SORP (FRS102)*. These accounts are prepared under the historical cost convention, as modified to reflect the revaluation of fixed assets and investments.

Restricted Funds

Restricted Funds relate to Apprenticeship activity funded by the Education and Skills Funding Agency (ESFA), Skills Development Scotland (SDS) and Welsh Assembly Government (WAG) and therefore associated expenditure, in which contractual agreements state that funds should only be used for Apprenticeship funds. Note income received from colleges under new arrangements are termed as Unrestricted, as contractual agreements are not restricted in the same way. In addition, Construction Skills Funding (CSF) received from the Department for Education (DfE) and associated expenditure is also restricted in nature based on contractual agreements.

Expenditure for Apprenticeship activities is apportioned between Restricted and Unrestricted based on income apportionments, as staff may be working on both.

No surplus is made on Restricted Funds and therefore any loss is covered by Unrestricted Funds.

Levy income

Levy income is that receivable from assessments based on the employment details returned by employers, with an estimate for those from which employment details have not been received. Estimated assessment income is reduced by a provision for reassessments, based on historical trends, to allow for their normal write-down in value following the receipt of a Levy Return declaring actual direct employment and labour-only subcontract payments. A provision for bad debts, based on identified doubtful debts, prior years' experience and the economic state of the industry, is also applied against Levy debts, and both the movement in the provision between 1 April 2019 and 31 March 2020 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 in the period in which they are raised.

Charitable activities - non-Levy income

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

Apprenticeship income is recognised as Restricted Funds based on contractual terms.

Deferred income

Deferred income is recognised where cash has been received during the accounting period, but for which associated activities will not be carried out until subsequent accounting periods.

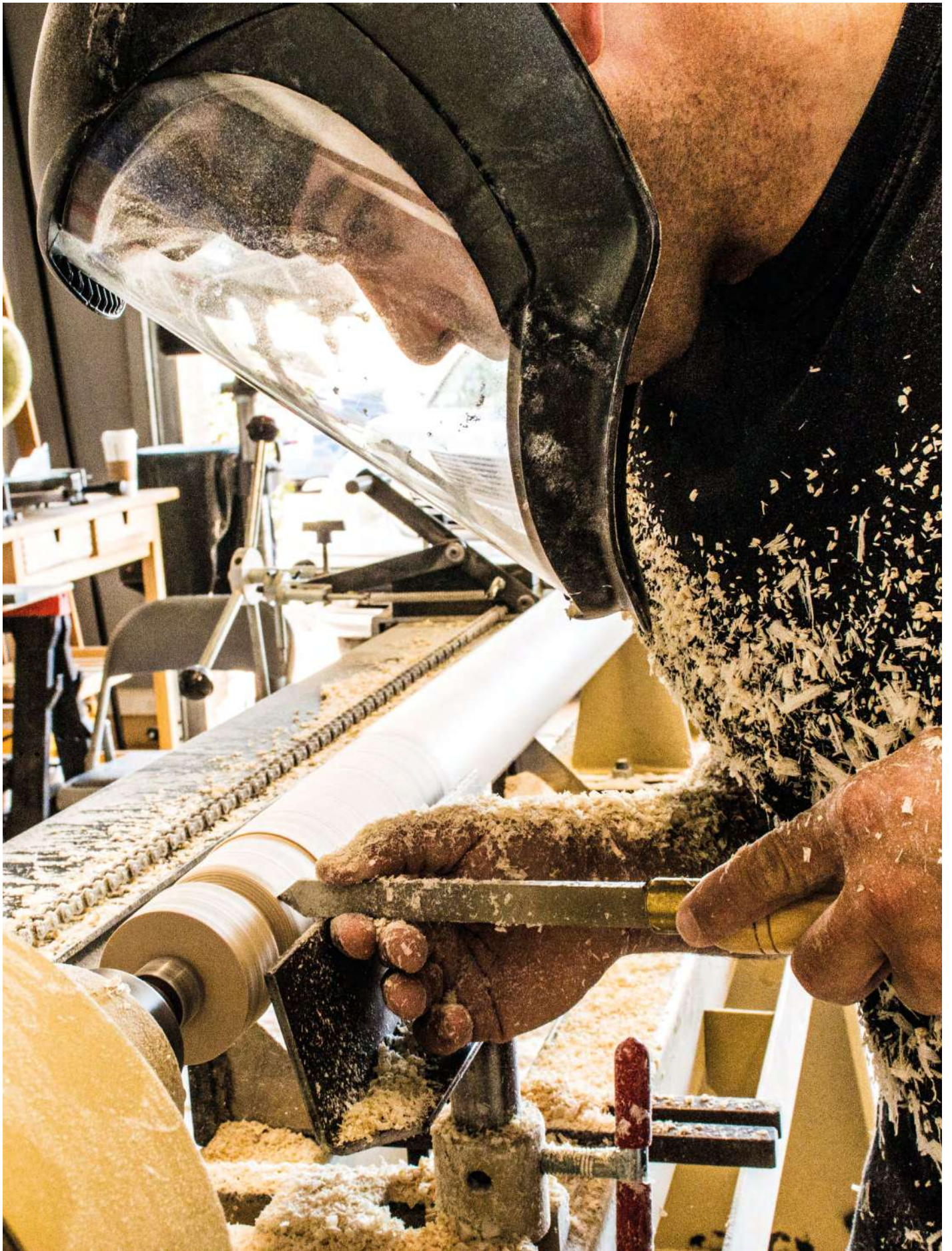
Investment income

Income from investments is included in the Statement of Financial Activities on an accruals basis.

Expenditure

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





Charitable activities

The charges in the Statement of Financial Activities are recognised on an accruals basis.

Leasing

Rentals paid under operating leases are charged in the Statement of Financial Activities on a straight-line basis over the lease term.

Allocation of expenditure

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

Realised on investments

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

Unrealised on investments

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

Debtors

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

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

Tangible fixed assets

Tangible fixed assets (excluding freehold land and buildings) are stated at cost less accumulated depreciation. Adjustments to modified historical cost, to recognise the assets at fair value, are only made if material. For non-revalued assets, the depreciated historic cost is considered to be a reasonable estimate for the fair value. 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. 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)

Motor vehicles	– Ten years
Plant and machinery	– Five to ten years
Office equipment	– Four to ten years
Computer equipment	– Four years

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

Investments

Investments are stated at market value at the balance sheet date. Investments are split between those maturing over one year and those under one year. Bonds, equities and cash are held at market value. Managed funds are valued at a price provided by the third-party investment manager.

Cash and cash equivalents

Cash is represented by amounts held in banks. Cash equivalents are highly liquid investments that are readily convertible to known amounts of cash.



Liabilities

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

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

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

Financial instruments

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

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

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

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

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

Due to the nature of its activities, financial instruments create limited risk compared to general businesses to which the financial standard mainly applies and the Board has concluded that CITB is not exposed to significant risk.

Provisions

Provisions are made for dilapidations on leasehold properties to represent a provision for estimated settlements with landlords on the expiry of leases. The estimations are based on previous financial experience.

Grant claims not yet received are provided for on the basis of historical payment patterns adjusted for any known changes in circumstances. Provisions and accruals for apprentice grant claims are based on the number of new entrant trainees known to have enrolled on the scheme. At the year-end we assessed grant provisions in light of the COVID-19 pandemic and decided that as the lockdown had only started in the final week of the financial year it would be unlikely to have impacted the amount of grants earned but as yet unclaimed at the year-end.

A restructuring provision has been made to account for the expected redundancy costs associated with implementing CITB's Vision 2020.

