



CONSTRUCTION INDUSTRY TRAINING BOARD

Annual Report and Accounts

For the year ending
31 March 2024

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Construction Industry Training Board (CITB)

Annual report and accounts 2023-24

For the period 1 April 2023 to 31 March 2024

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

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Chair's foreword

2023-24 was a turbulent year for the economy, and one which had a significant impact on the construction industry.



Growth in construction was subdued, despite the sector outperforming the overall economy. The slowdown in growth towards the end of the year came from a decrease in new work and private housing, which had become a challenging area throughout the year due to higher borrowing costs for both builders and buyers. In addition, a shortage of skilled workers in many construction businesses has meant that employees have been working at near-full capacity, with some employers telling us that their staff have often been too busy to take up training opportunities.

In the face of uncertain economic conditions and continuing skill shortages, CITB's support for the construction industry has remained steadfast. Our response has been to remain focused on supporting the industry, particularly smaller employers, with training and skills. Our continued work to simplify the support we offer is paying off, with a 7% increase in the number of people trained or supported and a 12% increase in the amount of training support being accessed by employers. This demonstrates that the industry has been ready to train and upskill its workforce despite the challenges highlighted above. We continue to work hard to make it as easy as possible for employers to access training opportunities.

We have also redoubled our efforts to get more people into the industry to safeguard the future pipeline of talent. Alongside the increase in people accessing CITB career support via our dedicated construction careers website Go Construct, over 29,000 taster sessions were delivered through our Engagement Team in 2023-24, providing young people and career changers with an exciting and immersive experience of what a career in construction could mean for them. Additionally, our New Entrant Support Team (NEST) has gone from strength to strength, making it easier for employers to apply for grants and funding and to arrange apprenticeships, directly supporting 2,300 new apprentices. →

At the start of 2024-25, we published our new Business Plan, setting out a new direction for CITB - including rolling out our new Employer Network model to address the immediate needs of employers - but also planning for the future and the long-term skills challenges the industry will face. We are responding to the priorities industry told us they wanted CITB to support: getting more people into the industry; providing high-quality training; and supporting the ongoing skills development of the existing workforce, at a local level and led by local employers.

In July 2024, a new Labour Government was elected. We welcome the opportunity to work with the new Government on their priorities, including sustained growth in construction and skills training. We will also work with them on the next steps they take on the Industry Training Board (ITB) Review.

In the previous year (2022-23), our direct and previously subcontracted construction apprenticeship provision in England was inspected by Ofsted. This confirmed what we already knew and the issues we were working on. It also led to our withdrawal from subcontracting as we recognised that the quality of provision needed to be better. We have responded quickly and effectively and, to the credit of all involved, we have seen huge improvements this year. Ofsted has reported Significant Improvement in three areas and Reasonable Improvement in one of their four inspection theme areas. We hope the speed and quality of our response demonstrates that we can provide a high benchmark for the industry.

Furthermore, as part of our Business Plan commitments, we will be investing in our National Construction College's (NCC) estate and plant to improve our learners' experience and to futureproof our sites, as well as in the technology to best support and increase the efficiency of operations across the business.

I am grateful to all our Trustees, our Nation Council Chairs and our committee members for their hard work, passion and support over this year. There is more work to do, and I am enthused by our future plans to support the industry. ●

Peter Lauener
CITB Chair



Chief Executive's introduction



The construction industry has significant skills challenges, and this year we continued with our plans to put employers in the driving seat to ensure our approach is co-owned and transparent.

This year has been a particularly important one for us as it has laid the foundations for a new Strategic Plan. We overachieved on six of our eight Business Plan targets, a testament to our ability to work together to meet the needs of construction employers who are investing in training and upskilling their workforce. Our renewed focus on making skills training accessible to all has resulted in a shift change, with us now engaging employers in training activity predominantly via our Employer Networks and NEST.

This Annual Report and Accounts confirms that our impact is growing, and that our initiatives and support are having a positive outcome on more employers and individuals than ever. Over £128.6m in grants was invested through our Grants Scheme, supporting the training needs of 15,710 employers and 26,349 apprentices. Over £27.1m was spent on funding and targeted interventions, with £7.5m going directly to 2,400 small and micro businesses, supporting more than 38,000 individuals with their training and upskilling needs. And this year's achievements extend beyond the financials. Onsite Hubs

provided the experience and skills for 1,150 people to go on and start their careers in construction. Our NEST has worked tirelessly to support employers taking on apprentices and there has been a 5% increase in the numbers of people trained through NCC.

These results are a direct result of the work undertaken to achieve CITB's stated purpose – to support the construction industry to have a skilled, competent and inclusive workforce, now and in the future. Our purpose is uniting and enthusing colleagues and our employer-led committees and councils to drive for the best performance of our support products and services. →



We need to usher in a new era for construction and embark on a paradigm shift in thinking around construction skills.

Our NCC transformation plans, following our Ofsted inspection in 2022-23, are already delivering results with Ofsted reporting Significant Improvement in three areas and Reasonable Improvement in one area of their inspection theme following their monitoring visit in June 2024. Our ambition is for NCC to become a beacon for construction training and skills, and we are committed to a longer-term programme of work, including investing over £40m in the three sites' buildings, infrastructure, and plant, and machinery, over the next three years, with sustainability at the forefront of these changes.

In delivering our plans for 2023-24 we have drawn down nearly £7.5m from the Cash element of our Reserves this year and the trend of spending more than our income will continue whilst our Cash-in-Hand is above our target level. This means that we are able to support more of industry's skills and training needs, while the financial envelope of our Business Plan for 2024-25 includes a further £29.5m reduction in our Cash balances. Further proposals to reduce Cash levels will be considered by the Board to invest in our new Strategy and Strategic Plan for 2025-29.

Looking ahead, our overarching goal is clear: we need to eradicate the skills gap and help bring about a competent and productive workforce. Doing what we do but doing it better is no longer enough, we need to usher in a new era for construction and embark on a paradigm shift in thinking around construction skills. Our 2024-25 Business Plan is a significant step

towards changing the skills landscape and future-proofing construction, radically overhauling our targets to ensure they aligned with employers' priorities.

Following the General Election and the appointment of a new Government earlier this year, we are ready to work with the Government, industry and training providers to ensure sustained growth in construction and achieve the Government's homebuilding targets. Our research shows that under the Government's homebuilding plans, up to an additional 152,000 workers will need to be found. The proposed Growth and Skills Levy will have an essential role to play in driving up construction apprenticeship numbers that have declined under the Apprenticeship Levy.

I am excited about the future, and so are my dedicated colleagues. Our shared purpose and vision are clear to see, and we will continue to work with our partners to ensure the skills system is fit for purpose and fit for the future. ●

Tim Balcon
Chief Executive



SECTION 1

Overview of CITB

Our statutory basis

CITB is a statutory corporation and a non-departmental public body (NDPB) sponsored by the Secretary of State for Education. CITB is also registered as a charity in England and Wales (264289) and in Scotland (SC044875).

CITB's charitable activities are mainly 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 April 2022. Full details of CITB's powers and responsibilities, as well as the restrictions placed on it, can be found in the Industrial Training Act 1982¹, as amended, and the latest Scope Order 1992².

Who we are

CITB is the Industry Training Board for construction in England, Scotland and Wales. Since 1964, we've worked with industry and Government to equip the employers and their workers with the skills and talent they need to succeed. A key part of this, then and now, is to help keep workers safe onsite. CITB's work has contributed to an 85% reduction in onsite deaths since the 1960s.

We help employers attract more people to join the industry, and for them to access high-quality, accredited training when and where it is needed. This includes delivering a variety of training interventions at our NCC.

We provide practical support to employers through a range of products and services. We play a strategic role for the construction industry, identifying immediate and future skills needs and working out how they can be met. Where emerging needs are identified, we commission innovative pilot projects, delivered by employers, that can be ramped up if they are successful. We use our unique position to listen to employers and influence Government policy, so they have the right support.

We help workplaces to become safer, more diverse and productive. This, in turn, helps create and maintain a world-class, sustainable built environment that is of benefit to us all.

Purpose

To support the construction industry to have a skilled, competent and inclusive workforce, now and in the future.

Our charitable status

CITB has been a registered charity in England and Wales since 1972 and in Scotland since 2014. The Board has regard to the Charity Commission's (in England and Wales) and the Office of the Scottish Charity Regulator's (in Scotland) general guidance on public benefit and the Charities Act 2011 when planning activities to achieve its aims. ●



1. Industrial Training Act (www.legislation.gov.uk/ukpga/1982/10)
2. Scope Order (www.citb.co.uk/media/kdxaicg4/02_the_scope_order_1992.pdf)

SECTION 2

Operating Environment

Pages 12 to 15

The construction industry experienced mixed fortunes over the course of 2023-24.

After returning to pre-pandemic levels of output in 2022, growth remained subdued throughout 2023, as a result of deteriorating economic conditions that resulted in the UK entering a technical recession during the second half of the year.

Despite outperforming the wider economy in 2023¹, construction output tailed off over the course of the year with the decrease in output in the fourth quarter resulting from negative growth in all three months of the quarter. In fact, the fall in output in Quarter 4 2023 was the largest negative quarterly growth since Quarter 3 2021². The quarterly fall also came entirely from a decrease in new work, mainly in private housing – a subsector which endured a difficult year due to higher borrowing costs.

Construction output was maintained across 2023 by relatively strong demand for repair and maintenance work, which grew at 8.3% compared to a 2.1% decline in new build. Private new-build housing contracted particularly badly with output falling by 13.6% in 2023 compared to 2022³.

In a sign that buyers were coming back to the market, UK mortgage approvals climbed in January 2024 to their highest level in six months⁴. However, transactions remained at their lowest level for 17 years⁵, highlighting the weakened state of the housing market.

The Bank of England (BoE) raised interest rates three times between April and August 2023 with the base rate reaching 5.25%, the highest level since February 2007⁶. High interest rates have impacted businesses and consumers alike, leading to lower levels of private investment and consumer spending. Persistent inflation pressures continued to add to the uncertainty over when lending rates might come down.

Anecdotal evidence also suggested that the adverse weather of 2023 had a dampening effect on output. Heavy rainfall, strong winds, cold temperatures and frost are all believed to have led to decreasing levels of new work. →

1. Gross Domestic Product: Year on Year growth: CVM SA % - Office for National Statistics (www.ons.gov.uk)
2. ONS Census 2021 data on the Construction Industry (www.ons.gov.uk)
3. ONS Census 2021 data on the Construction Industry (www.ons.gov.uk)
4. Financial Conduct Authority report on mortgage lending statistics, September 2014 (www.fca.org.uk)
5. Monthly property transactions completed in the UK with value of £40,000 or above (www.gov.uk)
6. Official Bank Rate history (www.bankofengland.co.uk)

Highlighting the fall in demand, total new work orders decreased by 20.9% in 2023, compared with the previous year, with falls of 19.0% in private new housing and 22.7% in private commercial⁷. These two sectors combined typically represent 60% of all new-build construction.

On the price front, purchasing costs continued to ease in respect of materials, but wage pressures remained relatively high, despite easing back from 2022 levels, due to widespread skills shortages. Vacancies in construction also continued to ease across the year as a result of decreasing activity and were 10.4% lower in March 2024 compared to a year earlier⁸. However, they remained over a third (37.0%) above pre-pandemic levels and over 50% higher than historic levels. Increasing transportation costs were also a theme in 2023-24 partly as a result of increased tensions in the Middle East.

Slowing growth has undoubtedly taken some of the heat out of the labour market, but it has also led to a rise in the number of insolvencies, which reached their peak in May 2023. They have since fallen back closer to pre-pandemic levels, but with potentially fewer firms competing for work, it is another reason why workloads for those remaining firms have remained reasonably buoyant despite decreasing demand.

In numbers:

Construction remains about

17%

below
pre-pandemic
levels

Up to a

50%

reduction in
self-employment
numbers in some
occupations

Many businesses have been working at full or near to full capacity due to a shortage of workers. This has also impacted levels of training, with a significant proportion of firms reporting that staff have been too busy to offer training, or that a shortage of staff has been a constraint on training activity. This is a situation that highlights the self-reinforcing nature of skills shortages, with a shortage of skilled staff available to train people leading to further skill shortages.

In terms of the construction workforce, the number of redundancies⁹ and long-term unemployed¹⁰ whose last job was in construction increased across the course of 2023 despite high levels of vacancies, highlighting the mismatch between supply and demand. The construction workforce was 1.0% smaller at the end of 2023 compared with a year earlier, with the reduction coming from a fall in the number of those in direct employment¹¹. However, it is worth noting that the number of self-employed workers in construction remains about 17% below pre-pandemic levels whereas the number in direct employment remains broadly comparable. The reduction in self-employment has been particularly apparent among skilled tradespeople and older workers, where some occupations have experienced up to a 50% reduction in self-employment numbers. →

7. Dataset: New orders in the construction industry (www.ons.gov.uk)

8. Dataset: VACS02, Vacancies by industry (www.ons.gov.uk)

9. Dataset: RED02, Redundancies by age, industry and region (www.ons.gov.uk)

10. Dataset UNEM03: Unemployment by previous industrial sector (www.ons.gov.uk)

11. Dataset EMP13: Employment by industry (www.ons.gov.uk)

There appears to have been little further success in attracting back self-employed workers lost as a result of the pandemic and those who left the industry due to ill health or early retirement. Research in 2023 showed that one in five employers failed to recruit the sub-contractors or self-employed workers they needed in the previous 18 months¹².

Many also had to change their approach to recruitment due to applicants being unsuitable or of poor quality. Businesses have had to increase their use of social media and look to recruit less experienced or younger staff. So, even with a high number of job openings and strong wage growth, construction has struggled to meet its recruitment needs even in a relatively fallow period of demand. A period of sustained growth is likely to exacerbate skills shortages.

Despite high levels of confidence from firms that they will survive this period of low growth (eight in ten firms say they are confident that their business will survive), many are planning on making redundancies, laying off self-employed or temporary staff, or cutting back planned recruitment of apprentices¹³. Data on potential redundancies have shown an elevated number of firms planning to make redundancies since January 2023¹⁴.

While such cuts may be necessary to navigate difficult and uncertain economic conditions, they also potentially undermine the capacity for medium- and long-term growth. What has become abundantly clear from the labour market shocks caused by Brexit and the pandemic is that the UK labour market is facing unparalleled and unpredictable supply-side challenges. Record levels of labour market inactivity and increased competition to find the right skills mean that sectors are increasingly likely to be presented with fewer and less suitable applicants. Retaining the workers already in the industry has never been more important.

This is a challenge when having a reliable pipeline of work is so crucial to business planning and demand is stagnating, but finding a way to retain and upskill existing staff during this period of weak growth is possibly a greater challenge than that of attracting new recruits. If the industry can't hold on to what it's got, then it has little chance of attracting new entrants.

The present downturn will pass, and growth will return in time. The challenge for industry is to find a way of meeting today's needs without jeopardising tomorrow's future. ●

12. CITB Employer Panel (August 2023), Unpublished

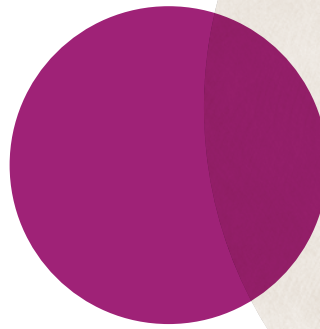
13. CITB Employer Panel (August 2023), Unpublished

14. Dataset: HR1, Potential redundancies (www.ons.gov.uk)

SECTION 3

Strategic Report

Pages 16 to 27



Review of 2023-24: Achievements

PUTTING EMPLOYERS IN THE DRIVING SEAT

CITB exists to support skills and training needs of construction employers across Britain. This year we empowered employers by giving them a greater say on how their short- and long-term training needs were supported. Our three long-term priorities (outlined below) were the focus of our work, and these were underpinned by ensuring employers had easy access to our existing products and services, allowing them to secure affordable skills training.

We invested over £268m during the year, with more than £155.7m of that invested in direct employer funding. This included grants, such as for apprenticeships and training courses, and other funded training activity, such as through commissioning.