VAT

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

Pensions

CITB is a participating employer in the ITB Pension Fund Scheme, which has two sections: firstly, a multi-employer defined benefit (DB) section (closed to future accrual 31 December 2016) and, secondly, a defined contribution section for all staff who joined after 1 January 2013. Being a multi-employer scheme, *FRS102* states that the defined benefit scheme must be accounted for as a defined contribution scheme, as the proportion of assets and funding level attributable to CITB cannot be separately identified.

Redundancy

Any unpaid costs are accrued dependent on the rules applied per employee. The redundancies expected as a result of Vision 2020 have been provided for in the prior year. Additions to the provision in the year were due to timing of individual redundancies that differed from expectation.



2. Levy

	2019-20 £'000s	2018-19 £'000s
Current year's Levy Assessment receivable	197,921	202,693
Less: provision for bad debts and debt write-offs	(5,744)	(15,354)
Net value current year's Levy Assessments	192,177	187,339
Reassessment of previous years' Levy	(4,000)	1,321
Net Levy income for the year	188,177	188,660

Reassessment of previous years' Levy relates to prior year Levy Assessment that is reassessed this year. Therefore, it is an estimation uncertainty refined in 2018-19.

Impairment of Levy income (Levy write-off) against the 2019-20 period totalled £2,305k.

3. Trading activities

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

4. Material cash support payments in respect of training

Accounting and Reporting by Charities: Statement of Recommended Practice FRS102 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. The material payments for 2019-20 have been disclosed below:

For comparative purposes, the material payments for 2018-19 were:

Recipient	2019-20 £'000s	2018-19 £'000s
 Kier Group Plc	1,960	3,246
 Taylor Wimpey Plc	1,758	963
 O'Rourke Investments Plc	1,568	1,894
 Royal BAM Group Nv	1,555	2,263
 University of Wales Trinity St David	1,239	2,100
 Skanska UK	968	1,193
 Barratt Developments Plc	954	2,311
 Procure Plus Holdings Ltd	953	-
 Hampshire County Council	920	-
 Vinci	909	1,150
 Persimmon Plc	850	1,078
 Home Builders Federation Ltd	794	1,225
 Bentley Holdings Ltd	767	-
 London Borough of Camden	630	-
 Morrison Utility Services Ltd	607	-
 JRL Group Holdings	-	1,649
 MITIE Group	-	1,303
 Balfour Beatty Plc	-	1,063
 Costain Group Plc	-	1,058
 Morgan Sindall Group Plc	-	891
Other recipients	117,491	91,709
Total paid or offset during the year	133,923	115,096

5. Expenditure on charitable activities

Activity	Activities Directly Undertaken £'000s	Grant Funding Activities £'000s	Support Costs £'000s	2019-20 Total £'000s	2018-19 Total £'000s
Training and Development	65,598	133,579	54,222	253,399	244,211
Careers	860	344	924	2,128	1,735
Standards and Qualifications	2,586	-	4,783	7,369	1,627
Engagement and Evidence Base	8,592	-	10,894	19,486	14,991
Total	77,636	133,923	70,823	282,382	262,564

Grant funding of £133,923k is split into two elements as per the below (also referenced on page 15):

- Main Grants Scheme – £94,808k
- Programme-based funding (incorporating structured and flexible funding) – £39,115k (this includes reclassification of CSF expenditure of £9.0m to funding in 2019-20).





6. Support costs

Support Cost	Training and Development	Careers	Standards and Qualifications	Engagement and Evidence Base	2019-20 Total	2018-19 Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Change	16,671	256	1,543	3,744	22,214	14,705
Technology (IT)	9,006	138	834	2,023	12,001	10,731
Communications and marketing	6,390	98	592	1,435	8,515	4,484
Estates	6,083	205	466	421	7,175	8,854
Strategy and policy	3,033	47	281	681	4,042	-
Finance	2,658	41	246	597	3,542	3,480
Human Resources	1,901	29	176	427	2,533	2,170
Commissioning	1,407	22	130	316	1,875	-
Grant support costs	1,509	4	-	-	1,513	3,287
Legal and governance	755	12	70	170	1,007	589
Other Corporate Costs	4,809	72	445	1,080	6,406	5,073
Total	54,222	924	4,783	10,894	70,823	53,373



7. Expenditure

	2019-20 £'000s	2018-19 £'000s
The net movement in funds for the year was arrived at after charging:		
Profit on disposal of fixed assets	95	2
Rentals paid under operating leases:		
Hire of plant and machinery	220	209
Other operating leases	2,076	1,874
Statutory audit fee (internal audit)	245	95
Other assurances	48	4
Depreciation on owned assets	330	1,159
Indemnity insurance	19	18
Total	3,033	3,361

8. Tangible fixed assets

a) Summary

	Freehold Property £'000s	Plant and Machinery £'000s	Vehicles £'000s	Computer and Office Equipment £'000s	Total £'000s
Cost or Valuation					
1 April 2019	10,566	8,819	401	9,087	28,873
Additions	-	-	-	-	-
Disposals	(1,022)	-	-	(65)	(1,087)
Transfers	-	-	-	-	-
Revaluation	1,595	-	-	-	1,595
31 March 2020	11,139	8,819	401	9,022	29,381
Depreciation					
1 April 2019	271	6,666	380	8,872	16,189
Charges during year	6	466	21	113	606
Disposals	-	-	-	(65)	(65)
Revaluation	(276)	0	0	0	(276)
31 March 2020	1	7,132	401	8,920	16,454
Net Book Value					
31 March 2020	11,138	1,687	-	102	12,927
31 March 2019	10,295	2,153	21	215	12,684

Freehold Property includes both Land and Buildings. During the year CITB disposed of some agricultural land and buildings at the Bircham Newton site. No binding sale agreements are in place although a heads of terms agreement was signed with West Suffolk College over the sale of the National Construction College (NCC) at Bircham Newton.

(b) Historical cost information

If the valuations had not been included then freehold property would have been included at the following amounts.

	2019-20 £'000s	2018-19 £'000s
Cost	20,241	20,816
Accumulated depreciation	(4,993)	(4,987)
Total	15,248	15,829

(c) Freehold property

	2019-20 £'000s	2018-19 £'000s
Freehold land valuation	4,205	4,245
Freehold property valuation	6,934	6,321
Accumulated depreciation Freehold property valuation only	(1)	(271)
Total	11,138	10,295

(d) Revaluation

An independent valuation of all CITB Freehold Property was carried out by Montagu Evans LLP as at 31 March 2020. The valuation was based on the principles of Fair Value and prepared upon Existing Use Valuation. The valuation highlighted the ongoing COVID-19 crisis as a matter which may give rise to a material valuation uncertainty. CITB acknowledges this uncertainty but considered the valuation to be the most accurate assessment of current valuation. As the pandemic has continued, CITB's plans to dispose of land and buildings have been delayed but we are still committed to that plan. The Board does not believe that the values are materially altered by the ongoing crisis.

(e) Capital commitments

There were £ nil capital commitments at 31 March 2020 (2018-19, £ nil).

(f) Tangible fixed assets 2018-19 (comparative table)

	Freehold Property £'000s	Plant and Machinery £'000s	Vehicles £'000s	Computer and Office Equipment £'000s	Total £'000s
Cost					
1 April 2018	10,566	8,091	457	10,818	29,932
Additions	-	109	-	-	109
Disposals	-	(63)	(56)	(1,049)	(1,168)
Transfers	-	-	-	-	-
Revaluation	-	-	-	-	-
31 March 2019	10,566	8,137	401	9,769	28,873
Depreciation					
1 April 2018	77	5,593	421	10,100	16,191
Charges during year	194	473	10	482	1,159
Disposals	-	(64)	(51)	(1,046)	(1,161)
Revaluation	-	-	-	-	-
31 March 2019	271	6,002	380	9,536	16,189
Net Book Value					
31 March 2019	10,295	2,135	21	233	12,684
31 March 2018	10,489	2,498	36	718	13,741

NB: The brought forward figures for 2019-20 for Plant and Machinery and Computer and Office Equipment include a reclassification of £682,000 of cost and £664,000 of associated depreciation.