Our work this year focused on tackling three key challenges: improving the construction industry's people pipeline; creating defined training pathways; and delivering an efficient training supply. These challenges impact on each part of the talent pipeline, from inspiring people outside of the industry to choose construction as their career, through to retaining existing talent.

We raised the profile of construction careers through our popular Go Construct and Go Construct STEM Ambassador initiatives. Meanwhile, our Onsite Experience Hubs and Taster Experiences offered an alternative route into construction, building a bridge between education and work. Apprenticeships remain at the heart of addressing the skills demand, so we continued to invest in and support thousands of apprentices and their employers.

Demand for training has returned, and we saw significant increases in the number of employers and individuals supported and trained through our interventions. There was strong demand for our apprenticeship and qualification grants and the doubling of short duration grants has led to an increase in training undertaken by employers. These increases show that demand for our training and support services was buoyant in 2023-24 and that more employers were making use of the CITB support available to them.

Our network of advisers helped businesses across the country access the funding, training and support that CITB offers. We placed a particular focus on supporting SMEs. Our NEST has supported employers with apprenticeships, helping them access the right training and financial support to allow apprentices to thrive.

Underpinning all this work are our standards and the development of our Competence Frameworks. Together, these help us give employers and individuals the assurance that their training and qualifications are of the highest quality and delivered to a universal standard.

We have used our unique position to listen to employers and influence Government policy, so they have the right support when it comes to complying with and adapting to new legislation. ●

REVIEW OF 2023-24: ACHIEVEMENTS

2 / 3

Improving construction's people pipeline

Over

1.4m



Visits to the
Go Construct website

858



Go Construct STEM
Ambassadors recruited

Over

6.3k



Individuals registered
with Talentview

2,340



Individuals helped
by NEST to start an
apprenticeship



It's great to see a local company help inspire the next generation of construction employees and it is clear that the sessions had a huge impact on the children's perception of and interest in a career in construction."

Laurence Stone, Senior Customer Engagement Manager, Taster Session delivered by RG Kellow Ltd in conjunction with CITB.

Over

29.4k



Learners supported with
apprenticeship grants

26.5k



Taster sessions delivered
by our Customer
Engagement team

Creating defined training pathways

9



Competence
Frameworks have now
been completed



The Plant Sector Representative Organisation (PSRO) recognises the importance of the introduction of these CITB (plant) training standards and their role in ensuring the high-quality and consistent learning, coupled with robust quality assurance processes, that is required to develop the skills and knowledge for the safe operation of plant."

Peter Brown, PSRO Secretariat, on the new plant standards and grant that were introduced this year.



REVIEW OF 2023-24: ACHIEVEMENTS

3 / 3

Delivering an efficient training supply

19.4k



Qualification grants issued

£77.9m



Issued in apprenticeship grants

An increase of

218%



Employers joining and accessing training through Employer Network

“ The CITB grant will enable Novus to implement several leadership programmes to equip managers with the tools for today and tomorrow. With an ageing workforce and fewer people joining construction it is essential that we progress in this space.”

Matt Pitt, People Director, Novus Solutions, on the Leadership and Management Fund made available to employers.

An increase of

5%



Individuals trained through NCC

173k



Short duration training courses received grant support

An increase of

16%



Individuals supported through Site Safety Plus

11,403



Individuals supported by Employer Network



Key performance indicators

MEASURING SUCCESS FOR THE CONSTRUCTION INDUSTRY

We report on our performance supporting employers and the industry through a series of key performance indicators (KPIs). The Board agreed eight Business Plan KPIs for 2023-24, covering three key priorities. These are measured via interventions either delivered by industry, by CITB, or nationwide to pursue continual improvement in our support of the construction industry.

Of the eight measures (as per table 1 on page 21), six exceeded their targets, with three achieving 'Better' performance and three 'Best'. Of the two which fell short of their targets, one did not meet its volumetric target. For the final indicator, Competence Frameworks, we successfully completed them, but the Frameworks still need to be agreed with industry. In addition to the 2023-24 Business Plan KPI measures, we have undertaken several new activities and initiatives with some outlined in the next pages: →

Six out of eight business plan KPIs exceeded their targets, with three achieving 'Better' performance and three 'Best'.



KEY PERFORMANCE INDICATORS

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TABLE 1: SUMMARY OF BOARD KPIs - RESULTS AND STATUS

PRIORITY	KPIs	TARGET	PERFORMANCE
Improving construction's people pipeline	Increase in the number of Taster Opportunities available	4%	105%
	Increase in the number of people accessing CITB careers support	4%	12%
	Increase in the number of CITB Apprenticeship starts	4%	-3%
	Increase in people in sustained employment for three months through Onsite Hubs	15%	85%
	Increase in individuals supported into employment from FE	7%	20%
Creating defined training pathways	Industry skills demand covered by agreed competence and training pathways	20%	0%
Delivering an efficient training supply	Increase in individuals trained or supported	4%	7%
	Increase CITB training support accessed by employers	5%	12%

Continuous Improvement Framework Key
Need Improvement: Volumetric below target
Good: Volumetric on target/below 3%
Better: Volumetric between 3% and 15% of target
Best: Volumetric 15% or more of target

KEY PERFORMANCE INDICATORS

3 / 4

IMPROVING CONSTRUCTION'S PEOPLE PIPELINE

We delivered more than 29,000 sessions in 2023-24, representing a significant increase over the previous year. Taster opportunities enlighten and excite more and different people into the construction industry, providing career changers and young people with an engaging and positive experience. Increasing Taster Opportunities allows more potential entrants to explore options to progress their interest in a construction career.

We have seen increases in people accessing CITB career support via Go Construct, Talentview Construction, Go Construct STEM Ambassadors and SkillBuild. The increase in visitors to our Go Construct website suggests that more people are considering a career in the industry. The Ambassador Programme also continues to grow, completing more engagements and reaching more young people than previous years. SkillBuild also reached more competitors and more diverse audiences, implying that construction careers are being increasingly seen as attractive by potential entrants from a wider cross section of society.

Apprenticeships starts have, however, decreased. In England, we paused recruitment until we had a more robust programme and resources in place to deliver successful outcomes for learners, while in Scotland the slight drop off was due to employer fall out. In Wales, numbers showed a small increase.

Our Onsite Hubs initiative also grew, with more than 1,150 people accessing sustained employment for three months or more, while our two new Onsite Hub Commissions in England and Scotland attracted more than 730 people, which demonstrates that more people are filling skills gaps and shortages.

We have seen a significant increase in the number of individuals supported into employment from Further Education, with more than 29,400 supported through the Apprenticeship Grant. NEST has supported employers to claim grant and funding for skills and training for more than 2,300 individuals. The increase in starts demonstrates that new entrants have access to skills and longer-term opportunities that will enhance their

In numbers:

More than
29k
tasters delivered,
significantly
above last year

1,150
people accessing
sustained
employment for
three months
or more

200
apprentices
receiving mental
health awareness
training

understanding of the construction industry and will contribute to filling skills gaps/shortages and improving employability.

A key priority for CITB is to promote Fairness, Inclusion and Respect (FIR) initiatives and to support changes to the construction industry's culture. The FIR commission significantly exceeded its end-year targets for SMEs and individuals trained, driving greater inclusivity in businesses across the industry.

The importance of working to create a more open and inclusive environment, where learners can get the mental health support they need, has been supported by the Mental Health Commission with 200 apprentices receiving awareness training during the year.

CREATING DEFINED TRAINING PATHWAYS

Competence Frameworks are a set of skills, knowledge and behaviour statements that set out what a person needs to do in a particular role to be deemed competent. There are 70 Competence Frameworks, of which nine have been completed and have been passed to their relevant Super Sector working groups for agreement, who are industry experts familiar with an occupation. These Frameworks are now expected to be agreed with industry mid-year, and the full set will be completed in 2024-25. The overarching aim is for CITB to train and develop a more competent workforce.

We have continued our ongoing cycle of updating standards to ensure training delivers the skills that the industry needs both now and in the future. We have worked with the Welsh and Scottish Governments throughout the year to influence apprenticeships, with degree apprenticeships launched in Wales, while in Scotland we hosted a reception in the Scottish parliament for more than 100 stakeholders. →

KEY PERFORMANCE INDICATORS

4 / 4

DELIVERING AN EFFICIENT TRAINING SUPPLY

The increase in the number of individuals supported exceeded our target, with Employer Networks supporting more than 11,000 individuals and qualifications grant more than 19,600. We saw a 5% increase in people trained through NCC, which was short of our Business Plan target of 7%. This suggests that employers are continuing to train their staff, with in-house training increasing since last year.

In addition, our Specialist Applied-skills Programme (SAP) has supported more than 200 starts and more than 40 achievements in Level 2 and 3 National or Scottish Vocational Qualifications. Our new Homebuilding Bricklaying and Roofing Commission and Brickwork Upskilling Commission have supported more than 750 individuals between them, and our Leadership and Management Commissions has delivered more than 2,100 modules.

Furthermore, our Digital Leadership, Procurement Practice, Roof Certificate Accreditation, Bricklaying (ABC) and Brickwork Masterclass Commissions are all significantly exceeding their targets through to 2023-24, delivering more than 26,600 beneficiaries, with over 5,000 in 2023-24 alone.

We saw increases in the number of employers supported through grants and funding, NCC, Training Groups and Employer Networks. The most significant increase was from our new Employer Networks, demonstrating that employers are continuing to increase their investment in training.

Recognised training provision has expanded with an increase of 5.49% in Approved Training Organisations (ATOs), showing that more approved providers are actively involved in construction training than previously.

CITB continues to offer core skills in Health, Safety and Environment (HS&E) and Site Safety Plus (SSP) training to industry, and the Leadership and Management Fund has seen significant numbers of both employers and individuals supported. Three commissions have been set up to support the provision of competent Trainers and Assessors, demonstrating delivery of an effective training supply to industry. ●



Financial review

Supporting skills acquisition and economic recovery in the construction industry

OVERVIEW

2023-24 saw the construction industry continue its post-pandemic recovery, and employers' confidence grew sufficiently for them to begin reinvesting in the development and training of their workforce. We saw a significant upturn in grant claim applications across the board and in applications for access to funding, resulting in a large increase in both the number of employers and individuals being supported compared to the previous year.

Levy income, our primary source of funding, increased compared to last year, and the collection of the Levy remained strong across the year. This performance reflected the strengthening post-pandemic economic environment across the industry and supplemented by increased receipts of Non-Levy income and support from our reserves, enabled us to deliver more support to industry than was initially forecast in our Business Plan 2023-24.

RESULTS FOR THE PERIOD

In 2023-24, CITB drew down £7.5m from the Cash element of its Reserves (2022-23 saw an increase in reserves of £8.4m), which was £4.4m lower than anticipated in the published Business Plan, where we expected a £11.9m deficit. This variance comprises industry increasing its demand for training and support through our various grants (£21.9m), whilst the distribution of

Employers' confidence grew sufficiently for them to begin reinvesting in the development and training of their workforce.

Non-Levy income and support from our reserves, enabled us to deliver more support to industry than was initially forecast.

monies from our funding initiatives was slower than expected (being £15.4m below budget) as employers increased their investment in non-mandatory training. Our professional fees and charges were £2.9m higher than expected, principally to support improvements in the NCC following its Ofsted inspection, while our staff related costs were £5.1m higher than budget following the outcome of a long-delayed salary benchmarking exercise, which was also impacted by the changes in economic circumstances and the increase in the cost of living.

Non-Levy income recognition was also £10.9m higher than expected, driven mainly by increased investment income (£3.9m) as interest rates increased throughout the year, additional support for English (£0.2m) and Scottish (£1.7m) apprenticeships, and our commercial products outperforming expectations and generating £1.9m more than was budgeted for. Commercial income arising from training conducted through the NCC, however, was £0.8m below expectations as the College focused on addressing the recommendations arising from its Ofsted inspection. The conclusion of the audit by the Education and Skills Funding Agency (ESFA) of CITBs former sub-contracted apprenticeship provision in England and Wales has resulted in £3.9m being released from the provision. →



LEVY INCOME

Statutory Levy income is the principal source of funding for CITB, and its main use is for the provision of grants to support the construction industry to retain, train and upskill new entrants and existing employees in response to changing demands for skills, to expand and focus the capacity and capability of training provision, and to address the future skills needs of the industry.

Levy income for the period was £202m (2022-23: £170.6m), comprising £201.8m (2022-23: £169m) in respect of the current year assessment (net of current Levy year's bad debt), and an increase in respect of prior years' assessments of £190k (2022-23: £1.5m). The total amount of Levy recognised was higher than predicted in our Business Plan 2023-24.

The Levy rates applied in 2023-24 were unchanged, at 0.35% on direct labour payments (PAYE) and 1.25% on net Construction Industry Scheme (CIS) payments. We also maintained the exemptions and reductions for small businesses. Employers with a turnover below £120,000 were exempt from the Levy, while companies with a turnover above £120,000 but below £400,000 received a 50% reduction in the Levy.

On 31 March 2024, the number of employers on the Levy and Grant register was 75,832 (74,670 on 31 March 2023). The increase is due to the fluctuations in the register with new employers added and employers who are no longer in-scope removed. It also takes into account write-offs for employers who have gone into liquidation and ceased to trade.

NON-LEVY INCOME AND OTHER INCOME

Non-Levy income in 2023-24 was £55.8m (2022-23: £33.7m). This mainly comprises health and safety testing £12.7m (2022-23: £13.3m), managed apprenticeships income £12.1m (2022-23: £10.2m), the release of the apprenticeship clawback provision (£3.9m) to reflect the outcome of the 2018/19 and 2019/20 ESFA audits, eLearning and publications £9.7m (2022-23: £8.6m), Site Safety Plus £6.1m (2022-23: £6.1m), NCC commercial income £4.8m (2022-23: £5.1m), and other miscellaneous income (£1.4m). Additionally, with the change in economic conditions and the raising of interest rates, the income earned from notice accounts grew substantially this year to £5.1m (2022-23: £900,000).

GRANTS SCHEME

Grant expenditure in the year was £128.6m, significantly up from £85.3m (51%) in 2022-23. The increase was 25% higher than expected as industry returned to investing in training its workforce following the pandemic and as economic conditions improved over the last 18 months. As an example, CITB grants helped support 26,349 (2022-23: 22,803) apprentices through Attendance and Achievement Grants and 17,046 (2022-23: 14,300) learners achieving vocational qualifications. The total number of employers, from micro to large, who were supported by the receipt of grant was 15,710 (2022-23: 14,523). →

26,349 apprentices helped through attendance and achievement grants

FUNDING SCHEMES

In total we spent £27.1m on funding (2022-23: £20.2m). That figure is 34% up from the prior year, but £15.4m less than planned. We invested £12m through our Skills and Training Fund, £7.7m of which supported 38,248 individuals in 2,400 small and micro businesses, £4m in our successful Onsite Experience Taster commissions, £3.1m through our Training Groups, and £2.6m via our new Employer Networks for businesses to access skills and training provision in their locality.

NON-GRANT EXPENDITURE

Our non-grant expenditure, including staff costs, totalled £114.8m (2022-23: £90.6m), reflecting our investment in rebuilding the capacity and capability of the organisation to deliver our new Strategic Plan. This figure was £11m above our expectations, driven by modest growth in resourcing and the cost of living crisis significantly impacting upon our cyclical benchmarking of salaries (£3.9m), as well as investment in the NCC. This was, in part, offset by a reorganisation of our Communications and Marketing function (£1m) and other minor efficiencies and savings.

RESERVES

Reserves are required to cover delays in income receipts, accelerated grant claims, costs that are outside of our control, and to ensure continued construction industry funding, in line with our charitable objectives.

Reserves as of 31 March 2024 are £95.2m (2023: £102.7m). Although reducing, the Board recognises that our Cash reserves are still substantially higher than our policy floor minimum level of £40m. The draw down of £7.5m was £4.4m less than expected, due to additional income being recognised in year, but this still meant that we were able to further support industry’s skills and training needs beyond our plans this year, and to utilise the receipt of Levy which held-up during the pandemic, as well as when there was a lack of demand for training grants and funding, leading to this accumulation.