9. Debtors

	2019-20 £'000s	2019-20 £'000s	2018-19 £'000s	2018-19 £'000s
Debtor due in more than one year – from sale of business		-		4,000
Levy Debtors	29,705		30,998	
Less: Provision for Bad Debts	(23,204)		(19,353)	
Total Levy Debtors		6,501		11,645
Trade and Other Debtors	5,367		7,327	
Less: Provision for Bad Debts	(381)		(107)	
Total Trade and Other Debtors		4,986		7,220
Accrued Income		7,839		7,762
Prepayments		530		879
Total Debtors		19,856		31,506
Debtor due in more than one year		-		4,000
Debtor due within one year		19,856		27,506

As stated in the Accounting Policies (see Note 1), CITB only writes off Levy debts when it has evidence that an employer has become insolvent, has ceased to trade, has been dissolved or, having made all reasonable efforts to locate the debtor, is untraceable. We do provide for bad debts where we believe Levy will not be collected. At the year-end we assessed the amount of debt owed under our normal process, based on collection experience in the recent past, and assessed that £12m of outstanding debt would be collected. However, in the light of COVID-19 we decided that collection was less likely than in a normal year and so reduced the estimate of how much of the outstanding Levy would be collected to £6.5m. Collection experience since the year-end has indicated that this will end up being an accurate estimate.

Levy Debtors is stated net of a Provision for Reassessment of £72.7m (2018-19, £42.5m).

As at the year-end, CITB was owed £5.7m from NOCN for the sale of CSkills Awards and CPCS in 2017-18 and 2018-19 respectively – £3.6m due within one year and £2.1m due in more than one year. In consideration of a number of factors, which include the anticipated impact of COVID-19 on the financial position of NOCN, a provision of 20% was made against the amount due within one year and 100% against the amount due in more than one year. Since the year-end NOCN has secured funding and have met their scheduled payment dates and so the likelihood of this debt being paid has increased. No adjustment was made to the impairment as this has been assessed as a non-adjusting event under the financial reporting framework.

10A. Investments

	2019-20 £'000s	2018-19 £'000s
Analysis of movement of investments		
Market value at beginning of period	20,000	20,000
Additions	37,307	55,008
Disposals	(26,142)	(55,008)
Gain/(Loss) on investments	(1,268)	-
Market value at end of period	29,897	20,000

The Balance referenced above consisted of the following:

Listed investments maturing in more than 1 year	18,780	-
Listed investments maturing in less than 1 year	1,117	-
Other investments – Deposits maturing in less than 1 year	10,000	-
Balances held outside of the Government banking service	29,897	20,000

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

	2019-20 £'000s	2018-19 £'000s
Term deposits		
BNP Paribas	5,000	10,000
Lloyds TSB	5,000	10,000

None of the individual bond investments held with J. P. Morgan are worth in excess of 5% of the total portfolio value, the largest being worth 2.2% of the total.

CITB liquidated its Investment Portfolio after the year-end in order to maintain sufficient working capital.

10B. Cash and cash equivalents

	2019-20 £'000s	2018-19 £'000s
Cash at bank and in hand	62,069	65,169
Cash equivalents	321	-
Total cash and cash equivalents	62,390	65,169

11. Creditors: amounts falling due within one year

	2019-20 £'000s	2018-19 £'000s
Trade creditors	5,818	3,143
Taxation and social security	13	1,170
Deferred income	8,462	4,951
Accruals		
Grant funding	5,313	2,601
Other	23,456	15,157
Total creditors	43,062	27,022

Deferred Income Analysis

Income has been deferred where cash has been received for services in the financial year, but for which associated activities will not be carried out until subsequent accounting periods.

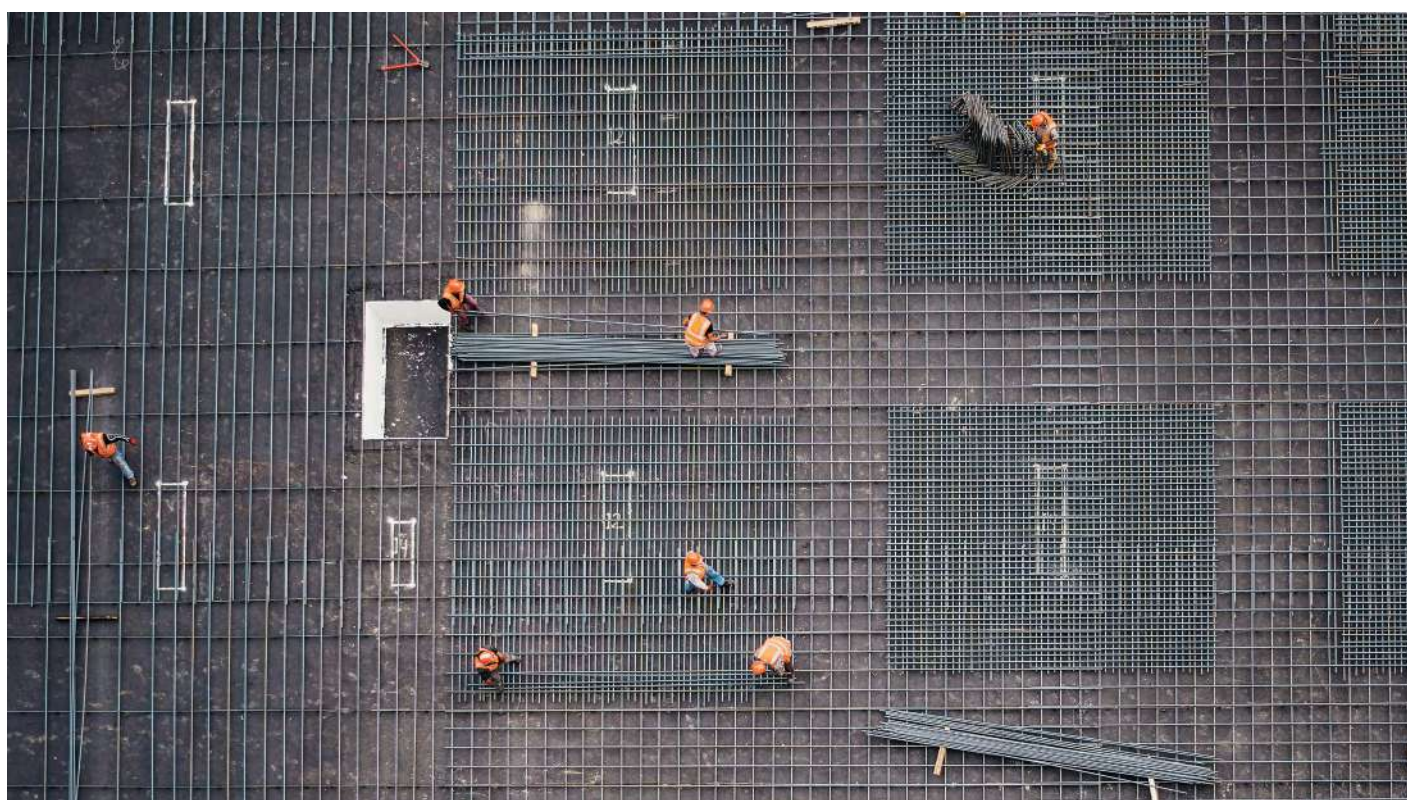
	2019-20 £'000s	2018-19 £'000s
Balance carried forward at start of year	4,951	1,611
Deferred income in current year	8,462	4,951
Prior year released	(4,951)	(1,611)
Closing balance	8,462	4,951