It is acknowledged that the industry’s demand for skills and training is cyclical and mirrors economic conditions. Our Business Plan 2024-25 continues to plan for a reduction in our Cash balances of £29.5m by 31 March 2027. Further proposals to reduce the accumulated level of Cash-in-Hand will be considered by the Board in 2024-25 to invest in our new Strategy and Strategic Plan 2025-29, which was delayed a year pending the outcome of the ITB Review and will underpin the next Consensus and Levy Order. →

TABLE 2: RESOURCE ALLOCATION

RESOURCE TYPE	2023-24	2022-23
Levy income	£202m	£170.6m
Grants Scheme	£128.6m	£85.3m
Apprenticeship grants	£77.9m	£61.5m
Qualification grants	£18.6m	£8.1m
Short duration grants	£32.1m	£15.8m
Funding	£27.1m	£20.2m
Skills and Training Fund	£12m	£8.9m
Employer and industry support funding	£15.1m	£11.3m

OUR FUTURE PLANS

Our Business Plan 2024-25 sets out our detailed plans for the year ahead and outlines those for the next three years as we prioritise investment against improving the skills system, focusing on putting the foundations in place so employers and individuals can access the right training, in the right place and at the right time for them. In essence, the Plan reflects CITB's purpose demonstrating how we will "support the construction industry to have a skilled, competent and inclusive workforce, now and in the future" by:

- Informing and enabling diverse and skilled people into construction
- Developing a training and skills system to meet current and future needs
- Supporting the industry to train and develop its workforce.

These three key priorities will impact on each part of the talent pipeline, from inspiring new people – young and old – to choose construction as their career, through to retaining and upskilling the existing talent in the industry. ●

Our Purpose

"Support the construction industry to have a skilled, competent and inclusive workforce, now and in the future."



SECTION 4

Structure, Management and Governance

Pages 28 to 57

Structure

The Construction Industry Training Board (CITB) is a statutory corporation, an executive Non-Department Public Body (NDPB) sponsored by the Secretary of State for Education and is required to comply with its statutory obligations and functions as set out in the Industrial Training Act 1982. CITB is also a registered charity in England, Wales and Scotland and is regulated respectively by the Charity Commission (in England and Wales) and Office of the Scottish Charity Regulator (in Scotland).

The CITB Board comprises non-executive directors, known as Trustees, to reflect CITB's charitable status. For the period 2023-24, in accordance with statutory requirements, the Board comprised a majority membership of employer Trustees supported by independent Trustees. The Board is also supported by an Executive Team and the following five Board Committees: Audit and Risk; Industry Funding; Nomination, Appointments and Remuneration; Levy Strategy; and National Construction College and Apprenticeships. Additionally, the Board receives strategic insights and feedback from three Nation Councils – Scotland; Cymru Wales; and England.

Trustees make the high-level strategic decisions about the organisation. The CITB has Board Reservations and a Scheme of Delegation in place which sets out the authorities reserved by the Board and the authorities delegated to its committees. All other authorities are delegated to the CEO. The CEO can then determine which of these authorities to retain for themselves, and which to delegate to other officers in the organisation.

The CITB Board complies with the principles and provisions within the Code of Good Practice for Corporate Governance in Central Government Departments as appropriate and in line with CITB's statutory duties. The only departure from this is in respect of CITB and the Department for Education (DfE) having an agreed Framework Document in place, appropriately reflecting the charitable status of CITB. This document is currently being finalised. The CITB Board also adheres to the Charity Governance Code. ●

Trustees

For the period 2023-24, the CITB Board consisted of:



Peter Lauener (CITB Chair)



Tony Elliott (left on 21 June 2024)



Louisa Finlay



Diana Garnham (left on 31 December 2023)



Michael Green



Owain Jones



Kevin McLoughlin



Holly Price



Sophie Seddon

On 1 April 2024, five new Trustees were appointed to the Board of Trustees:



Herman Kok



Rachael Cunningham



Stephen Gray



Julia Heap



Nikki Davis

As specified in Schedule 1 Section 1 of the Industrial Training Act 1982, Board members are appointed by Secretary of State following 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.

<https://apply-for-public-appointment.service.gov.uk/roles>

TRUSTEES

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Whilst the Secretary of State has the discretion to decide upon the length of tenure for Trustees, the usual tenure is four years with the possibility of re-appointment for another four years. By exception, the Secretary of State may decide to reappoint a Trustee for a third consecutive term in office, although there is a strong presumption that no individual should serve in one post for more than 10 years.

The Board is headed by the Chair Peter Lauener, who took up this post on 1 May 2018 and was reappointed on 1 May 2022 to serve a second term of office. All Trustees, apart from the Chair, are unremunerated but reimbursed reasonable expenses. Trustees are required to have relevant senior experience, with the majority of their work within the construction industry, having been recruited for their broad range of industry skills, background, and experience. The other Trustees have been appointed as independents and bring additional and appropriate insight to ensure that there is a good balance of skills, knowledge, and experience across the Board as a whole.

With the addition of a fifth standing Board Committee – the National Construction College and Apprenticeships Committee – it has been agreed with DfE that Board membership be increased from 11 Trustees to 13 during the 2024-25 financial year to support the additional work that has come with this change, and to further enhance the Board's succession management processes.

The advert for new Trustees went live in August 2023, with interviews in December 2023. Appointments were made on 1 April 2024. All incoming Trustees receive a comprehensive induction process, supported by CITB's Governance Team. Further support and training (both formal and informal) is provided to Trustees on an ongoing basis. Trustees liaise regularly with relevant Executive Team members in relation to specific Board, Committee and Nation Council matters. →



Further information relating to the Board of Trustees is available on our website:

www.citb.co.uk/trustees



BOARD PERFORMANCE

The purpose of the Board is to ensure that CITB fulfils its statutory and charitable purposes by setting and maintaining the vision, mission and values of the organisation, to develop and shape its future direction and strategy, whilst adhering to the principles of the Framework Document (currently in draft) negotiated and agreed with DfE, and to ensure good corporate governance. It acts in accordance with the Board's standing orders and delegations, and provides leadership, advice and challenge to the Executive Team on the management and performance of the organisation.

Every three years, we commission an external review of the effectiveness of the Board. The next of these is due in 2024-25. This review cycle is also supplemented by annual internal effectiveness reviews of the Board, its Committees and the Nation Councils. The connectivity between these governance groups continues to strengthen. Over the coming year, there will be an increased focus on offering members relevant training opportunities to help support them to discharge their governance responsibilities, which include holding CITB to account in the delivery of its purpose: "To support the construction industry to have a skilled, competent and inclusive workforce, now and in the future". Additionally, an annual appraisal of the Board Chair is undertaken by DfE, while individual appraisals of Trustees and Nation Council Chairs are conducted by the Board Chair.

The Board met eight times in 2023-24 and considered key issues such as the ITB Review and the development of the new Strategic Plan. With the ITB Review having commenced in June 2023, the Board decided to delay the publication of the then 2024-28 Strategic Plan pending the outputs from the Review. This resulted in the Board seeking a one-year Levy Order for 2025 and delaying the Consensus process for a year. During the 2023-24 financial year, the Board also considered the 2024-25 Business Plan, the development and delivery of the Employer Network pilot scheme and the impact this would have on Training Groups; the introduction of the NEST; the continued delivery and performance of Onsite Hubs; and competency in the industry and CITB's role in this area.

Overall, the Board has been pleased with the quality of data and information provided to support Board discussions and decisions. The establishment of the NCC and Apprenticeships Committee in March 2023 has ensured that the Board have an overview of the NCC and Apprenticeships performance and this has resulted in more robust decision making. ●

Governance

AUDIT AND RISK COMMITTEE (ARC)

The Audit and Risk Committee is a committee of the Board that supports its 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 engages with internal audit, the work of the external auditor, financial reporting issues, and annually reviews key corporate policies for recommendation to the Board for approval. There were five meetings of the Audit and Risk Committee during 2023-24, and the Committee fulfilled its Terms of Reference.

The Committee has three Trustee members: Diana Garnham was the Chair until December 2023; Louisa Finlay and Peter Lauener subsequently chaired one meeting each as interim Chairs; Julia Heap took on the Chair from July 2024. The Committee benefits from the contribution of two external members, who bring additional depth of experience and expertise. In addition, other observers and attendees from our Internal Audit delivery partners (Grant Thornton), Sponsor Department (DfE) and the External Audit team from the National Audit Office (NAO) contribute to the breadth and robustness of scrutiny and discussion.

RISK

A strategic and operational risk management process has operated throughout the year. Strategic Risks were reviewed and updated to reflect those that might impact on the achievement of the updated Strategic Plan, and the process has been strengthened by a formalised assessment of risks against the Board's Risk Appetite, which had been formally defined in February 2023. Regular reports on risks provided the Committee with assurance that risks were being identified, assessed and managed appropriately against the tolerances set by the Board. Where risks were identified as exceeding tolerable levels, related action plans prepared by management were considered, and progress to bring the risk to within tolerance monitored. The Committee also undertook a horizon scan to consider potential upcoming risks.

GOVERNANCE

The Committee supported the work of the Board in reviewing its Risk Management Policy, including its risk appetite. Maintaining its focus on key risks and the implementation of risk mitigation plans, the Committee carried out deep dives into several high-risk areas including HR, IT systems, cyber security, grant claims, countering the risk of fraud, and business continuity. The Committee continued to take a particular interest in the operation of controls for the delivery of apprenticeships and training through NCC and monitored the progress of work to resolve issues and improve governance and processes. The Committee noted that controls in this area had been strengthened significantly over the course of the year providing a foundation for performance enhancements in 2024-25. →



GOVERNANCE

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INTERNAL AUDIT

The Committee approved the internal audit plan for 2023-24, kept the plan under review and approved amendments during the year. The full 2023-24 plan was completed, except for the deferral of a planned audit of Communications because of changes taking place in that function. Internal audit work provided the Committee with assurance across a wide range of areas, including Information Governance, Contract Management, income from Health, Safety and Environment Tests, Health and Safety processes, and controls to counter the risk of fraud. The effectiveness of internal audit activities was monitored through progress reports from the Head of Audit and Risk received at each meeting. These set out the findings from each audit and the actions that management had agreed to undertake in response. The results of internal audit work evidenced that the framework of controls had been maintained during the year and strengthened in certain areas, in particular in relation to delivery of apprenticeships, but also highlighted that in some operational areas internal controls required improvement. These included enhancing business continuity planning and processes for follow-up actions in respect of unpaid Levy. The Committee will continue to monitor the completion of agreed actions in response to audit recommendations and the revised assessment of risk and controls derived from further audits in 2024-25.

The Committee received and endorsed the Head of Audit and Risk's annual opinion that CITB's systems of governance, risk management and financial control are generally satisfactory, but that improvement is required to internal controls in areas other than these. While this opinion was similar to that for 2022-23, it was recognised that there had been significant improvements to controls during 2023-24 and that as audits had not identified any significant new areas requiring improvement, the required further actions were already planned to be taken in 2024-25.

EXTERNAL AUDIT

The statutory external audit of the Annual Report and Accounts was performed by the NAO 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 in 2023-24. An update report was provided for each Committee meeting and an interim audit enabled the Committee to understand progress and pinch points, and to identify issues for further review. The Committee reviewed the Audit Plan in advance of the audit commencement and reviewed the Audit Report and findings. CITB had received an unqualified certification for the 2022-23 year, and the Committee continues to monitor the implementation of the Management Letter recommendations and Management Responses to the audit findings.

The Committee acknowledges the recommendations resulting from the NAO 2022-23 Audit Completion Report and interim update report on the 2023-24 Financial Statement Audit. The recommendations have either been actioned or form part of an ongoing action plan for completion. The Committee supports the delivery of this action plan, which has been closely monitored.

CITB also receives additional assurance from other external bodies on specific activities and/or functions, including from Ofsted for NCC and Apprenticeships, and the BSI where CITB holds accredited standards, e.g. in Health and Safety. →



NOMINATION, APPOINTMENTS AND REMUNERATION COMMITTEE (NARCO)

The Nomination, Appointments and Remuneration Committee (NARCO) supports the Board in the delivery of its responsibilities in respect to proposals regarding organisational-wide remuneration and bonus schemes, CITB's people and culture strategy, pension arrangements, senior appointments, departures, and key HR policy and practice across the organisation. The Committee has three Trustee members. Tony Elliott was the Chair throughout 2023-24. The Committee met five times and provided advice to the Board regarding appropriate pay awards, performance management and the People Strategy.

A major focus for the Committee in 2023-24 was the development and benchmarking of a new pay and grading framework, which was approved by the Board and then implemented.

During the year, NARCO members worked with CITB's Chief Executive Officer to recruit and appoint Nadine Pemberton Jn Baptiste as interim Executive Director for Legal,

Governance and Compliance in December 2023 following the departure of Emma Black in September 2023. Additionally, Deborah Madden was appointed as Executive Director for Nations Engagement in December 2023 and Kirsty Evans as Executive Director and Principal for National Construction College (NCC) in March 2024.

NARCO also recommended to the Board the re-appointment of the England and Scotland Nation Council Chairs for a second term and was involved in the appointment of a new Wales Nation Council Chair from July 2024.

Succession planning for Executive Director and Leadership roles will continue to be a focus for NARCO, as well as the development of CITB's Total Reward Framework. Additionally, NARCO continues to support the Executive Team to embed CITB values and culture, fostering a customer-led, productive and engaged workforce in support of our mission. →

GOVERNANCE

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INDUSTRY FUNDING COMMITTEE (IFC)

The Industry Funding Committee (IFC) is a decision-making body with delegated authority from the Board to authorise industry funding of up to £5m for any one commission or funding scheme. The Committee is tasked with assisting the Board in adopting a funding strategy which supports CITB's strategic aims, then monitoring the delivery and impact of this funding strategy and ultimately making resultant recommendations to the Board as necessary.

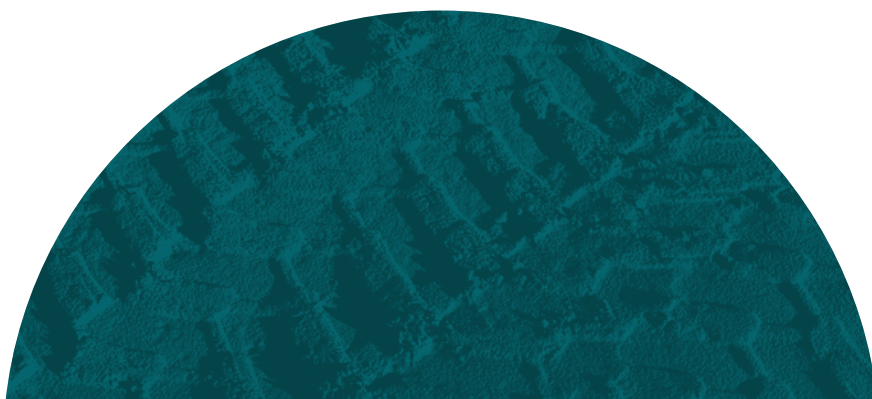
During the 2023-24 financial year, the Committee moved to focus more sharply on reviewing the funding investment proposed as part of the Strategic Plan and annual Business Plan. All budget allocated via funds, the Grants Scheme and commissions were reviewed by the Committee. There was also an increased focus on the alignment of funding against outcomes and greater consideration of the expected impact of investments. Following a series of detailed discussions regarding the relative value of different funding interventions, principles around additionality and an assessment of the return on investment, the Committee agreed and gave recommendation to the Board on the investment priorities for the then 2024-28 Strategic Plan and 2024-25 Business Plan. The Committee's advice shaped the proposals which were signed off by the Board. The Committee took these decisions in the context of the industry's response to a large-scale consultation completed in the summer of 2023, which provided a customer perspective on overarching priorities as well as specific information about views on how much support should be provided for different categories of training.

Throughout the financial year, Committee members worked closely with CITB to use quantitative and qualitative sources of information, including performance dashboards

and deep dives to monitor the performance and impact of CITB's grants and funding schemes, employer funds, commissions and pilots.