12. Provisions for liabilities and charges

	Grant Provision 2019-20 £'000s	Redundancy Provision 2019-20 £'000s	Other Provisions 2019-20 £'000s	Total Provisions 2019-20 £'000s	Total Provisions 2018-19 £'000s
Balance as at period start	26,986	10,865	378	38,229	40,129
Utilised	(26,986)	(5,440)	(16)	(32,442)	(39,081)
Released provisions	-	(2,213)	(217)	(2,430)	(735)
Additional provisions	23,825	1,011	318	25,154	37,916
Balance as at period end	23,825	4,223	463	28,511	38,229

- The grant provision is for grants earned but not yet claimed at the year-end
- Apprenticeship grant provisions are based on expected claims for known named apprentices with confirmed start dates
- Short-duration training grant and Qualification grant provisions are based on recent historical experience. COVID-19 did not impact the provision of training until right near the end of the financial year, so we did not anticipate much of a drop in claims for the period to 31 March 2020. The amount we eventually end up paying against the financial year is subject to employers finding the resource to make the claim and our experience since the year-end suggests that the admin resource at the employer is restricted as claims have been lower than anticipated. As employers start to return staff to work we expect to see an increase in backdated claims
- At the year-end we assessed these provisions for the likely impact of COVID-19 and decided that as the lockdown began in the final week of the financial year, there would be little impact on the outstanding claims for 2019-20
- Other provisions consist of a provision for repayment of grants related to proposed disposal of Bircham Newton site and other small dilapidation provisions.



13. 2018-19 Restricted and unrestricted funds

	2018-19 Restricted £'000s	2018-19 Unrestricted £'000s	2018-19 Total £'000s
INCOME			
Income from charitable activities			
Levy income		188,660	188,660
Non-Levy income			
Training and Development	51,768	50,873	102,641
Careers		106	106
Standards and Qualifications		382	382
Engagement and evidence base		54	54
Other		463	463
Total non-Levy income	51,768	51,878	103,646
Income from trading activities		49	49
Income from investments		346	346
Other income		3,782	3,782
Total income	51,768	244,715	296,483
EXPENDITURE			
Expenditure on raising funds		3,680	3,680
Charitable activities			
Training and Development	64,085	180,126	244,211
Careers		1,735	1,735
Standards and Qualifications		1,627	1,627
Engagement and evidence base		14,991	14,991
Total charitable activities	64,085	198,479	262,564
Expenditure from trading activities		56	56
Total expenditure	64,085	202,215	266,300
Net income/(expenditure)	(12,317)	42,500	30,183
Net movement in funds – transfer from unrestricted fund	12,317	(12,317)	-
Total	-	30,183	30,183

14. Accumulated funds

	2019-20 General Reserve £'000s	2019-20 Fixed Asset Revaluation Reserve £'000s	2019-20 Total Unrestricted Funds £'000s	2018-19 Total Unrestricted Funds £'000s
Opening balance	63,795	1,028	64,823	34,640
Net movement in funds	(10,580)	-	(10,580)	30,183
Transfer between funds	1,028	(1,028)	-	-
Closing balance	54,243	-	54,243	64,823

Accumulated Funds 2018-19 (comparative table)	2018-19 General Reserve £'000s	2018-19 Fixed Asset Revaluation Reserve £'000s	2018-19 Total Unrestricted Funds £'000s	2017-18 Total Unrestricted Funds £'000s
Opening balance	33,612	1,028	34,640	101,985
Net movement in funds	30,183	-	30,183	(67,345)
Closing balance	63,795	1,028	64,823	34,640

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

15. Gross cash flows by category

	2019-20 £'000s	2018-19 £'000s
Returns on investment and servicing of finance		
Interest received on investments	1,001	346
Capital expenditure		
Payments to acquire tangible fixed assets	-	(109)
Receipts from sales of tangible fixed assets	1,117	6
	1,117	(103)
Management of liquid resources		
Placed on deposit and purchase of externally managed investments	(56,039)	(55,008)
Deposit withdrawals and sale of externally managed investments	26,142	55,008
	(29,897)	-



16. ITB Pension Fund

CITB is a participating employer in the ITB Pension Fund Scheme, which has two sections: Firstly, a multi-employer defined benefit section (closed to future accrual on 31 December 2016) and secondly, a defined contribution section for all staff who joined after 1 January 2013. Being a multi-employer scheme, *FRS102* states that the defined benefit scheme must be accounted for as a defined contribution scheme, as the proportion of assets and funding level attributable to CITB cannot be separately identified.

The two sections are:

1. The '2007 Section', a defined benefits scheme for staff who joined before 1 January 2013. As at 31 December 2016 all current members of the defined benefit scheme became deferred members of the scheme and were transferred across to the 'Defined Contribution Section' as at 1 January 2017 and the scheme closed to future accrual. The most recent triennial valuation of the scheme was performed as at 31 March 2019.

The principal future assumptions used are:

- A discount rate being gilt yield curve +0.15%
- A dual discount rate reverted back in 2019 to same pre-post retirement rate being gilt yield curve 0.15%
- Real rate of return (net of CPI) would be -0.9% p.a.
- Nominal rate of investment return on assets would be 1.4% p.a.
 - Rate of future pension increases for the 2007 section would be in line with the Consumer Prices Index (CPI) assumed to be -0.9% lower than RPI
 - Rate of future pension increases for the New and 2007 sections would be in line with the Retail Prices Index (RPI) subject to a cap of 5% for benefits accrued before 6 April 2005 and 2.5% for benefits accrued on and after 5 April 2005. RPI inflation is implied by a gilt curve and rate of increases are assumed to be on average 0.9% a year less than RPI.

The 2019 triennial valuation indicated that the actuarial value of the assets helped by the scheme in total showed a surplus of £21m against the scheme liabilities on a statutory funding basis. There were no deficit funding contributions paid to the scheme in the 12-month period (2019-20, nil).

2. The 'Defined Contribution Section' is a defined contribution scheme for staff that joined on or after 1 January 2013.

From 1 January 2017 employee and employer contribution rates changed as a result of the closure of the Defined Benefit Section and staff now being part of the Defined Contribution Section. The range for employee contributions is 4%-7% (2018-19, 4%-7%), and the employer contributions will match the employee contribution plus 2%, but are capped at 9% (2018-19, 9%). The amount recognised as an expense for the defined contribution is included in the table in Note 19.

Expenses related to the CITB Defined Contribution scheme are attached to individual employees and allocated across activities on the same basis as total employee costs. All of these expenses are funded from unrestricted reserves.

As noted in Note 19 Employers Pension Contributions totalled £2,427k for 2019-20 (2018-19, £2,840k).



17. Lease commitments

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

	2019-20 Land and Buildings £'000s	Plant and Machinery £'000s	Other £'000s	2018-19 Land and Buildings £'000s	Plant and Machinery £'000s	Other £'000s
Operating Leases						
Leases expiring within 1 year	697	-	763	362	7	49
Leases expiring within 2-5 years	554	-	545	212	-	1,426
Leases expiring after 5 years	-	-	-	-	-	-
As at 31 March	1,251	-	1,308	574	7	1,475

18. Board members' remuneration

Remuneration of the Board members was as follows:

	2019-20 £	2018-19 £
Chairman – James Wates to 30 April 2018	-	2,067
Chairman – Peter Lauener from 1 May 2018	22,500	20,625

The authority under which payments were made to the Chairman is contained within the Industrial Training Act 1982. James Wates elected to donate his remuneration through GAYE back to CITB for the furtherance of their objectives. Expenses paid to Board members during 2019-20 amounted to £3,040 (£6,916 in 2018-19) in respect of accommodation, travel and subsistence. The total number of recipients was two (2018-19, seven). No material expenses were waived by Board members in 2019-20.

19. Particulars of staff

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

	Directly Employed	Temporary	2019-20 Total	2018-19 Total
Total	876	39	915	1,266

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

	2019-20 £'000s	2018-19 £'000s
Salaries of directly employed staff	34,194	41,091
Temporary staff costs	5,058	6,601
Redundancy cost	(1,198)	10,940
Social security costs	3,441	3,389
Pension costs	2,427	2,840
Total	43,922	64,861

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 88 to 94.

A £10.8m redundancy provision was made at the end of 2018-19, therefore the above redundancy cost in 2019-20 represents the net release of this provision following reassessment of estimated redundancy costs in 2019-20.

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

	2019-20	2018-19
£60,001 - £70,000	55	15
£70,001 - £80,000	15	8
£80,001 - £90,000	16	12
£90,001 - £100,000	7	-
£100,001 - £110,000	2	-
£110,001 - £120,000	9	-
£120,001 - £130,000	2	-
£160,000 - £170,000	1	-

Due to error, the 2018-19 comparative did not include redundancy packages, while there were only four redundancies made in 2018-19. 2019-20 emoluments include redundancy figures.

Excluding redundancy payments, in 2019-20 there would be 59 employees earning more than £60,000 with the make-up as follows:

- £60,001 - £70,000 – 44
- £70,001 - £80,000 – 5
- £80,001 - £90,000 – 7
- £90,001 - £100,000 – 3

The reason for the increase from 2018-19 to 2019-20 of the number earning over £60,000 is due to staff receiving cost of living increases taking them from below to above the threshold, which did not increase from year to year.

The total employer contributions paid in 2019-20 to the defined contribution section of the ITB Pension Funds in respect of those employees earning over £60,000 was £444,251 (2018-19, £169,581).

Details of staff headcount by grade and gender as at period end are:

Grade	2019-20			2018-19		
	Male	Female	Total	Male	Female	Total
Chief Executive	-	1	1	-	1	1
Director	4	-	4	6	-	6
Grade A	12	9	21	11	11	22
Grade B	35	27	62	30	19	49
Grade C	51	57	108	47	45	92
Grade D	69	62	131	66	43	109
Grade E	124	67	191	77	136	213
Grade F	97	158	255	104	167	271
Grade G	8	51	59	17	63	80
Grade H	8	7	15	20	77	97
Apprentice	2	1	3	2	1	3
Total	410	440	850	380	563	943

Details of staff sickness absence is as follows:

Days Lost	2019-20		Days Lost	2018-19	
	Absence Rate			Absence Rate	
11,387	5.12%		11,363	4.00%	

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

Details of staff leaving the organisation during 2019-20 for whom contractual redundancy exit packages were payable are:

Exit Package Cost Band	Number Of Compulsory Redundancies		Number Of Other Agreed Departures		Total Number Of Exit Packages By Cost Band	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
<£10,000	17	-	-	-	17	-
£10,001 - £25,000	38	2	-	-	38	2
£25,001 - £50,000	46	1	-	-	46	1
£50,001 - £100,000	13	1	-	-	13	1
£100,001 - £200,000	-	-	-	-	-	-
£200,001 - £400,000	-	-	-	-	-	-
>£400,000	-	-	-	-	-	-
Total number of exit packages	114	4	-	-	114	4
Total cost	3,166,446	135,833	-	-	3,166,446	135,833

20. Taxation

As a registered charity, CITB is exempt from corporation tax on its charitable activities under section 505 of the Income and Corporation Taxes Act 1988. However, incoming resources include income that is deemed to be of a non-charitable nature, resulting in a loss of £52,147 (2018-19, loss of £7,205). This has given rise to a corporation tax liability of nil (2019-20, nil).

21. Related party transactions

The sponsoring department for CITB is Department for Education (DfE). During 2019-20, there were some material transactions with other entities for which DfE is regarded as the parent department, namely the Education and Skills Funding Agency. There have also been material transactions with DfE themselves.



	Income Recognised by CITB		Amounts Owing to CITB	
	2019-20 £'000s	2018-19 £'000s	2019-20 £'000s	2018-19 £'000
Education and Skills Funding Agency	15,471	32,300	5,150	5,561
Skills Development Scotland	8,545	8,872	334	487
Welsh Assembly Government	5,850	5,680	531	543
Department for Education	9,284	3,992	-	-

	Expenditure Recognised by CITB		Amounts Owed by CITB	
	2019-20 £'000s	2018-19 £'000s	2019-20 £'000s	2018-19 £'000
Education and Skills Funding Agency	-	-	-	-
Skills Development Scotland	-	8	1	-
Welsh Assembly Government	213	415	-	-
Department for Education	-	-	7,343	2,956

In addition to this, some members of the Board hold positions of influence and decision-making with 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 96 to 97) lists the members of the Board and its committees, also giving the names of their employers
- Appendix B (page 98) shows the Register of interests of Board members.



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

	Income Recognised by CITB		Amounts Owing to CITB As At Period End	
	2019-20 £'000s	2018-19 £'000s	2019-20 £'000s	2018-19 £'000s
Levy	1,449	3,749	129	-
Sale of training-related products and services	94	43	7	5
Total	1,543	3,792	136	5

	Expenditure Recognised by CITB		Amounts Owed by CITB As At Period End	
	2019-20 £'000s	2018-19 £'000s	2019-20 £'000s	2018-19 £'000s
Payment of grants	2,882	4,357	21	16
Purchase of materials and services	390	897	102	-
Total	3,272	5,254	123	16

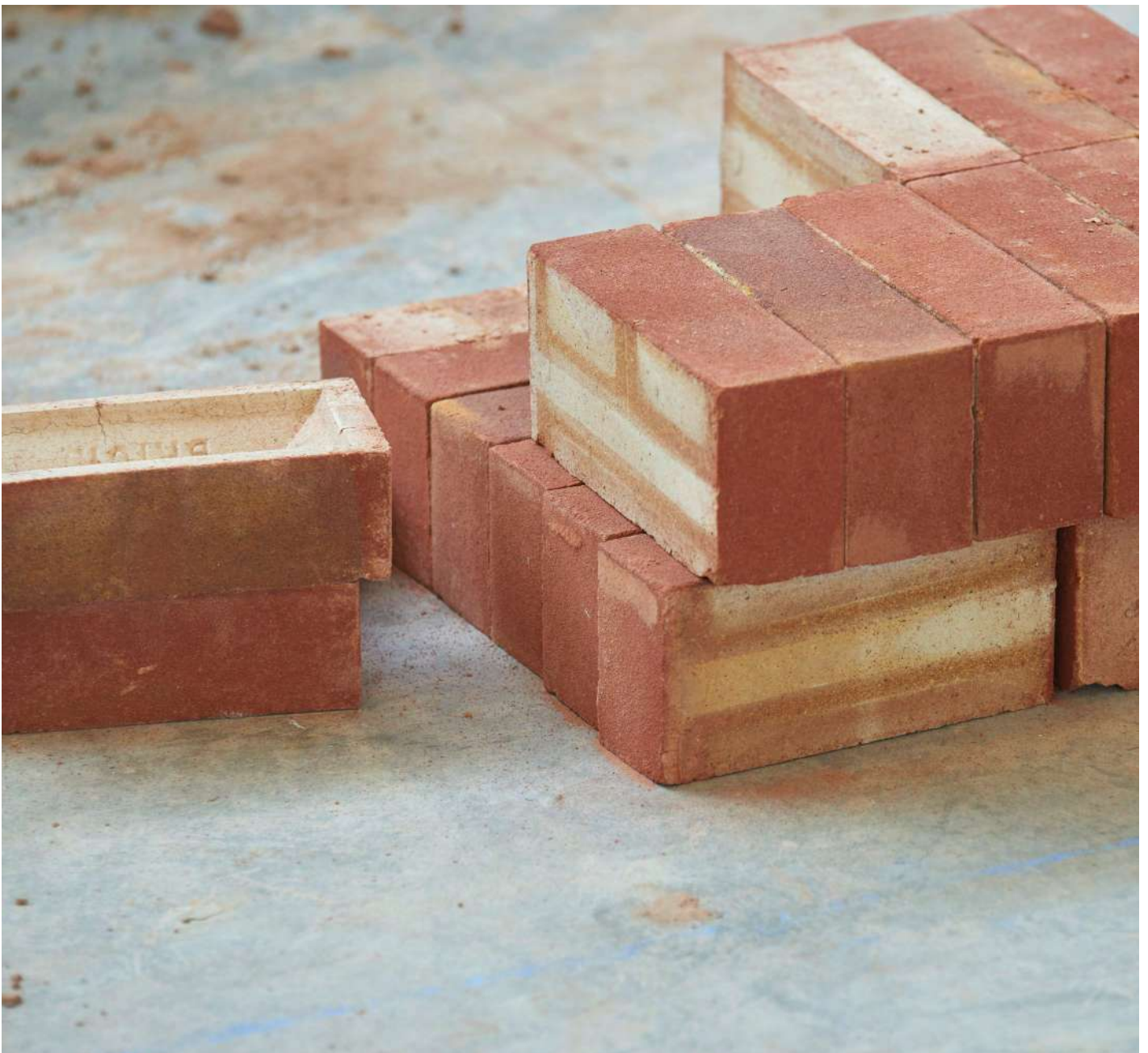
During the year, no key manager, employee or other related party has undertaken any material transactions with CITB other than remuneration as disclosed in the remuneration report and staff costs notes. All of the transactions were under normal terms and carried out at arm's length. No funds were held as an agent.