The Committee monitored progress against recommendations set out in the Employer Funding Review and provided advice and insight into the ongoing improvement of funds, including expansion of the Industry Impact Fund scope. A member of IFC, Hannah O'Sullivan, was delegated to support the decision-making process for high-value bids coming through the Industry Impact Fund. As well as focusing on funding investments to deliver the Strategic Plan, the Committee also provided enthusiastic support for proposals to simplify funding channels and develop arrangements that will facilitate longer-term investment in training via alternative routes. Views were provided on specific matters such as the development of Employer Networks and the role of Training Groups.

Holly Price has continued as Chair. Collectively, these members of the Committee bring extensive experience and knowledge from construction along with a good spread of industry representation from major contractors, medium-sized employers, SMEs and connections with federations. The mix of the Committee members ensures that the industry investment profile takes account of the needs of different sizes and types of business. →



GOVERNANCE

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LEVY STRATEGY COMMITTEE (LSC)

The Levy Strategy Committee is a sub-committee of the CITB Board that make recommendations to the Board on matters relating to the strategic direction of the Levy system. This includes maintaining a level playing field for all CITB-registered employers.

At the start of the year, the primary focus for the Committee was to develop Levy Proposals for the next three-year Levy Order commencing in 2025. However, the commencement of the Government's regular review into the CITB and ECITB in June 2023 resulted in the Board proposing to delay the Consensus process for a year. The Committee's focus, therefore, turned to Levy Proposals for a Levy Order in 2025 that would provide continuity and stability in the one-year period before a subsequent three-year, consensus-backed Levy Order in 2026.

The resulting Levy Proposals recommended to the Board and subsequently to DfE saw:

- The Levy Rates retained at 0.35% on directly employed workers (PAYE) and 1.25% on taxable sub-contractors (Net CIS)
- The Small Business Levy Exemption threshold increased from £120,000 to £135,000
- The 50% Levy Reduction threshold increased from £400,000 to £450,000.

These rates and thresholds, assuming they are approved by Parliament in early 2025, will be drafted into the one-year Levy Order in 2025 and used for the Levy assessments raised in April 2025.

Committee members have also been exploring:

- The increased use of third parties who provide labour to employers (Labour Suppliers)
- Reducing the time lag between leviable work being undertaken and the Levy due on it being paid (Close the Gap), through a proposal to see the annual Levy Assessment being raised 10 months earlier to form part of the Levy Proposals for the 2026 Levy Order
- The practice of passing on the Levy by some contractors to their sub-contractors; members have considered the wording of a statement setting out CITB's opposition to this, with the intention this will be published in 2024 with other stakeholders as joint signatories.

The Committee currently has nine members including Peter Lauener, the Board Chair, who stepped in to chair the Committee in the interim when Diana Garnham's tenure in office came to an end in December 2023. The Committee is made up of four independent members (including Peter Lauener) and five members representing Levy-registered employers. The mix on the Committee brings extensive skills and diversity of industry intelligence, which has helped shape the Committee's recommendations to the Board. Over the course of the financial year, Andrew Harvey and Diana Garnham (Trustee and Committee Chair) stepped down from the Committee, meaning that three vacancies, including a permanent Chair, are currently being recruited. →

The mix on the Committee brings extensive skills and diversity of industry intelligence, which has helped shape the Committee's recommendations to the Board.

GOVERNANCE

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NATIONAL CONSTRUCTION COLLEGE AND APPRENTICESHIPS COMMITTEE (NCC&AC)

The National Construction College and Apprenticeships Committee was established following the Board's decision to invest to improve the quality of provision at the National Construction College (NCC) and to enhance the quality of apprenticeships. The Committee's inaugural meeting was on 6 March 2023.

The purpose of the National Construction College and Apprenticeships Committee is to:

- Support the Board in the delivery of its responsibility to ensure oversight of the curriculum, the quality and delivery of the training provision, the learner experience, learner safeguarding and wellbeing, health and safety, resourcing, and the funding and regulatory compliance of CITB's National Construction College (NCC) and Apprenticeships provision
- Monitor and review the delivery, quality, and impact of CITB's apprenticeships provision in England, Scotland and Wales, to provide assurance to the Board regarding funding and regulatory compliance activities and to offer recommendations to the Board as to future direction of this provision
- Make decisions and recommendations with regard to all relevant legal and regulatory requirements together with guidance and best practice in skills training, education, and safeguarding.

During the 2023-24 financial year, the Committee oversaw a significant transformation programme for NCC and for apprenticeships, aiming to address areas for improvement highlighted by Ofsted in England (following an inspection on 21 March 2023), and also in Scotland, working closely with Skills Development Scotland and sub-contracted colleges. This has led to significant improvements in performance and better support for apprentices. Ofsted confirmed this to be the case during a monitoring visit in June 2024, which found that three of the themes noted for improvement have seen 'Significant Improvement' with the fourth theme seeing 'Reasonable Progress.' The Committee has also overseen plans to develop the NCC estate and to develop a new NCC Business Plan for 2024-25.

Peter Lauener, the Board Chair, initially chaired the Committee. He handed over the Chair to Michael Green in February 2024. The Committee currently has four Board Trustee members. →

During the 2023-24 financial year, the Committee oversaw a significant transformation programme for NCC and for apprenticeships.



GOVERNANCE

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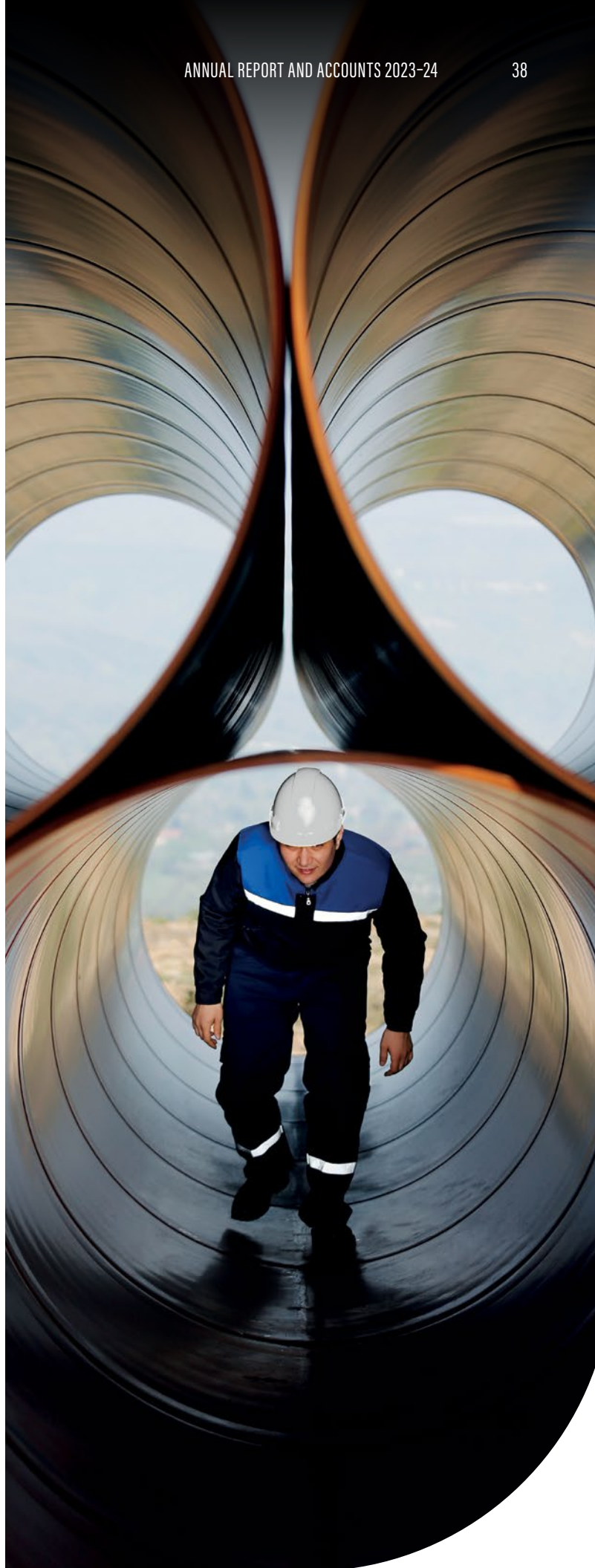
NATION COUNCILS

Nation Councils remain essential in shaping the future of construction throughout Great Britain, offering strategic guidance to the Board to enhance the industry's ability to meet its skills requirements.

The objectives of the three Nation Councils are to:

- Provide insight into the challenges and opportunities for the nation they represent
- Steer and influence the Board on the development and effective delivery of the Strategic Plan, encouraging adjustments to delivery to reflect unforeseen events/changes that impact on the nation/industry more generally
- Debate and offer constructive challenge in relation to the proposed allocation of resources against competing industry priorities across Great Britain
- Provide individual national perspectives on construction skills gaps against agreed forecast needs.

During 2023-24, the Councils were instrumental in the development of the 2024-25 Business Plan and one-year Levy Order for 2025. CITB continues to work closely with the Councils in the development of the new 2025-29 Strategic Plan. →



GOVERNANCE

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ENGLAND NATION COUNCIL

The England Nation Council worked with the CITB Board to inform the Business Plan KPIs and support delivery of the England Nation Plan and KPIs. The Council continued to bring constructive challenges and support to initially shape the priorities in England and offered ongoing insight into the challenges around the delivery of these plans throughout the year.

The Council has supported the continued rollout of NEST and Employer Networks, offering insight and a breadth of experience in helping to shape and inform both successful programmes. The Council also supported the development of the one-year Levy Order for 2025. In addition, the England Council provided insight and feedback on an ongoing basis on the real challenges facing our industry, from micro-organisations through to Tier 1 contractors and this in turn supported our strategic and business planning activities.



Sharon Llewellyn continued as Chair, with Kevin McLoughlin as Deputy Chair. During the 2023-24 financial year, Karen Brookes' tenure ended as a Council member. Currently the Council has four vacancies with a recruitment process underway.

SCOTLAND NATION COUNCIL

The Scotland Nation Council had input into policy and operational matters which were of relevance to CITB's activities in Scotland. This work included the production of the 2024-25 Business Plan, which outlined CITB support in Scotland, and the development of KPIs which reflect GB and national priorities and allow for operational performance reporting at a Scotland-specific level. The Council also advised and supported the one-year Levy Order.

Throughout the year, the Council re-iterated the importance of apprenticeship provision in Scotland and worked with the Board and senior staff members to ensure this was reflected in terms of CITB's operational priorities in Scotland. The Council members were also active in ensuring CITB products and services, such as funding, are suitable and relevant for Scottish employers, and that wherever possible regional areas of Scotland are properly supported. Two examples of this are the emergence of a Scottish NEST as well as Employer Networks which will initially be rolled out in rural and remote areas of Scotland.



Angela Forbes continued in her role as Council Chair with Tony Elliot as Deputy Chair. Currently the Council has four vacancies with a recruitment process underway.

CYMRU WALES NATION COUNCIL

The Cymru Wales Nation Council worked with the CITB Board to support industry with challenges faced during the year. These included labour shortages, skills needs and the cost of living crisis. The Council provided feedback and gave its input to the Nations Plan and Engagement Team priorities.

The Council was supportive of the projects to deliver the Strategic Plan and sought updates on the pilot initiatives and delivery throughout the year. It also provided input around Green Skills, Net Zero and Retrofit, changes to the Welsh apprenticeship frameworks, development of degree level construction apprenticeships, and talent pipeline activity, such as hosting women into construction events, National Apprenticeship Week, and See your Site events. Council Members also supported the three CITB Roadshows held in the Autumn of 2023 and attended a working CITB Board dinner in September 2023.



Leigh Hughes remained the Council Chair, while Owain Jones was the Deputy Chair and sits on the CITB Board of Trustees. The Council currently has four vacancies and is seeking to appoint a new Chair and recruit new Council members in this upcoming financial year.

Risk management

OVERVIEW

Our system of risk management and internal control is designed to: manage risks, including the risk of not making the most of opportunities, to a reasonable level; evaluate and mitigate the likelihood of those risks occurring and the impact should they be realised; and manage risks efficiently, effectively and economically. The system was in place for the financial period ending 31 March 2024 and up to the date of approval of the Annual Report and Accounts. During the year, the Audit and Risk Committee reviewed the operation of the Board's Risk Appetite Statement and the risk management framework. The Executive reviewed the strategic risks facing CITB before they were discussed with the Audit and Risk Committee and with the Board, and an updated set of strategic risks was subsequently adopted reflecting CITB's then Strategic Plan 2024-28.

The framework of risk management is designed to support informed decision-making, helping to ensure that CITB can take opportunities to be more effective in its support of industry while not becoming exposed to unacceptable levels of risk. We manage risk through regular scrutiny at management and team levels, alongside oversight by the Audit and Risk Committee, which reports to the Board. The Board also receives updates on strategic risks and exceptional operating risks at each meeting.

A number of sources contribute to the review of risks and the assessment of risk management, including:

- Reports and recommendations from the Audit and Risk Committee
- Risk reports and the Annual Report and Opinion from the Head of Internal Audit and Risk
- Assessments against the Government's Functional Standards including the "Management of Risk – A Strategic Overview" (commonly known as the "Orange Book")
- Findings and recommendations from NAO
- Annual accountability statements from members of the Executive and senior managers, which outline the governance, risk and control arrangements in their business areas
- External reports on CITB and its processes produced by independent organisations, such as the Education and Skills Funding Agency, Skills Development Scotland and Ofsted
- Legislative and regulatory guidelines, including those relating to charitable status, state aid and tax arrangements. →

RISK MANAGEMENT

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RISK MANAGEMENT PROCESS

As a registered charity, we have a prudent and balanced attitude to risk, placing emphasis on our risk management and control framework to manage risk within the Board's risk appetite, which is set out in the Board's Risk Appetite Statement. The ways in which we managed risks for the year ending 31 March 2024, included:

- A review of our strategic risks performed in November 2023 in light of CITB's then developing Strategic Plan 2024-28, with oversight by the Audit and Risk Committee. Assessments of these risks and the effectiveness of mitigating actions are monitored on an ongoing basis
- Risks were also identified and assessed at an operational level by each team and escalated where appropriate. A process is in place to ensure consistent identification, assessment and monitoring of risks by all teams, facilitated by the Audit and Risk function. In addition to reporting through line management, significant operational risks are reported independently to the Executive and the Audit and Risk Committee
- The Executive holds collective oversight of risks at the strategic level and undertook several deep dive reviews into the management of certain of the more significant risks during the year
- Each meeting of the Audit and Risk Committee received a risk update, including details of the strategic and significant operational risks and the operation of the system of risk management. The Committee also performed its own deep dives into key risks by asking management to provide an update on the risks, current challenges and mitigations. →



STRATEGIC RISKS

The strategic risks that have been the main focus of attention during the year are set out below, together with details of the key mitigations and actions taken to manage them. Each strategic risk is owned by a member of the Executive Team who is responsible for the regular review of the risk and mitigating actions. The extent to which the actions are working to mitigate the risk sufficiently is assessed and where further actions are required to bring a risk to within tolerance, an action plan is agreed.

TABLE 3: RISK MITIGATIONS

RISK:

CITB may be unable to maintain industry’s support for, and engagement with, CITB’s strategy in order to be able to implement the Strategic Plan.

MITIGATION:

1. Strategic decisions are informed by Industry Analysis and Forecasting. Significant consultation at an industry, nation and sector level has been undertaken, including with Prescribed Organisations, Nation Councils and through the Industry Funding Committee (IFC)
2. Opportunities for industry to be involved in decision making, including the allocation of funds, have been increased and IFC’s role strengthened. Employer Networks were introduced, providing an opportunity for Networks to allocate a proportion of CITB funding to local priorities
3. CITB has a programme of developing Sector Skills Plans
4. A Strategic Communications Strategy is being developed, to build on the direction that was shared with stakeholders in the 2023 Autumn Roadshows.

RISK:

That CITB may not be able to make the contribution to addressing the industry skills shortage that it has committed to.

MITIGATION:

1. In setting out our commitment to addressing the skills shortage the aim is to be ambitious whilst also reflecting the contribution that CITB can make and acknowledging where we will need to work with others
2. Partnerships with industry, national Governments and others have been strengthened and designed to achieve a shared, industry-owned approach to addressing the shortage
3. CITB is developing its range of impact measures and related KPIs against which progress, and achievements will be monitored and reported
4. Maintaining flexibility within plans to allow for changed or additional approaches in response to ongoing assessment or new information.

RISK MANAGEMENT

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RISK:

There may be limitations to the extent to which stakeholder behaviour may change, or can be influenced, to adopt training quality as envisaged.

MITIGATION:

1. Development of Competence Frameworks is being undertaken in partnership with the Industry Competence Steering Group
2. We are working to align the skills system behind Competence Frameworks, e.g. through engagement with the Construction Skills Delivery Group and key bodies such as the Institute for Apprenticeships and Technical Education (IfATE).

RISK:

There may not be the level of engagement from training providers to establish a network that provides the range and volume of quality training that the construction industry needs.

MITIGATION:

1. Delivering an ongoing programme of supporting and assuring Approved Training Providers
2. Working to develop a Value Proposition for training providers
3. Improvements being made to our Training Model to improve the experience of, and engagement with, the network of providers.

RISK:

NCC and CITB apprenticeships may not be able to deliver the ambition of providing high quality apprenticeships valued by learners and employers.

MITIGATION:

1. The NCC and Apprenticeships Committee established to strengthen governance arrangements
2. The College transformation project was completed in England and is continuing in Scotland, with a focus on improving quality and the learners' experience. Process, systems and delivery compliance have been significantly enhanced
3. A budget for estate investment was agreed in principle with work ongoing to develop the more detailed Sustainable Estates Strategy

4. Throughout the year the Board, supported by the NCC and Apprenticeships Committee and the Audit and Risk Committee, closely monitored progress towards resolving the issues relating to Apprenticeships funding for 2018/19 and 2019/20 highlighted by the Education and Skills Funding Agency.

RISK:

Skills system and funding changes in Scotland may impact on recruitment into construction.

MITIGATION:

1. Following publication of the "Review of the Skills Landscape" report for Scotland and in light of announced changes to Scottish Government funding of education, CITB has maintained its engagement with the Scottish Government and its agencies and been monitoring developments and the potential impact on apprenticeship numbers and the skills gap in Scotland.

RISK:

Inability to recruit, develop and retain the people and skills that CITB needs.

MITIGATION:

1. A pay benchmarking and grading review was completed to inform the 2023 pay award
2. A new performance management process has been implemented with a stronger focus on development. A new 'Conversations in Leadership' programme and coaching training have been delivered
3. Recruitment processes are being strengthened and CITB also attained accreditation to ISO45003 Psychological Health in the Workplace.

RISK MANAGEMENT

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RISK:

CITB may not have the capacity and capabilities required to implement the changes that are necessary to deliver its Strategic Plan.

MITIGATION:

1. A revised operating model of management oversight groups is being rolled out covering strategy development, investment, delivery, change and corporate operations
2. An established but expanded change management function is in place. Formal programmes and projects have been established to develop and implement the systems and processes required for the future
3. A plan of work is also underway working with our outsourced Enabling Partner to identify and implement potential improvements and to increase the efficiency and effectiveness of their services.

RISK:

Government policy and CITB strategy and plans may not be aligned fully, impacting CITB's ability to implement the industry-led skills system.

MITIGATION:

1. An active programme of engagement with Ministers, their officials and Shadow Ministers across the three nations is in place
2. UK Government Priorities are confirmed through an annual Ministerial Priorities Letter, incorporated into business planning and continually monitored
3. CITB monitors national Governments' forward agendas and policy development to enable us to respond to emerging issues
4. A particular focus in 2023-24 has been the Industrial Training Board Review. A dedicated Project Team was assigned to support the Review and a series of Position Papers was prepared on key topics. Pending the findings from the Review, CITB took the decision to seek a one-year Levy Order for 2025 and to delay Consensus until Spring 2025, which allows an extra year for the actions from the Review to be reflected in our new Strategic Plan 2025-29 and in the proposals for a three-year Levy Order for 2026.

RISK:

Breach of Cyber Security leading to loss or disclosure of sensitive data, or with financial or operational consequences.

MITIGATION:

1. Information Security Policy and National Cyber Security Centre early warning system adopted
2. Mandatory security training is provided to all employees, alongside an active security awareness programme and phishing simulations
3. Penetration testing performed, with firewalls, web filtering and VPN multifactor authentication in place
4. A programme to replace Legacy IT and attain Cyber Essentials Plus accreditation has been running throughout the year. Plans are in place to address the remaining actions to attain full accreditation.

RISK:

Harm arising from a failure of, or weaknesses in, Health and Safety (H&S) arrangements.

MITIGATION:

1. CITB is certified to ISO45001 and has adopted BSi standards for H&S management
2. A comprehensive system of H&S risk identification, assessment and mitigation is in place across the whole organisation
3. All staff are required to undertake mandatory training on H&S and there are two Employee forums to flag and escalate H&S concerns
4. H&S is a standing agenda item at Executive and Board meetings.

RISK MANAGEMENT

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RISK:

Harm arising from a failure of or weaknesses in Safeguarding arrangements.

MITIGATION:

In 2023-24, the risk of Safeguarding was separated from that of Health, Safety and Wellbeing to ensure a focus on the specific actions required.

1. Management refreshed all safeguarding policies and practices in 2023/24 and strengthened resourcing
2. CITB has recently attained the 'Leaders in Safeguarding' Award for England. Work is ongoing to develop arrangements in Scotland
3. A project has been completed to review the compliance with the Safer Recruitment requirements of Keep Children Safe in Education
4. Safeguarding is overseen by a monthly Safeguarding Board, with reporting through to the NCC and Apprenticeships Board sub-committee.

RISK:

An ineffective response to a business continuity incident, results in significant disruption to activities.

MITIGATION:

1. Documented emergency response procedures/ protocols are in place alongside an established approach for responding to issues and incidents
2. Work has been completed during 2023-24 to enhance resilience of our IT infrastructure
3. A dedicated Business Continuity Manager has been appointed to lead further developments in this area.

RISK:

CITB suffers significant financial losses due to fraud.

MITIGATION:

1. The Audit and Risk Committee undertakes a review of the framework to counter the risk of fraud and its effectiveness at least once a year
2. A dedicated team of counter-fraud professionals is employed to undertake investigations and promote action in response to the higher risk areas, e.g. grants and testing
3. A CITB-wide Fraud Risk Assessment is maintained identifying appropriate mitigating controls for the risks, which include:
 - **Grants:** Grants Scheme rules in place; employers must be Levy-registered to claim; grants are paid after the claim is assessed at processing and further eligibility and evidence checks are performed retrospectively as part of a verification process on a sample basis
 - **Testing:** Due diligence is undertaken on applications to become an Internet Test Centre (ITC); all centres are subject to monitoring and Quality Assurance visits; and training is provided to centre staff on signs of fraud to watch out for.

In addition to the risks outlined above, the risk of there being a significant economic downturn in the UK economy impacting construction was monitored throughout the year based on financial insights and analysis. As a result, CITB could, if necessary, respond by amending the scale and the scope of its planned interventions accordingly.

Previously, the risk that CITB might not adequately support the construction industry's needs in relation to sustainability and net zero was identified as a separate risk. However, following reassessment it was concluded that meeting these needs should be considered as part of the wider risk of supporting industry's overarching training needs. Accordingly, these no longer feature as separate strategic risks.

RISK MANAGEMENT

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RISK MANAGEMENT AND THE DELIVERY OF PRIORITIES

Our strategic risks recognise the importance of having impact through the delivery of our strategic objectives. The strategic risks that CITB faces, and the mitigating actions in relation to them, have been subject to ongoing review throughout the year, with the level of risk assessed against the Board's Risk Appetite and remedial action taken where any of the risks exceed tolerable levels.

The process of risk reviews helped to maintain the focus on mitigating the potential impacts of these risks throughout the year and supported actions that ensured that the risks did not have a significant adverse impact on delivery of priority outcomes and achievement of the Business Plan. There was significant focus throughout the year on actions to improve performance in relation to the delivery of apprenticeships and in other areas including Cyber Security and Business Continuity. The risk of CITB's capacity and capability to implement change at the pace required to deliver its strategic objectives has been subject to particular attention by the Executive noting that implementing new systems and ways of working are critical to the delivery of the Strategic Plan 2025-29. Adding to the programme management and oversight of individual activities, the focus on this risk is helping ensure that capacity and capability is considered holistically for the organisation as a whole.

HEAD OF INTERNAL AUDIT'S OPINION

The Internal Audit Team, working to the Public Sector Internal Audit Standards, delivered the 2023-24 programme of reviews approved by the Audit and Risk Committee. The programme covered a wide range of areas within governance, risk management and control, focusing on those where there was the greatest need for assurance or potential benefit from internal audit review. The Head of Internal Audit was satisfied that sufficient work had been completed during the year to enable an annual opinion on governance, risk management and control to be provided.

An annual report, summarising the work undertaken and containing the Head of Internal Audit's opinion, was presented to the Audit and Risk Committee and stated that while the systems of governance, risk management and financial control are generally satisfactory, improvement is required to internal controls in areas other than these. It was noted that, in many of the areas identified as requiring improvement, controls had been enhanced during 2023-24 to strengthen the control environment, in particular in relation to the delivery of apprenticeship contracts. These improvements, however, were not effective throughout 2023-24 and there remain some areas that require attention and where action will be taken in 2024-25 to further strengthen these controls. ●

Sustainability

OVERVIEW

Many organisations, including CITB, are seeking to reduce their greenhouse gas emissions and these are measured and assessed within three different 'scopes.' The three Scopes (Scopes 1, 2 and 3) are a standard way of categorising the different kinds of emissions an organisation creates in its own operations and in its wider 'value chain' (its suppliers and customers) as set out in the Greenhouse Gas (GHG) Protocol.

Our Environmental Policy sets out our ambition to be Net Zero in Scopes 1 and 2 by 2030 and Scope 3 by 2040, ahead of the UK target of 2050 and Scotland's 2045 target. The Board and the Executive Team are committed to this target, and to making the investment required, and our teams have begun making changes to our working practices to bring this about.

To ensure we can transition to a sustainable future and meet our Net Zero emission targets, we know that our workforce must have the knowledge, skills, competencies, and behaviours to undertake this work, known collectively as 'Green Skills.' This requires a mix of technical and essential skills built on a basic understanding of climate change and how it is impacting the planet. To support this development and, as a member of Business in the Community (BITC), we participated in a pilot 'Green Skills Lab' that will help develop a blueprint for businesses to adopt in practice.

As a NDPB, we are deemed 'in-scope' of Central Government's Greening Government Commitments¹⁵ (GGCs) that set out the actions that UK Government departments and their Arms-Length-Bodies (ALB's) will take to reduce their impacts on the environment; and we have applied the HM Treasury annual guidance¹⁶ to provide transparency in our sustainability reporting.

To support greater collaboration with our sponsoring department, DfE, a CITB representative has joined their newly formed DfE ALB Sustainability Roundtable. With their support, we are making a request to Defra to re-baseline our carbon footprint, as little comparison can be made with the baseline year of 2017-18 due to changes made as part of our Vision 2020 divestment programme and the impact of the pandemic. For this reason, only data for the last three years is presented in this report.

CITB delivers skills and training interventions through NCC, which operates from three freehold training establishments. The data presented in this report is collated from these three sites, at Erith, Bircham Newton, and Inchinnan. We are not currently able to include data from our leased Head Office, Sand Martin House in Peterborough as the freeholder is currently unable to provide relevant data. Utilities data directly related to our occupancy within the Sanctuary Building in Westminster, London, is captured by the Government Property Agency's GGC return. →

15. Greening Government Commitments 2021 to 2025 (www.gov.uk)

16. HM Treasury 2023-24 Sustainability Reporting guidance (www.gov.uk)

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

COMPLIANCE STATEMENT

CITB has reported on climate-related financial disclosures consistent with HM Treasury's TCFD-aligned disclosure application guidance which interprets and adapts the framework for the UK public sector, including central Government department ALBs.

CITB has complied with the TCFD recommendations as follows:

- **Governance** – all recommended disclosures
- **Risk Management** – recommended disclosure (A)
- **Metrics and Targets** – recommended disclosure (B).

This is line with central Government's TCFD-aligned disclosure implementation timetable for Phase 1. CITB plans to make disclosures for Strategy and Metrics and Targets (A) and (C) in future reporting periods.

GOVERNANCE

Disclosure A – Board Oversight of climate-related risks and opportunities

The role of the Board is to set and maintain CITB's vision, mission and values, and ensure its strategy supports the construction industry to have a "skilled, competent and inclusive workforce, now and in the future". It is responsible for monitoring CITB's management and operations and obtaining assurance about the delivery of its strategy through its committees.

The Audit and Risk Committee provides assurance to the Board on the adequacy and effectiveness of CITB's arrangements for risk management, governance, and internal control, and this is extended to climate-related risks and opportunities. The Committee reviews these above its usual risk tolerance level, as identified through the risk management process.

The Board includes two Trustees with a background and experience in climate change and sustainability, including climate-related risks and opportunities.

Holly Price is the Group Sustainability Director at Keltbray Group and accountable for the delivery of its sustainability strategy, which includes environmental sustainability and the achievement of its Net Zero target.

Stephen Gray, in his role as Head of Engineering Development at BAM Nuttall Ltd, and as a reviewer and assessor with the Institution of Civil Engineers (ICE), embeds sustainable development as a core competency and commitment. Stephen joined the Board in April 2024.

Disclosure B – Management's role in assessing and managing climate-related risks and opportunities

Climate-related responsibilities relating to internal operations have been assigned to a newly formed Sustainability Group commencing in 2024-25 that is accountable to the Executive through the CFO as the Executive Sponsor. Membership is made up of relevant Leadership Team members and functional leads.

To help support the development of CITB's Strategic and Business Plans for the benefit of the construction industry, a cross-functional Net Zero Action Group exists. →

TABLE 4: SUSTAINABILITY GOVERNANCE - MANAGEMENT OF CLIMATE-RELATED MATTERS

CITB BOARD LEVEL	EXECUTIVE LEVEL
The Board Audit and Risk Committee	Executive Team Sustainability lead: CFO
MANAGEMENT LEVEL	
Sustainability Group	Net Zero Action Group
Chair: CFO	Chair: Strategy lead for Net Zero
Attended by Leadership Team members and functional leads	Attended by departmental representatives
Remit: Oversight of internal environment, social and governance matters	Remit: To help develop the strategy/plan to support a training and skills system for the construction industry to meet its Net Zero obligations
WORKFORCE LEVEL	
Green Champions Group	
Coordinator: Corporate Social Responsibility (CSR) Manager	
Voluntary membership from across the organisation	

RISK MANAGEMENT

Disclosure A - The organisation's processes for identifying and assessing climate-related risks

Climate-related risks are identified with the input and guidance of the Corporate Social Responsibility (CSR) Manager taking into consideration global trends, the UK's Climate Change Risk Assessment, and the NAO's good practice guidance to identify those direct risks to core operations - and indirect risks via the supply chain or other dependencies - relevant to CITB.

The risks are assessed using the risk management system as described on page 41 and cascaded to the relevant team for including in their operational risk registers, where they will be scored, managed and monitored at the functional level. General CSR risks, including those in relation to reporting, are held centrally by the CSR Manager. Assessment, recording and reporting of the risks is facilitated by the Audit and Risk function.

An impact and likelihood assessment supports the prioritisation of the risks and of the risk management activities to mitigate and respond to them. The impact criteria consider financial and non-financial factors, such as compliance (regulatory impact), people, and technology, and are used for assessing all risks, including climate-related risks, providing a consistent basis for assessment, prioritisation, and reporting across CITB.

The Audit and Risk Committee receives updates at each meeting on the risk management process, specifically on those risks that fall outside of tolerance. The Committee also undertakes a programme of deep dives into key risks, although no climate-related risks were deemed to require this during 2023-24. The Board also reviews strategic risks at each meeting. →

SUSTAINABILITY

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METRICS AND TARGETS

Disclosure B - The organisation's Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks

The CITB is guided by the GGC reduction targets and has not set its own material targets. These will be developed in its Sustainability Strategy for 2026-29, until then, it is actively investigating and implementing solutions to drive down its emissions.