22. Losses and special payments

During the year, no special payments were made and there were no reportable losses over £300,000. Total bad debts written off during the year amounted to £3,777,806 (2018-19, £3,437,355).

23. Remote contingent liabilities

As part of our ten-year contract with SSCL, CITB has agreed to compensate SSCL should we exit early. As at 31 March 2020, in the unlikely event that CITB were to cancel the contract, there would be a maximum liability of £8.8m to compensate SSCL for investment in systems and people due to be used over the life of the contract to 2029. SSCL has a duty to mitigate any losses and, in the normal course of events, CITB will be paying SSCL this money as part of the contract delivery. By the following year end, 31 March 2021, the maximum liability drops to £1.8m.





24. Events after the balance sheet date

The Board has considered the impact of the COVID-19 pandemic and adjusted the provision for bad debts to reflect the increased likelihood of a downturn in the construction industry and the reduced cash received against that debt, post the balance sheet date. The Board also considered the valuation of the land and buildings and decided that this did not need adjusting as a result of the pandemic.

The Board also considered CITB's plans for the forthcoming three years, to balance industry needs for stability with CITB's own financial requirements. The 2019 Levy Assessment, due to be invoiced in April 2020, was postponed to August and so CITB operated without Levy income for all of that period. Reserves were depleted as a consequence and in September 2020 the Department for Education (DfE) loaned CITB £10m to generate sufficient working capital to keep functioning until the Levy receipts start to flow in the last quarter of 2020. In addition, CITB liquidated its Investment Portfolio after the year-end in order to maintain sufficient working capital.

The Skills Stability Plan had a reduced level of funds returning to industry to reflect the reduction in cash receipts (anticipated to be circa £125m in 2020-21) as CITB has allowed employers until August 2021 to pay the 2019 Levy. In 2021, subject to DfE approval, we will issue the 2020 Levy on a half-year basis, payable in the period September 2021 to March 2022 and then will revert back to a full-year Levy, coterminous with our financial year.

As at the year-end, CITB was owed £5.7m from NOCN for the sale of CSkills Awards and CPCS in 2017-18 and 2018-19 respectively – £3.6m due within one year and £2.1m due in more than one year. In consideration of a number of factors, which include the anticipated impact of COVID-19 on the financial position of NOCN, a provision of 20% was made against the amount due within one year and 100% against the amount due in more than one year. Since the year-end NOCN has secured funding and has met its scheduled payment dates and so the likelihood of this debt being paid has increased. No adjustment has been made to the impairment as this has been assessed as a non-adjusting event under the financial reporting framework.

As noted above, in August 2020 CITB entered a group consultation with a view to reduce the organisation's headcount by a further 110 roles. This decision was in response to the pandemic and in particular the new ways of working, with more business being conducted online rather than face to face. The result of the group consultation was that the final agreed change was a reduction of 98 roles and CITB entered the individual consultation stage on the 13 November 2020. That phase will finish before the end of 2020 and the results will be implemented in early 2021.

The Financial Statements were authorised for issue by the Board, on the date the Comptroller and Auditor General signed the audit certificate. Events after this date have not been considered and the charity's Trustees do not have the power to amend the Financial Statements after issue.

SECTION 7

REMUNERATION

REPORT

Membership

The Nomination, Appointments and Remuneration Committee is a Committee of the Board. Its terms of reference provide, among other matters, that the Committee will advise and provide assurance to the Board on senior appointments, the remuneration policy, succession planning of the Executive and Leadership Team, and the monitoring of people-based key performance indicators against the 2021-25 Strategic Plan.

The Committee normally has three Board Trustees, one of whom is appointed as Chair. The CEO, Corporate Performance Director and People Director provide information to the Committee to inform its decisions.

Policy on the remuneration of directors

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

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

Performance bonuses may be paid annually to all staff, including Directors. Any bonuses are paid after the financial year-end but relating to performance in the preceding financial year, therefore are recognised on an accruals basis within the financial statements.

In light of COVID-19 and financial pressures, no Directors were awarded performance bonuses relating to 2019-20. Performance bonuses awarded relating to 2018-19 but paid in early 2019-20 were recognised in the 2018-19 Remuneration Report and therefore followed the accruals basis.

Policy on contracts, notice periods and termination payments

All the directors are permanent employees of the organisation and have a notice period of six months.

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

Non-cash remuneration

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

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.

Relocation costs

To encourage staff to move with their job to the new Head Office in Peterborough, CITB offered a payment of £2,500 net of PAYE and NI. The employee was asked to agree to stay in employment with CITB for at least one year following the move.

Board members' remuneration

The Nomination, Appointments and Remuneration Committee is not responsible for considering Board members' remuneration. Of the Board Members, only the Chairman receives remuneration, which is determined by the (DfE) in line with the Industrial Training Act 1982.

MEMBERS OF THE TEAM



Sarah Beale
Chief Executive

Sarah Beale became Chief Executive of CITB in January 2017.

Since then, she has led CITB through a successful Consensus process and launched the three-year Vision 2020 programme of reform, which will see the organisation become more responsive and accountable to industry. More recently, she fronted the launch of the organisation's new, reforming 2018-2021 Business Plan to help make the Vision 2020 programme become a reality.



Stephen Radley
Policy Director

Stephen is responsible for working with the industry and Government to invest in the skills they need. His responsibilities include overseeing CITB research work to create the evidence base that underpins CITB's funding approach and its work with providers, and working with national Governments across Britain to create the right environment and support for employers.



Mark Noonan
Industry Relations Director

Mark joined CITB in January 2017 and left on 31 July 2020.



Braden Connolly

Director of Products and Services

Braden is the strategic lead for the products and services CITB provides or helps deliver for the construction industry. This includes the construction careers website Go Construct and the Construction Ambassadors programme. Together, these form a key part of the industry's offer to attract and retain talent from all backgrounds across Britain.



Steve Hearty

Director of Apprenticeships and Standards

Steve left CITB on 30 April 2019.



Craig Pemberton

Interim Chief Financial Officer and Corporate Performance Director

Craig left CITB on 30 April 2019.