TABLE 5: GREENHOUSE GAS (GHG) EMISSIONS

			2023-24	2022-23 RESTATED	2021-22
Non-financial indicators (tCO ₂ e)	Scope 1	Fuel combustion ¹	937	1,050	783
	Scope 1	Owned transport ²	444	319	126
	Scope 1	Fugitive emissions	22	18	0
	Scope 2	Purchased electricity	388	381 ^{3*}	519
	Scope 3	Business travel ⁴	197	91	31
	Scope 3	Use of purchased materials (paper) ^{5, 6}	190	192	3
	Scope 3	Waste disposal ⁷	5	5	4
	Scope 3	Homeworking ⁸	350	331 [*]	Not collected
	Scope 3	T&D purchased electricity ⁹	34	Not collected	Not collected
Financial indicators (£)		Business travel	817,179	529,426	166,841
		Purchased offsets ¹⁰	0	0	0
	Per FTE ¹¹		3.24	3.35	2.3

The Defra GHG conversion factors (condensed set) for 2023 have been applied, unless otherwise stated and rounded to the nearest metric tonne. **1.** Includes white diesel used for training vehicles from 2022-23. **2.** Car engine size and fuel type conversion factors have now been applied rather than the conversion factor for a medium car unknown fuel, as used in 2021-22, giving greater accuracy on emissions. **3.*** Data entry error reported in 2022-23 - figure corrected from 387 to 381. **4.** Includes personal car mileage, air, rail, and, as of 2022-23, hotel stays. No mileage was available for buses, taxis, underground, and hire cars, to enable tCO₂e to be calculated. The tCO₂e applied for rail and air travel was calculated and supplied by CTM, the travel management company used by the CITB. **5.** The conversion factor applied relates to the primary source. Some paper products are from recycled sources, although it is not possible to evidence that they are from a Closed Loop supply. **6.** The data includes material printed by the CITB's third-party printing company and includes the Levy Return and guidance note products as of 2022-23. **7.** The data excludes emissions from ICT waste as they are unknown; Conversions are applied per waste stream rather than an overall combustion factor of 21.280, as applied before 2023-24, to improve data accuracy **8.** Calculated based on an FTE working 35 contracted hours per week. **9.** Additional Scope 3 data added from 2023-24 onwards. **10.** CITB see the purchase of accredited offsets as a last resort and aims to reduce its carbon emissions as much as possible before any purchases are made. **11.** The number of staff directly and temporarily employed by CITB as an average over the year (expressed in full-time equivalents) was 763 in 2023-24, (was 666 in 2022-23) with the majority either contractually or flexibly still working from home.

TABLE 6: WASTE

WASTE		2023-24	2022-23	2021-22
Non-financial indicators (tonnes)	Total waste arisings (not including ICT waste)	385	257	183
	ICT waste recycled	0.35	2.56	2
	ICT waste reused	0.9	1.03	3
	ICT hazardous waste	1.02	1.27	2
	Waste recycled	157	87	116
	Waste composted / food waste	3.6	4.3	3.4
	Waste incinerated with energy recovery	179	133	57
	Waste incinerated without energy recovery	0	0	0
	Waste to landfill	49	11	13
	Other non-ICT WEEE waste ¹	3.2	Not collected	Not collected
Financial indicators (£)	Main contract ²	76,922	57,550	42,973
	ICT waste	216	0	0
	Confidential waste service ³	8,566	2,228	2,546

1. Previously collected and included in ICT hazardous waste tonnage.
2. The performance data does not currently enable us to breakdown the costs per waste category.
3. The contract cost for confidential paper waste also includes the collection for plastics and WEEE.

SUSTAINABILITY

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MITIGATING CLIMATE CHANGE: WORKING TOWARDS NET ZERO GHG EMISSIONS – SCOPE 1 (DIRECT)

EXPANSION OF THE ONSITE ENERGY CENTRE AT NCC BIRCHAM NEWTON

The training establishment at Bircham Newton is not connected to mains gas. Energy is provided instead by bringing fuel (mostly kerosene) onto site, together with some onsite energy generation by a biomass boiler fuelled by woodchips.

Kerosene is non-renewable and has a high carbon footprint. To help the environment and reduce our carbon footprint, a new second biomass boiler has been installed within the onsite energy centre, as the centre's original design allowed for such expansion. This will provide a backup to the existing boiler and allow for the extension of the existing heating and hot water network to a further five buildings during the first phase in 2024-25. A second external woodchip fuel store has been installed so that larger quantities can be delivered to site on a less frequent basis, helping to reduce the associated transportation emissions.

INCREASED USE OF ELECTRIC HEATING AND COOLING

Also, at the Bircham Newton training establishment, we have replaced the use of kerosene with aircon heating and cooling on two different buildings onsite, including the new gymnasium, as well as converting to an air source heat pump at our Plant Training Tea Room.

REDUCING ENERGY CONSUMPTION

LED lights with PIR sensors have also been installed in the Access and Construction Hangars this year at Bircham Newton to help reduce energy consumption and associated costs, where health and safety is not compromised.

Triple glazed windows and doors have also been installed in four buildings at Bircham Newton, providing better insulation and thermal efficiency.

COMPANY LEASED PASSENGER VEHICLES AND OWNED CARS

As part of our transition to phase out petrol and diesel cars from our fleet, company car allowances were enhanced to incentivise staff to transition to electric vehicles (EVs) through our partner, LEX Autolease, with greater availability of EVs compared to the year before. This has encouraged more staff to switch to fully electric or hybrid cars, with the number of Ultra Low Emission Vehicles (ULEVs), i.e. those producing less than 50g/CO₂ per km, representing 19% of the fleet, up from 15% the year before.

CITB currently has 27 owned vehicles of which 23 are in use and 11 (48%) are now electric. The fleet's 16-seater mini-buses and 4x4's will be replaced when suitable electric versions are available. →



TABLE 7: SCOPE 1 – COMPANY LEASED PASSENGER VEHICLES¹

ENGINE SIZE	MILES (2023-24)	MILES (2022-23)	KGCO ₂ E (2023-24)	KGCO ₂ E (2022-23)	GROSS SPEND (2023-24)	GROSS SPEND (2022-23)
Electric	36,565	22,990	0	1,902	3,421	1,151
LPG ² 1400cc or less	72	1,148	0 ³	365	6	436
LPG 1400cc to 2000cc	6,793	Not collected	1,196	Not collected	796	Not collected
Diesel 1600cc or less	434,244	259,246	97,358	58,367	63,970	34,336
Diesel 1601cc to 2000cc	386,029	273,416	103,850	73,929	63,259	44,747
Diesel Over 2000cc	101,683	45,379	34,135	15,303	19,924	9,469
Petrol 1400cc or less	416,791	228,951	94,445	53,987	59,033	33,461
Petrol 1401cc to 2000cc	332,900	341,647	95,462	101,551	54,022	59,570

1. Data for 2023-24 uses the date of travel rather than payment transaction date used in 2022-23.
2. LPG is now reportable within two categories by engine size rather than as a fuel source only, as in 2022-23.
3. No emissions data is listed in the GHG conversion factors.

PLANT, COMMERCIAL FLEET AND MACHINERY

We have adapted the role profile of our Plant, Fleet and Equipment Manager to help us review options for replacing diesel fuelled commercial fleet, plant and machinery with other low-emission fuel alternatives, such as electric, hydrogen and biofuel. The role holder will lead our activities to achieve zero emissions by tailpipe and towards meeting our commitments in the Supply Chain Sustainability School's Plant Charter.

FUGITIVE EMISSIONS

All air con units at our training establishments have a carbon loading of less than 30 tonnes and are fully serviced and visually inspected once a year. Some units at Bircham Newton are no longer in use and have been made safe and decommissioned. During the reporting period, 10.66kg of R410A was used to 'top-up' two air con units at Bircham Newton, while none were required at Erith and Inchinnan.

100% RENEWABLE MAINS GAS FROM OCTOBER 2023

We currently use a mains gas supply at Inchinnan and Erith. From 1 April until 30 September 2023, our gas supply came from fossil fuels. As of 1 October 2023, we started purchasing units from an environmentally friendly renewable energy source, namely biogas, significantly reducing our natural gas carbon emissions. →

GHG EMISSIONS – SCOPE 2 (ENERGY INDIRECT)

100% ZERO CARBON ELECTRICITY FROM APRIL 2024

Our procured electricity is currently a mix of renewable and fossil fuels sources.

To become net zero in Scope 2 by 2030, the contract has been reviewed, and as of April 2024, we shall begin to procure only electricity that generates zero emissions.

In our 2024-25 Environmental Action Plan, we plan to conduct an energy audit that will help us identify actions we can take to reduce our energy consumption and costs as part of our Sustainable Estates Strategy.

GHG EMISSIONS – SCOPE 3 (OFFICIAL BUSINESS TRAVEL)

TABLE 8: SCOPE 3 – OFFICIAL BUSINESS TRAVEL (DOMESTIC ONLY)

MODE OF TRANSPORT ¹	2023-24			2022-23		
	tCO ₂ e	GROSS SPEND	KILOMETRES	tCO ₂ e	GROSS SPEND	KILOMETRES
Domestic air travel	97	£35,289	155,867	23	£19,748	99,598
Rail	30	£227,685	837,578	18	£131,602	516,447
Hotel stays	50	£521,376	N/A	30	£344,237	N/A
Private vehicle – owned by staff	20	£32,829	116,887	19	£33,839	111,704

1. Data set for 2023-24 uses departure date not the invoice date as used in 2022-23.

All modes of business travel have increased over the reporting period as colleagues return to pre-pandemic levels of face-to-face meetings.

In February 2024, changes were made to the CITB Expenses Policy to encourage colleagues to lift share when travelling to meetings or events, and to receive the HMRC payment rate of five pence per mile per passenger. A cycle rate of twenty pence per mile was also added. →



SUSTAINABILITY

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WASTE MANAGEMENT

Overall waste arisings and the tonnage sent to landfill have both increased due to an increase in line with the upturn in training delivered post-pandemic, from 11% of total waste arisings in 2022-23 to 14% in 2023-24. This is also due to the redevelopment of our training establishments. As a result, CITB will miss the GGC target of less than 5% waste to landfill in the short term. Despite the increase in waste arisings, associated emissions remain the same as 2022-23 due to more accurate reporting through applying GHG conversions per individual waste stream.

Our overall recycling rate is currently 35%, well below the GCC 70% target. This is, in part, driven by the nature of waste derived from construction training activities. The main waste contract for NCC was re-tendered and future opportunities to increase the overall recycling rate will be discussed with the supplier and focus on the introduction of additional facilities for further on-site segregation e.g. mixed recycling, PPE and vapes. This will be supported by an awareness campaign.

CITB's catering partner (Sodexo) has been actively working towards a food reduction target of 50% at the Bircham Newton site, which serves fully-catered learner accommodation, and the amount of food waste has since decreased. Sodexo is reviewing opportunities for further reducing cup waste. Paper cups are used at the onsite water coolers and for takeaway drinks from the canteen, whilst eco cups (made from reused recyclable plastics) are used at the vending machines, with plastic recycling containers available for their collection. Opportunities to introduce new reuse schemes continue to be assessed.

We continue to explore opportunities to move more products and services from a print to a digital footprint.

PAPER USE

Although we have actively encouraged employers to switch to online Levy Returns, our paper usage has remained largely the same, due to an increase in materials printed in connection with our publication schemes and purchased office paper. The latter can be attributed to colleagues returning to the office post-pandemic and an increase in workforce numbers.

We continue to explore opportunities to move more products and services from a print to a digital footprint.

WATER

The volume of water consumed was recorded as significantly increasing over the reporting period, but this was later attributed to a major water leak at Bircham Newton. This took several weeks to detect and repair, partly due to the nature of the site, an old WWII RAF airbase. The volume reported below is net of the 'leak allowance' calculated by the water company. CITB has no indirect water use.

Through our Sustainable Estates Strategy redevelopment programme, we will look at the potential opportunities for reducing water consumption, and increasing water recovery and reuse, particularly at non-office locations. We will also set a reduction target that will be measured against our new baseline to be agreed with Defra. →

TABLE 9: FINITE RESOURCE CONSUMPTION

			2023-24	2022-23	2021-22
Non-financial indicators	Energy	Total purchased electricity (kWh) ¹	1,875,538	1,971,380	2,443,197
		Natural gas (kWh)	167,505	520,154	326,704
		Biogas (kWh) ²	477,699	Not collected	Not collected
		LPG (litres)	13,759	14,037	7,392
		Oil Kerosene (litres)	307,237	352,909	291,000
		Biomass (tonnes)	716	743	567
		Diesel (for Plant vehicles (litres) ³	41,385	Not collected	Not collected
	Finite	Water from third parties (m ³) ⁴	13,929	23,736	20,504
Financial indicators (£)	Energy	Paper (reams) ⁵	83,144	83,655	1,277
		Electricity	608,338	581,786	486,650
		Gas (natural and LPG)	19,609	40,892	21,594
		Biogas	44,771	Not collected	Not collected
		Kerosene	231,770	327,607	175,256
		Diesel	57,736	Not collected	Not collected
		Biomass	28,582	32,183	21,123
	Finite	Water ⁶	168,997	83,337	68,984
		Paper ⁷	9,509	6,511	4,235

1. Purchased electricity is on a 100% standard tariff. The EDF Energy fuel mix for 2023-24 is 20% renewable with 54% zero emissions from nuclear supply. **2.** As of 1 October 2023, we switched our tariff from natural gas to biogas. **3.** Diesel figures were previously included in kerosene invoices and the data is now logged separately. **4.** CITB does not extract water (Scope 1) nor collect any water (Scope 3). A leak allowance credit of 27,843m³ was granted against sewage for the period 22/12/23 and 18/03/24 for a major water leak. **5.** The volume of paper used has seen a sharp increase since 2021-22 due to the inclusion of printed material by the CITB's third-party printing company that includes the Levy Return and guidance notes. **6.** As a result of a water leak at Bircham Newton, a credit is due. **7.** The costs reflect purchases made through the CITB's stationary provider and does not include costs related to item 4 above. We hope to be able to extract the cost to purchase the paper from the printing, and to report this in future years.

PROCURING SUSTAINABLE PRODUCTS AND SERVICES

As an ALB, we have a mandatory requirement to adhere to UK Government Public Procurement Notices (PPNs) on various sustainability topics: including 'PPN 06/20 - Taking account of Social Value in the award of Central Government contracts'; and if applicable 'PPN 06/21 - Taking account of Carbon Reduction Plans' in the procurement of major Government contracts.

Where a procurement has a relevant and proportionate impact on the environment, tender questions are required and weighted appropriately. With the introduction of the Procurement Act 2023, and the Transforming Public Procurement (TPP) programme, we are updating our procurement policies and processes, and we see this strengthening our approach to sustainability.

NATURE RECOVERY AND BIODIVERSITY ACTION PLANNING

We do not hold significant natural capital. However, we are looking at what opportunities there are to achieve Net Biodiversity Gain across the CITB estate. With priority given to the redevelopment of the Erith training establishment, initial ecological surveys will be conducted together with an assessment on how biodiversity can be enhanced as we prioritise the redevelopment of all our sites. The greatest potential will come at Bircham Newton, where there are wide expanses of open land owing to its former use as an RAF airbase.

ADAPTING TO CLIMATE CHANGE

We have identified climate-related risks, and the process is outlined in the TCFD Risk Management section on page 48.

REDUCING ENVIRONMENTAL IMPACTS FROM ICT AND DIGITAL

We continue to pursue a programme focussed on the removal of older systems and applications that are no longer fit for purpose, and the migration of services to platforms that offer a lower running cost and environmental impact. This mature programme is now entering its third phase and has adopted a more proactive approach to identifying services that are in scope.

This includes reviewing the remaining on-premises legacy servers across the CITB estate, decommissioning where possible, and migrating to a cloud platform.

We recently completed the migration of our on-premises virtual desktop infrastructure to Microsoft Azure, reducing our physical hosting requirements for this service to zero. Furthermore, a recently completed review of legacy database servers and infrastructure has resulted in over 80% of these being decommissioned, while those retained are now cloud hosted.

We have replaced our site-based printing capabilities and multifunctional devices to match the downsizing of our estate and to replace aging equipment. Through the new service, we now have access to granular reporting that will allow us to look at where further reductions in print may be made.

Desktop equipment (such as laptops and desktops) has been reprovisioned where possible, to get the most life from existing assets and reduce the need for new purchases. Where new laptops or desktops are required, these are now sourced from a supplier providing repurposed hardware, thereby further reducing the environmental impact of manufacture.

Equipment that is no longer in service is disposed of in line with the waste hierarchy.

CITB procures its cloud services through the UK Government's 'G-Cloud' and Crown Commercial Service (CCS) frameworks. The services they provide are approved by CCS as being aligned to central Government procurement policies for eliminating/reducing their environmental impact.

SUSTAINABLE CONSTRUCTION

To support the greening of our estate, Mott MacDonald has been selected as our design and engineering partner. The firm shares our belief that sustainability should be embedded at the heart of what we do and will support us in developing the plans we need to achieve our net zero targets, through a combination of new build and retrofit, factoring in embodied carbon. The training establishment at Erith has been prioritised for redevelopment and planning approval is to be sought from the Local Authority so that work can commence in 2024-25. ●

SECTION 5

Statement by Accounting Officer

Pages 58 to 65

Statement by Accounting Officer



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.

We comply with our legal obligations in relation to personal data, and any serious data-related incidents are published and reported to the Information Commissioner's Office (ICO). This year, no incidents were reported to the ICO.

As CITB's outsourced IT Service Provider, Shared Services Connected Limited (SSCL) is committed to protecting the security and access to the data of our customers. SSCL follows ISO 27001-compliant practices in relation to information security and CITB has obtained certification for Cyber Essentials+, initially for Welsh Apprenticeships, to be followed by the whole IT estate.

SSCL investigates all security incidents relating to its service to CITB to identify suitable improvements in processes, staff education, and technical security measures. There were no high severity incidents reported in 2023-24.

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. We have arrangements for reporting concerns relating to Modern Slavery, Safeguarding and the Prevent Duty. Our arrangements for whistleblowing were reviewed and approved by the Audit and Risk Committee during the year. There were no whistleblowing incidents reported during the year.

REGISTER OF INTERESTS

As an ALB of DfE, CITB must abide by the principles of regularity and propriety, ensuring that its work is not adversely impacted by conflicts of interest. Trustees, Committee members and Executive Team are required to complete a declaration of interests annually. We have a process in place which allows potential conflicts of interest to be identified and, where identified, ensures that appropriate safeguards are put in place to prevent actual conflicts from arising.

In addition, all staff are required to complete a declaration of interest return annually, including those who have no interests to declare, and to also 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 the three national Governments (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 partake in various stakeholder surveys.

CONCLUSION

As Accounting Officer, I am satisfied that the governance arrangements that were in place during the year to 31 March 2024 are sufficient to continue managing risks effectively. This is informed by the work of Executive Team, who are responsible for developing and maintaining the governance structures and internal control framework. I acknowledge the comments made by NAO in its management letter and other reports (refer to External audit on page 33). 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. •



Tim Balcon

Accounting Officer

11 December 2024

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 HM 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 comply with the requirements of the Charities Statement of Recommended Practice (FRS 102) and 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 Charities Statement of Recommended Practice (SORP) and 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 DfE 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. The Annual Report and Accounts are fair, balanced and understandable, and as Accounting Officer I take responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable. ●

Tim Balcon
Accounting Officer

11 December 2024

Approved by the Board on and signed on its behalf by:

Peter Lauener
Chair

11 December 2024

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

OPINION ON FINANCIAL STATEMENTS

I certify that I have audited the financial statements of the Construction Industry Training Board for the year ending 31 March 2024 under the Industrial Training Act 1982.

The financial statements comprise: the Construction Industry Training Board's:

- Balance Sheet as at 31 March 2024;
- Statement of Financial Activities and Cash Flow Statement for the year then ended; and
- The related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom accounting standards including Financial Reporting Standards (FRS) 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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 2024 and its net expenditure for the year then ended
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- Have been properly prepared in accordance with the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 and the Charities Act 2011.

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 FOR OPINIONS

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs (UK)), applicable law and Practice Note 10 *Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2022)*. 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 2019*. I am independent of the Construction Industry Training Board in accordance with the ethical requirements that are relevant to my audit of 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

In auditing the financial statements, I have concluded that the Construction Industry Training Board's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Construction Industry Training Board's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Board and Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

OTHER INFORMATION

The other information comprises the information included in the Annual Report but does not include the financial statements nor my auditor's certificate and report. The Board and Accounting Officer are responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon. →

REPORT OF THE COMPTROLLER AND AUDITOR GENERAL

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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 I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 part of the Remuneration Report to be audited has been properly prepared in accordance with Secretary of State directions issued under the Industrial Training Act 1982.

In my opinion, based on the work undertaken in the course of the audit the information given in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

MATTERS ON WHICH I REPORT BY EXCEPTION

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 material misstatements in the Annual Report.

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 by the Construction Industry Training Board or returns adequate for my audit have not been received from branches not visited by my staff; or
- I have not received all of the information and explanations I require for my audit; or
- The financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of remuneration specified by the Charities Act 2011, Charities and Trustee Investment (Scotland) Act 2005 and section 8 of the Charities Accounts (Scotland) Regulations 2006 have not been made or parts of the Remuneration Report to be audited is not in agreement with the accounting records and returns; or
- The Governance Statement does not reflect compliance with HM Treasury's guidance.

RESPONSIBILITIES OF THE BOARD AND ACCOUNTING OFFICER FOR THE FINANCIAL STATEMENTS

As explained more fully in the Statement of the Board and Accounting Officer's Responsibilities, the Board and the Accounting Officer is responsible for:

- Maintaining proper accounting records;
- Providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- Providing the C&AG with additional information and explanations needed for his audit;
- Providing the C&AG with unrestricted access to persons within the Construction Industry Training Board from whom the auditor determines it necessary to obtain audit evidence;
- Ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error;
- Preparing financial statements which give a true and fair view and are in accordance with the Charities and Trustee Investment (Scotland) Act 2005 and regulations 8 of the Charities Accounts (Scotland) Regulations 2006 and the Charities Act 2011;
- Preparing the Annual Report, which includes the Remuneration Report, in accordance with Secretary of State directions issued under the Industrial Training Act 1982; and
- Assessing the Construction Industry Training Board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board and the Accounting Officer either intend to liquidate the entity or to cease operations, or have no realistic alternative but to do so. →

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, section 144 of the Charities Act 2011 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. 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.

EXTENT TO WHICH THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING NON-COMPLIANCE WITH LAWS AND REGULATIONS INCLUDING FRAUD

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

IDENTIFYING AND ASSESSING POTENTIAL RISKS RELATED TO NON-COMPLIANCE WITH LAWS AND REGULATIONS, INCLUDING FRAUD

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I:

- Considered the nature of the sector, control environment and operational performance including the design of the Construction Industry Training Board's accounting policies and performance incentives
- Inquired of management, the Construction Industry Training Board's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Construction Industry Training Board's policies and procedures on:
 - Identifying, evaluating and complying with laws and regulations;
 - Detecting and responding to the risks of fraud; and
 - The internal controls established to mitigate risks related to fraud or non-compliance with laws

and regulations including the Construction Industry Training Board's controls relating to the Construction Industry Training Board's compliance with the Industrial Training Act 1982, the Industrial Training Levy (Construction Industry Training Board) Orders 2022 and 2023, the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005, section 8 of the Charities Accounts (Scotland) Regulations 2006, and Managing Public Money

- Inquired of management, the Construction Industry Training Board's head of internal audit and those charged with governance whether:
 - They were aware of any instances of non-compliance with laws and regulations; and
 - They had knowledge of any actual, suspected, or alleged fraud
- Discussed with the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the Construction Industry Training Board for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions, and bias in management estimates. In common with all audits under ISAs (UK), I am required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of the Construction Industry Training Board's framework of authority and other legal and regulatory frameworks in which the Construction Industry Training Board operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the Construction Industry Training Board. The key laws and regulations I considered in this context included the Industrial Training Act 1982, the Industrial Training Levy (Construction Industry Training Board) Orders 2022 and 2023, the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005, section 8 of the Charities Accounts (Scotland) Regulations 2006, Managing Public Money and relevant employment, pension and tax legislation.

In addition, I considered the fraud and regularity risks associated with grant expenditure. →

REPORT OF THE COMPTROLLER AND AUDITOR GENERAL

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AUDIT RESPONSE TO IDENTIFIED RISK

To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management, the Audit and Risk Committee and in-house legal counsel concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board and internal audit reports; and
- I addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements on estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website. This description forms part of my certificate.

www.frc.org.uk/auditorsresponsibilities

OTHER AUDITOR'S RESPONSIBILITIES

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

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 I identify during my audit.

REPORT

I have no observations to make on these financial statements. ●

Gareth Davies

Comptroller and Auditor General

11 December 2024

National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

SECTION 6

Financial Performance

Pages 66 to 90

Financial statements

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDING 31 MARCH 2024

In the current financial year, income and expenditure for the previous year have been restated* to align with the current reporting year's strategic priorities.

INCOME	NOTES	2023-24 (£'000) RESTRICTED	2023-24 (£'000) UNRESTRICTED	2023-24 (£'000) TOTAL	2022-23 (£'000) TOTAL RESTATED*
Income from charitable activities					
Levy income	2	0	202,008	202,008	170,608
Non-Levy income					
Delivering an efficient training supply		12,123	34,496	46,619	43,379*
Clawback of ESFA Funding		3,902	0	3,902	(10,915)
Improving construction's people pipeline		0	0	0	55*
Creating defined training pathways		0	99	99	120*
Total Non-Levy income		16,025	34,595	50,620	32,639*
Income from trading activities					
Investment income		0	5,111	5,111	883*
Other income		0	52	52	207*
Total income		16,025	241,766	257,791	204,337
EXPENDITURE	NOTES	2023-24 (£'000) RESTRICTED	2023-24 (£'000) UNRESTRICTED	2023-24 (£'000) TOTAL	2022-23 (£'000) TOTAL
Expenditure on raising funds		0	2,415	2,415	2,232*
Expenditure on charitable activities					
Delivering an efficient training supply	4	22,056	229,693	251,749	184,545*
Improving construction's people pipeline	4	0	5,859	5,859	3,511*
Creating defined training pathways	4	0	7,692	7,692	6,094*
Total Expenditure on charitable activities		22,056	243,244	265,300	194,150*
Expenditure from trading activities					
Other expenditure		0	299	299	(242)
Total expenditure		22,056	245,958	268,014	196,140
Net income/(expenditure)		(6,031)	(4,192)	(10,223)	8,197
Net movement in funds - transfer from unrestricted fund		6,031	(6,031)	0	0
		0	(10,223)	(10,223)	8,197
Other gains and losses					
Gain on revaluation of freehold property, plant and machinery		0	2,724	2,724	204
Net movement in funds		0	(7,499)	(7,499)	8,401
Reconciliation of funds					
Total accumulated funds at period start	13	0	102,654	102,654	94,253
Total accumulated funds at period end		0	95,155	95,155	102,654

The above results include all recognised gains and losses and are derived from continuing activities.
The Notes 1 to 23 on pages 70 to 90 form an integral part of these accounts.

BALANCE SHEET AS AT 31 MARCH 2024

BALANCE SHEET	NOTES	2024 (£'000)	2023 (£'000)
Fixed assets			
Tangible assets	7	16,939	12,023
Intangible assets	8	2,467	0
Total fixed assets		19,406	12,023
Current assets			
Stock		338	480
Debtors	9	22,976	29,322
Cash at bank		114,915	114,945
Total current assets		138,229	144,747
Liabilities			
Creditors: Amounts falling due within one year	10	(25,470)	(18,399)
Net current assets		112,759	126,348
Total assets less current liabilities		132,165	138,371
Provisions for liabilities	11	(37,010)	(35,717)
Total net assets		95,155	102,654
Unrestricted funds	13	95,155	102,654
Total Charity Funds	13	95,155	102,654

The Notes 1 to 23 on pages 70 to 90 form an integral part of these accounts.

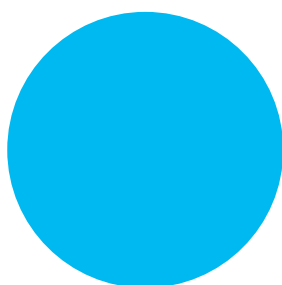


Tim Balcon
Accounting Officer

Approved by the Board on and
signed on its behalf by:



Peter Lauener
Chair



CASH FLOW STATEMENT AS AT 31 MARCH 2024

	NOTES	2023-24 (£'000)	2022-23 (£'000) RESTATED*
Cash flows from operating activities	See below		
Net income/(expenditure) per the SoCF		(15,392)	7,314*
Depreciation charges	7	972	588
Loss/(Profit) on sale of tangible fixed assets	6	(222)	(229)
Net effect of revaluation of fixed assets	7	300	(242)
Decrease/(increase) in debtors and stock	9	6,488	(19,665)
(Decrease)/increase in creditors and provisions	10	8,364	9,404
Net cash inflow/(outflow) from operating activities		510	(2,830)*
Cash flows from investing activities			
Interest received		5,111	883*
Receipts from sales of tangible fixed assets		257	229
Payments to acquire tangible fixed assets	7	(3,441)	(596)
Payments to acquire intangible assets	8	(2,467)	0
Net cash inflow/(outflow) from investing activities		(540)	516*
Increase/(decrease) in cash and cash equivalents		(30)	(2,314)
Cash and cash equivalents at period start		114,945	117,259
Cash and cash equivalents at period end		114,915	114,945

The Notes 1 to 23 on pages 70 to 90 form an integral part of these accounts.

*The previous year's cashflow has been restated to reclassify interest received from operating activities to investing activities.

RECONCILIATION OF NET INCOME/(EXPENDITURE) PER THE SOFA TO NET INCOME/(EXPENDITURE) PER THE SoCF

	2023-24 (£'000)	2022-23 (£'000)
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	(10,223)	8,197
VAT adjustments	(25)	0
Car grant	(20)	0
Interest received	(5,111)	(883)
Non-cash adjustments	(13)	0
Net income/(expenditure) per the SoCF	(15,392)	7,314



Notes to the accounts

1. ACCOUNTING POLICIES

PUBLIC BENEFIT ENTITY

As a charity, CITB 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

The financial statements for the year ending 31 March 2024 have been prepared on a ‘going concern’ basis. The use of the going concern basis of accounting is appropriate as there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of CITB to continue as a going concern.

CITB has ended 2023-24 in a strong financial position with a healthy level of reserves and cash. Collection of the Levy during the second year of the current three-year Levy Order has been in line with forecasts and we are confident of collecting sufficient cash in the remaining year to enable us to fund all our plans and meet all other commitments. A one-year Levy Order has been applied for to bridge the gap in 2025-26, whilst the outcome of the ITB Review is determined by ministers. This should further secure our funding in the near term.

The Board has considered the ongoing impact of the current economic conditions on the activities of CITB and the construction industry. It has determined to keep income expectations for the foreseeable future flat, placing no further burden on Levy payers, and aims to maximise its potential commercial income generation and the return on its investments.

Grant and funding applications have risen during the year to pre-pandemic levels, as the construction industry returns to investing in the skills and training of its workforce. This is good news for the industry, but also for CITB, where accumulated reserves will be released over the next three years to enable us to fund the Strategic Plan in line with an increase in demand from industry. CITB aims to reduce its liquid reserves to target levels by 2026-27, acknowledging its planned investment in assets over this period will keep total reserves close to current levels.

Accordingly, the Board properly prepares and submits the 2023-24 Annual Report and Accounts on a ‘going concern’ basis.

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. The accounts also have regard to the disclosure requirements of the 2023-24 Government Financial Reporting Manual, providing additional disclosures where (See Note 22 and 23) this goes beyond the requirements of the Charities SORP (FRS 102). These accounts are prepared under the historical cost convention, as modified to reflect the revaluation of fixed assets and investments.