Adrian Beckingham

Corporate Performance Director

Adrian became CITB's Corporate Performance Director in January 2019. Adrian has enjoyed a variety of senior roles during his 18 years at CITB. Posts include: Head of CSkills Awards, Head of IT, Head of Business Improvement and, most recently, CITB Change Director, leading the delivery of the Vision 2020 programme.



Kathryn Bell

Interim Communications Director

Kathryn joined CITB on 13 May 2019 and left on 5 November 2019.

The information comprising the remainder of the Remuneration Report has been subject to audit.

Payments to the Chair are authorised under Schedule 1 (4) of the Industrial Training Act 1982. No other Board members are remunerated. Note 18 – Board members' remuneration (page 81) provides the Chairman's Remuneration as well as Board members' expenses.

The aggregate total of employee benefits received by the Trustees and key management personnel for their services to CITB during the year was £813,021.



2019-20 12 Month Period Remuneration

	Salary £'000s	Benefits In Kind £'000s	Bonus £'000s	Pension Benefits £'000s	2019-20 Total £'000s
Sarah Beale Chief Executive	155-160	8.7	-	13.8	180-185
Stephen Radley Policy Director	115-120	1.9	-	6.7	125-130
Mark Noonan Industry Relations Director	115-120	0.2	-	7.5	120-125
Braden Connolly Director of Products and Services	115-120	1.3	-	9.6	130-135
Steve Hearty Director of Apprenticeships and Standards (left 30 April 2019)	5-10	0.6	-	0.7	5-10
Craig Pemberton Interim Chief Financial Officer and Corporate Performance Director (left 30 April 2019)	20-25	0.1	-	1.1	20-25
Adrian Beckingham Corporate Performance Director	110-115	0.1	-	9.0	120-125
Kathryn Bell Interim Communications Director (13 May 2019 to 5 November 2019)	70-75	0.2	-	2.8	75-80

Steve Hearty was paid a redundancy payment of £84,000 in May 2019.

The full-year equivalent annual salary bandings (£'000s) of those who left during 2019-20 were:

Steve Hearty: 95-100
Kathryn Bell: 100-105
Craig Pemberton: 125-130



2018-19 12 Month Period Remuneration

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

The full-year equivalent annual salary bandings (£'000s) of those who joined during 2018-19 were:

Adrian Beckingham: 100-105

Salary includes gross pay, payments in lieu of car and luncheon allowance. Benefits in kind include the use of allocated cars, flexible benefits (including critical illness cover and dental insurance) and medical insurance.

For members who accrue only defined contribution pension benefits, the value represents the total of employer contributions paid in respect of the individual.

Comparison of median pay to highest earner's remuneration

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

	2019-20 £'000s	2018-19 £'000s
Highest-earning executive director's total remuneration (£'000s)	165-170	165-170
Median total remuneration (£'000s)	35,042	31,273
Ratio of remuneration of highest earning executive to median remuneration	4.8	5.3

In 2019-20 no employees received remuneration in excess of the highest-paid director (2018-19, nil). Note in line with fair pay guidance, the remuneration stated above excludes pension benefits.

The median total remuneration has increased in 2019-20 compared to 2018-19 as a number of lower-paid administration roles were outsourced as part of Vision 2020. Details about exit packages are disclosed in Note 19 – Particulars of Staff – on pages 82 to 83.



Peter Lauener, Chairman,
20 January 2021



Sarah Beale, Chief Executive and Accounting Officer,
20 January 2021

SECTION 8

PROFESSIONAL

ADVISERS

CITB's bankers

Barclays Bank Plc
17 Market Place
Fakenham
Norfolk
NR21 9BE

Santander UK Plc
2 Triton Square
Regent's Place
London
NW1 3AN

CITB's investment advisers

J.P. Morgan
1 Knightsbridge
Belgravia
London
SW1 7LX

CITB's legal advisers

CITB Legal Team
Sand Martin House
Bittern Way
Peterborough
PE2 8TY

CITB's auditors

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

Principal office

See Appendix E (page 103) for details
of principal and registered offices.

Appendix A: Membership of the Board and its Committees

First name	Surname	Employer	CITB Board	Audit and Risk Committee	Nomination, Appointments and Remuneration Committee	Industry Funding Committee	Levy Working Party	Cymru Wales Nation Council	English Nation Council	Scottish Nation Council
Zeshan	Afzal	BAM Construct UK								Y
Nicola	Barclay	Homes for Scotland								Y
Diane	Bourne	Eric Wright Civil Engineering							Y	
Mark	Bramley	Pat Munro (Alness) Ltd								Y
Liz	Bridge	Joint Taxation Committee					Y			
Karen	Brookes	Sir Robert McAlpine							Y	
Craig	Bruce	Pert Bruce Construction					Y			Y
Chris	Carr	Carr & Carr (Builders) Ltd							Y	
Gareth	Davies	Knox and Wells Limited					Y	Y		
Maureen	Douglas	Forster Group Ltd	Y	Y						Deputy Chair
Terry	Edwards	John Weaver Construction						Y		
Tony	Elliott	Robertson Group					Y			Chair
Julia	Evans	BSRIA				Y				
Nick	Evans	EvaBuild Limited						Y		
James	Flannery	Cunard Construction Ltd							Y	
Marion	Forbes	Mactaggart & Mickel Homes Ltd								Y
Steve	Fox	BAM Nuttall	Y			Chair				
Diana	Garnham	Consultant	Y	Chair	Y		Chair			
Andrea	Green	Costain Ltd						Y		
Andrew	Harvey	Harvey Shopfitters Ltd							Y	
Leigh	Hughes	Bouygues UK						Chair		
Simon	Jehu	Jehu Group Ltd						Y		

First name	Surname	Employer	CITB Board	Audit and Risk Committee	Nomination, Appointments and Remuneration Committee	Industry Funding Committee	Levy Working Party	Cymru Wales Nation Council	English Nation Council	Scottish Nation Council
Owain	Jones	T Richard Jones (Betws) Ltd						Y		
Yvonne	Kelly	Barking and Dagenham College	Y			Y	Y			
Seamus	Keogh	Clancy Docwra Ltd					Y		Chair	
Alison	Laplough	Laing O'Rourke				Y	Y			
Chris	Last	Kier Group							Y	
Peter	Lauener	CITB Chairman	Chair		Chair					
Sharon	Llewellyn	JPR Roofing & Flooring Ltd							Y	
Kevin	Mcloughlin	Mcloughlin Decorating Ltd	Y						Deputy Chair	
Richard	Owen	Jones Bros						Y		
Rupert	Perkins	John Perkins Construction Ltd				Y				
Richard	Plumb	Ordnance Survey Ltd		Y						
Holly	Price	Keltbray Group	Y			Y				
Chris	Richardson	Wates		Y						
Ged	Simmonds	Mace Ltd							Y	
Michael	Smyth	Graham								Y
Richard	Steedman	Cameron Drywall Contractors Ltd								Y
Neal	Stephens	Willmott Dixon						Y		
Rob	Tansey	Barratt Developments plc							Y	
Paul	Tedder	Atlantic Dwellings Ltd						Y		
Julie	White	D-Drill (Master Drillers) Ltd							Y	
Robert	Williams	WRW Construction Ltd	Y					Y		
Jim	Young	Chap Group (Aberdeen) Ltd								Y

This table shows all membership during the 12-month period between 1 April 2019 and 31 March 2020.

Appendix B: Board and Committee Attendance

Board Attendance	2019-20
Peter Lauener (Chairman)	5/5
Maureen Douglas	5/5
Steve Fox	5/5
Diana Garnham	5/5
Yvonne Kelly	5/5
Kevin McLoughlin	4/5
Holly Price	4/5
Robert Williams	4/5
Total	37/40

Nominations, Appointments and Remuneration Committee (formerly Appointments and Remuneration Committee) Attendance	2019-20
Peter Lauener (Chair)	2/2
Diana Garnham	2/2
Total	4/4

Cymru Wales Nation Council Attendance	2019-20
Leigh Hughes (Chair)	3/4
Robert Williams (Deputy Chair)	3/4
Gareth Davies	4/4
Terry Edwards	3/4
Andrea Green	2/4
Simon Jehu	2/4
Owain Jones	4/4
Richard Owen	3/4
Neal Stephens	3/4
Paul Tedder	4/4
Nick Evans (Joined March 2020)	0/0
Total	31/40

Levy Working Party Attendance	2019-20
Diana Garnham (Chair)	3/4
Yvonne Kelly	4/4
Liz Bridge	3/4
Craige Bruce	4/4
Gareth Davies	3/4
Tony Elliot	2/4
Seamus Keogh	3/4
Alison Lamplough	3/4
Total	25/32

Audit and Risk Committee Attendance	2019-20
Diana Garnham (Chair)	5/5
Maureen Douglas	3/5
Richard Plumb	4/5
Chris Richardson	4/5
Total	16/20

Industry Funding Committee (formerly Investment Funding Committee) Attendance	2019-20
Steve Fox (Chair)	4/4
Julia Evans	3/4
Alison Lamplough (Resigned December 2019)	2/3
Rupert Perkins	4/4
Yvonne Kelly (Joined September 2019)	3/3
Holly Price (Joined September 2019)	2/3
Total	18/21

Scottish Nation Council Attendance	2019-20
Tony Elliot (Chair)	4/4
Maureen Douglas (Deputy Chair)	2/4
Zeshan Afzal	2/4
Nicola Barclay	3/4
Mark Bramley	3/4
Craig Bruce	4/4
Marion Forbes	3/4
Michael Smyth (Resigned October 2019)	0/2
Richard Steedman	3/4
Jim Young	4/4
Total	28/38

English Nation Council Attendance	2019-20
Seamus Keogh (Chair)	4/4
Kevin McLoughlin (Deputy Chair)	4/4
Diane Bourne	4/4
Chris Carr	4/4
James Flannery	0/4
Andrew Harvey	4/4
Chris Last (Resigned November 2019)	0/2
Sharon Llewellyn	2/4
Ged Simmons	3/4
Rob Tansey	3/4
Julie White	1/4
Karen Brookes (Joined March 2020)	0/0
Total	29/42

Appendix C: Register of Board Members' interests

Related party transactions

Employer Board Trustees must be concerned in the management of the activities of an employer engaging in the construction industry in order for their appointment by the Secretary of State to be valid. Therefore, with the exception of the three independent members, all Trustees would have had business interests, as Levy payers or potential grant recipients, at the date of their appointment, which may be perceived to conflict with their responsibilities as Board members. The following Board members who served for the period ended 31 March 2020 have in addition declared other personal or business interests.



PETER LAUENER CITB Chairman

Peter Lauener was appointed as CITB Chairman in May 2018. Peter came to CITB with a wealth of experience in the education and skills sectors, having previously held the roles of Chief Executive of the Education and Skills Funding Agency, interim Chief Executive of the Institute for Apprenticeships, and interim Chief Executive of the Student Loans Company.

Along with his work on the CITB Board, Peter currently holds a number of non-executive roles in the education, skills and health sectors. One such role is as the recently appointed Chair of the Student Loans Company (SLC), a Government-owned non-profit-making company, which is also an executive non-departmental public body. This organisation administers loans and grants to students in universities and colleges in the UK.

Peter continues in his role as Chair of Newcastle College Group, a corporation in the Further Education sector comprising a group of seven colleges across England, a position he has held since March 2018. He is also the Chair of Orchard Hill College, which is an independent special needs college based in Sutton, with sites across London and the South East. This college is a sponsor of a special needs academy trust with a number of academies in the same area.

In addition to his interests in the education and skills sector, Peter also has an interest in the health sector as a Non-Executive Director of Sheffield Children's NHS Foundation Trust, one of a small number of specialist children's trusts in the NHS, providing clinical and community services.

Contractual relationship: None.



MAUREEN DOUGLAS Group HR Director, the Forster Group

Maureen is a member of the Scottish Government Apprenticeship Advisory Board (SAAB), representing industry in the Employer Equalities Group and the Scottish Government Gender Commission.

Working closely with Skills Development Scotland and other critical stakeholders across a range of activities, projects and forums, Maureen is leading the development of new qualifications and pathways for learners into the workplace.

Maureen is a Fellow of the Chartered Institute of Personnel and Development.

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



STEVE FOX Chief Executive, BAM Nuttall

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

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



DIANA GARNHAM Director and 90% shareholder of RDB Insight

Diana is Chair of Skills East Sussex and has a number of advisory roles including in HE. Previously she was Chief Executive of the Science Council and a Governor of the East Sussex College Group (FE). She has a continuing interest in the social consequences of science, in good governance and strategy, and in enabling young people to achieve their potential, particularly within the STEM environment.

Contractual relationship: None.



YVONNE KELLY Principal and CEO, Barking & Dagenham College

Yvonne Kelly is the Principal and CEO of Barking & Dagenham College, a national award-winning College, that provides vocational, technical and professional training to over 10,000 students annually. Barking & Dagenham College is one of the leading providers of intermediate, advanced and higher level training in London. Over 1,000 learners per year complete training in construction, a third of which are apprentices. Yvonne takes an active role on various boards including the Creative and Cultural Skills Board, CEME Board and Care City Board, as well as acting as an adviser on the Pearson FE Reference Group.

Contractual relationship: None



KEVIN MCLOUGHLIN Managing Director, K&M McLoughlin Decorating

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

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

Over the past six months Kevin now also sits on the following: MCA Industry Advisory Group, FIR Steering Group, Islington Skills & Strategy Delivery Group, Islington Living Wage Place Action Group, and the London Progression Collaboration – Construction Sector.



HOLLY PRICE Training and Development Director, Keltbray Group

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

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



ROBERT WILLIAMS Chairman, WRW Construction Limited

Robert Williams MBE is the Chairman of WRW Construction Ltd, which he founded 35 years ago, starting the business from his home in 1985. A former college lecturer, Robert has represented the sector on numerous CITB, Trade Federation and Government-related forums and boards. WRW continues to champion apprenticeships and professional accreditations. Robert was awarded his MBE in 2013 for services to training and skills in the construction industry.

Contractual relationship: As a Levy-registered business, WRW accesses grants for training and upskilling its workforce, and employing apprentices. WRW is a member of Carmarthenshire Construction Training Association Ltd (CCTAL) and has been involved in the CYFLE shared apprenticeship scheme since its inception, both of which benefit from CITB financial support. WRW has been awarded National Skills Academy for Construction status across several projects and receives associated funding to lead a CITB-commissioned funded project on experiential learning in collaboration with a range of partners.

Appendix D: Prescribed Organisations

During 2019-20, CITB maintained close contact with the following Prescribed Organisations:

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

Appendix E: Location of Principal CITB offices

Head Office and Registered Office

Sand Martin House
Bittern Way
Peterborough
PE2 8TY
Tel: 0300 456 7577

England

English Office
Carthusian Court
London
EC1M 6EZ
Tel: 0300 456 7700

Scotland

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

Wales

Welsh Office
Companies House
Crown Way
Maindy
Cardiff
CF14 3UZ
Tel: 0303 1234 500

Appendix F: Glossary

CPI	Consumer Prices Index	NAO	National Audit Office
DfE	Department for Education	ONS	Office of National Statistics
ESFA	Education and Skills Funding Agency	RPI	Retail Prices Index
GDP	Gross Domestic Product	SDS	Skills Development Scotland
GDPR	General Data Protection Requirements	SME	Small and Medium-sized Enterprises
ITB	Industrial Training Board	SORP	Statement of Recommended Practice

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