As an executive NDPB sponsored by the Secretary of State for Education, CITB’s accounts are consolidated into the accounts of DfE (the Government department responsible for education and skills in the UK), a copy of which can be obtained from their office in Sanctuary Buildings, Great Smith Street, London, SW1P 3PT.

RESTRICTED FUNDS

Restricted funds relate to apprenticeship activity funded by Education and Skills Funding Agency (ESFA) and Skills Development Scotland (SDS) and their associated expenditure, in which contractual agreements state that funds should only be used for the provision of apprenticeships.

Expenditure for apprenticeship activities is apportioned between restricted and unrestricted based on the proportion of direct and grant expenditure relating to apprenticeships, as staff may be working on both.

No surplus is made on restricted funds and, therefore, any loss is covered by unrestricted funds.

INCOME

Income is recognised when CITB can demonstrate entitlement to the income, receipt is probable, and the amount can be quantified with reasonable accuracy. The following specific policies apply to the following material categories of income:

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. Levy income is recognised in line with the requirements of the Levy Order.

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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 and prior years' experience is also applied against Levy debts, and both the movement in the provision during the financial year 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.

Non-Levy income

Training, development and publications

Registration fee income is recognised on the date the test is taken by the candidate. Publications income is recognised upon dispatch to customers of the items sold. Course fees and other product income is recognised on the start date of the course being delivered.

Apprenticeships

SDS income is recognised upon cash receipt from the funder, less any clawbacks which are disclosed separately, in line with the funding rules of the funder's contract.

ESFA income is recognised on an accruals basis, based on the outstanding amount of the progress of the Apprenticeship at the time, adjusted by the actual cash received.

Other income

This represents the interest earned on CITB's surplus cash balances and is brought into account in the year it is due.

EXPENDITURE

Grant 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.

CITB considers the recognition point for achievement grants to be when the official certification has been achieved and received by CITB. Grant provision is based on the evidence being submitted for certification but not authorised.

The recognition point for attendance grants is over the period that the trainee attends the course. In the cases of other grants, CITB considers the recognition point to be

the point at which the employer has provided the training (or incurred the cost of providing the training), as at this point, they can claim a grant.

Lower value funded training grants for small and micro employers are issued with no specified funding conditions and are paid in advance where the intended training is yet to commence.

The clawback of grant claims verified as not meeting grant conditions is recognised when the grant is repaid by either the offset of other grant owed, or cash repayment received. An estimate for the value of identified grants to yet be recovered is included in other debtors.

Charitable activities

The charges in the Statement of Financial Activities are recognised on an accrual 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 staff numbers 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-based full-time equivalent basis.

ASSETS

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.

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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 of 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, either individually or for a group of similar assets.

Freehold land is not depreciated. All other tangible fixed assets are depreciated evenly to write off their value 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 (four to twenty years)
- Office equipment (ten years)
- Computer equipment (two to five years).

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

Intangible fixed assets

Intangible fixed assets are measured at cost less accumulated amortisation and any accumulated impairment losses. Expenditure, including own staff costs, incurred by CITB in relation to the development and implementation of internally generated assets, such as online services have been capitalised at cost. These costs relate to the development stage of the project and are deemed to have a future economic benefit of more than a year. Once an asset is put into use, the amortisation of such expenditure will be charged on a straight-line basis over the estimated useful life of the asset up to a maximum of seven years.

Based on the Levy consensus cycle and employer engagement feedback, intangible assets are amortized over a seven-year period, accounting for identified improvements and the decommissioning of existing working methods.

Cash and cash equivalents

Cash is represented by amounts held at bank.

LIABILITIES

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.

Income from Health and Safety Tests and Course fees is deferred where payment is received in advance for contracted services that have yet to be provided.

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. College fee creditors are recognised within non-grant accruals.

Trade 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.

Provisions

CITB funds training relevant to the construction industry. There is naturally a gap between the funding being earned and the claim being paid by CITB. Claims are submitted with evidence of completion, which have to be verified and processed. At year end, therefore, we make an assessment for the amount of provision that is required to account for funding earned in line with the grant recognition policy, but yet not paid.

Grant claims not yet received are largely provided for on the basis of historical payment patterns adjusted for any known changes in circumstances, although some parts of the provision relating to apprentices are based on the number of new entrant trainees known to have enrolled on the scheme.

A provision of £15.2m was included in the 2022-23 accounts with respect to non-compliance with the Education and Skills Funding Agency's (ESFA) funding rules for apprenticeship delivery in England and Wales for

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the academic years 2018/19, 2019/20. That provision reflected the likelihood that, following audits carried out on behalf of the ESFA, some level of ESFA funding would need to be clawed back due to issues with records management. At the time, this was our best assessment of the most likely outcome of amounts due, following detailed investigation by CITB into the ESFA audit results.

We have successfully worked with the ESFA to provide additional assurance and resolve potential errors on most of the points raised through their initial audit work, in areas which we acknowledge record keeping was not at the level we expect. A final position has been agreed with the ESFA of £12.3m against which they will clawback funds related to these matters. This is reflected in these accounts. Through this work, the ESFA have also recognised the £1.6m claw back for 2020/21 is to be reduced and we estimate this to be by approximately £1m.

We have taken steps to transform this part of the organisation, improving processes and introducing new technology, and are confident that we will not experience similar issues for 2023/24 or future academic years.

Significant judgements

The financial statements include three significant judgements.

The key estimate required is how much of the £150m Levy debt outstanding at the year-end will be collected in the fullness of time. We have followed our normal methodology, which is based on age, but adjusted it to reflect the cash collection experience in 2023-24. We have used our experience of cash collection over the past year, against all prior Levy Assessments, to judge how much we can expect to collect in the fullness of time. The total provision is then split between bad debt (money that is owed but not expected to be paid) and reassessment (money that has been invoiced on an estimated assessment and is likely to be adjusted downwards when the Levy Return is received). The split is intended to help the reader understand the difference between the bulk assessment and the net income received. It should be noted that although this is a judgement, the split itself does not have any net impact on our financial statements.

The second significant judgement is regarding the provision for training grants. At the year end, we make an assessment for the amount of provision that is required to account for apprenticeship, qualification and short duration training grants earned, but as yet not claimed. Our methodology is largely based on historical cash payments, which we have judged to be the most appropriate, relevant and reliable

predictor of future cash payment requirements. However, because grant demand patterns have fluctuated over the last few years due to the pandemic and its after-effects, this estimate contains a significant level of uncertainty, and the actual outcome will not be known until sometime after these accounts are certified.

The third significant judgement involves valuing CITB's freehold properties, plant and machinery, which requires judgements to be made regarding which valuation methodology, data and assumptions to be used and there are inherent risks in the valuation around estimation uncertainty. To mitigate those risks, CITB uses an external third party with local knowledge and expertise to perform an annual desktop valuation. A full valuation is performed every five years.

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 2016 and operates a defined contribution section (See Note 14).



2. INCOME FROM CHARITABLE ACTIVITIES

LEVY INCOME	2023-24 (£'000)	2022-23 (£'000)
Current year's Levy Assessment receivable	244,873	205,507
Less: provision for bad debts and debt write-offs	(43,055)	(36,445)
Net value current year's Levy Assessments	201,818	169,062
Reassessment of previous years' Levy receipts	190	1,546
Net Levy income for the year	202,008	170,608

The reassessment of previous years' Levy relates to the prior year Levy Assessment that has been reassessed this year. It is, therefore, an uncertain estimation refined in 2023-24.

The increase in Levy income in 2023-24 is because of 4.6% wage growth in the construction industry due to high competition for staff and higher bonuses, and the post-pandemic boom.

The 2022 Levy Bulk Assessment was issued in April 2023 with a base collection period up to March 2024. The resulting total expected income is in line with the higher Bulk Assessment outcome.

The provision for bad debts and debt write-offs has increased by £6.6m compared to 2022-23. We have followed a more thorough write-off process against uncollectable debt. This is offset by debt from the new Levy year.



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3. MATERIAL CASH SUPPORT PAYMENTS IN RESPECT OF TRAINING

Accounting and Reporting by Charities: Statement of Recommended Practice (FRS 102) requires material grants made, to be disclosed. Disclosure must include the name of the recipient, and the aggregate amount of grants made to that recipient. The material payments for 2023-24 are disclosed below:

For comparative purposes, the material payments for 2022-23 were:

RECIPIENT	2023-24 (£'000)
OHOB Group Ltd	2,146
Barratt Developments Plc	1,796
Kier Group Plc	1,742
O'Rourke Investments Plc	1,700
The Skills Centre London Ltd	1,645
Persimmon Plc	1,612
Royal BAM Group Nv	1,475
Balfour Beatty Plc	1,330
M Group Services Ltd	1,203
Morgan Sindall Group Plc	910
VGC Group	876
Taylor Wimpey Plc	870
Cyfle Building Skills Ltd	851
Bell Group UK Ltd	814
Willmott Dixon Construction Ltd	808
Other recipients	135,950
Total paid or offset during the year	155,728

RECIPIENT	2022-23 (£'000)
O'Rourke Investments Plc	1,542
Royal BAM Group Nv	1,354
Kier Group Plc	1,242
Barratt Developments Plc	1,197
Taylor Wimpey Plc	1,115
Cyfle Building Skills Ltd	1,057
OHOB Group Ltd	1,043
Persimmon Plc	977
Procure Plus Holdings Ltd	801
Bell Group UK Ltd	636
Balfour Beatty Plc	642
M Group Services Ltd	539
The Supply Chain School	522
Morgan Sindall Group Plc	478
Advance Construction Personnel Ltd	477
Other recipients	91,899
Total paid or offset during the year	105,521

In 2023-24 £6.8m (2023-23 £5.2m) in grants were paid directly to, or on behalf of, individuals (Travel to Train is paid on behalf of individual apprentices), £137.5m to employers (2022-23 £91.9m) and £11.4m (2022-23 £8.4m) to other institutions.

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4. EXPENDITURE ON CHARITABLE ACTIVITIES

In the current financial year, the expenditure on charitable activities for the previous year have been restated* to align with the reporting year's strategic priorities.

ACTIVITY	ACTIVITIES DIRECTLY UNDERTAKEN (£'000)	GRANT FUNDING ACTIVITIES (£'000)	SUPPORT COSTS (£'000)	2023-24 TOTAL (£'000)	2022-23 TOTAL (£'000) *RESTATED
Delivering an efficient Training Supply	56,171	154,535	41,043	251,749	184,545
Improving construction's people pipeline	3,076	1,193	1,590	5,859	3,511
Creating defined training pathways	3,259	0	4,433	7,692	6,094
Total	62,506	155,728	47,066	265,300	194,150

Grant funding of £155.7m (2022-23: £105.5m) is split into two elements (also referenced on page 26):

- Main Grants Scheme – £128.6m (2022-23: £85.3m)
- Funding (incorporating structured and flexible funding) – £27.1m (2022-23: £20.2m).

5. SUPPORT COSTS

In the current financial year, the Support Costs for the previous year have been re-presented to align with the reporting year's strategic priorities.

*To correct a prior year mapping error, £356k has been reallocated from Legal, Governance, and Compliance to expenses on raising funds. Additionally, £1.7m in costs, previously categorised as direct costs, are now included under Strategy and Policy.

SUPPORT COST	DELIVERING AN EFFICIENT TRAINING SUPPLY (£'000)	IMPROVING CONSTRUCTION'S PEOPLE PIPELINE (£'000)	CREATING DEFINED TRAINING PATHWAYS (£'000)	2023-24 TOTAL (£'000)	2022-23 TOTAL (£'000) *RESTATED
Legal, Governance and Compliance	1,650	58	169	1,877	1,807*
Communications and marketing	3,331	116	343	3,790	3,168
Finance	2,556	89	263	2,908	3,192
Human Resources	2,635	92	271	2,998	3,052
Technology	10,382	363	1,068	11,813	8,597
Change	2,266	79	233	2,578	2,319
Commissioning	590	21	60	671	674
Estates	7,938	526	1,382	9,846	6,351
Other corporate costs	2,400	84	247	2,731	1,126
Strategy and Policy	3,857	135	397	4,389	3,285*
Grant Support Costs	3,438	27	0	3,465	2,985
Total	41,043	1,590	4,433	47,066	36,556*

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6. EXPENDITURE

ACTIVITY	2023-24 (£'000)	2022-23 (£'000)
The net movement in funds for the year was arrived at after charging/(crediting)		
Profit on disposal of fixed assets	(222)	(229)
Depreciation on owned assets	972	588
Hire of plant and machinery	275	197
Other operating leases	644	1,119
Indemnity insurance	100	101
Statutory external auditor fee	230	210
Other assurances (internal audit)	251	380

7. TANGIBLE FIXED ASSETS

(A) SUMMARY

	FREEHOLD PROPERTY (£'000)	PLANT AND MACHINERY (£'000)	VEHICLES (£'000)	COMPUTER AND OFFICE EQUIPMENT (£'000)	TOTAL (£'000)
Cost or Valuation					
1 April 2023	10,880	7,666	201	3,332	22,079
Additions	0	2,180	892	392	3,464
Disposals	0	(559)	(144)	(559)	(1,262)
Revaluation	1,180	1,562	0	0	2,742
31 March 2024	12,060	10,849	949	3,165	27,023
Depreciation					
1 April 2023	0	6,531	195	3,330	10,056
Charges during year	229	568	61	114	972
Disposals	0	(557)	(144)	(560)	(1,261)
Revaluation	(229)	546	0	0	317
31 March 2024	0	7,088	112	2,884	10,084
Net book value					
31 March 2024	12,060	3,761	837	281	16,939
31 March 2023	10,880	1,135	6	2	12,023

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(B) HISTORICAL COST INFORMATION

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

	2023-24 (£'000)	2022-23 (£'000)
Cost	18,855	19,302
Prior year adjustment to cost	0	(447)
Accumulated depreciation	(5,831)	(5,602)
Total	13,024	13,253

(C) FREEHOLD PROPERTY

	2023-24 (£'000)	2022-23 (£'000)
Freehold land valuation	3,800	3,430
Freehold property valuation	8,260	7,450
Accumulated depreciation freehold property valuation only	0	0
Total	12,060	10,880

(D) HISTORICAL COST INFORMATION OF PLANT AND MACHINERY

If the valuations had not been included, then plant and machinery would have been included at the following amounts:

	2023-24 (£'000)	2022-23 (£'000)
Cost	7,667	7,667
Additions	2,180	0
Disposals	(557)	0
Total	9,290	7,667
Accumulated depreciation	(6,473)	(6,531)
Net book value	2,817	1,136



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(E) REVALUATION

Land and Buildings

An independent valuation of all CITB freehold property was carried out by Montagu Evans LLP. The valuation as at 31 March 2024 was based on the principles of fair value and prepared using the existing use method of valuation.

Freehold property includes both land and buildings.

The assumptions applied within the valuation of CITB's properties this financial year include:

- Rental Values – £1.00-£5.75 per sq.ft
(£0.50 - £5.50 per sq.ft in 2022-23)
- Yield – 9% - 20% (Yield – 8.75% - 20% in 2022-23)
- Land values per acre – £4,500 per acre - £7,500 per acre (£4,250 per acre - £7,000* per acre in 2022-23)*.

*During the reporting year, it was identified that the land values per acre reported in the previous year's financial statements was incorrect. The error was due to incorrect data provided.

The valuation assumes that each property is occupied and/or operated in accordance with a valid planning permission and that there are no matters that would affect value.

Plant and Machinery

Included in the cost of plant and machinery is £2.8m of assets that have reached the end of their estimated useful life and therefore are fully depreciated. However, those assets are still being used and are providing some economic benefit.

The valuation of plant and machinery has been carried out by an independent external valuer Cheffins in February 2024. The valuation has been undertaken on the basis of Market Value as defined in the RICS Valuation - Global Standard 2022.

The plant and machinery at CITB are somewhat unique in its existence. Most of the items are in excellent condition and have a low recorded hours and mileage. This in turn makes it challenging to value, as most of the comparable evidence is of lesser quality and has recorded more hours and mileage.

(F) CAPITAL COMMITMENTS

There were £Nil capital commitments as at 31 March 2024 (2022-23: £Nil).

(G) TANGIBLE FIXED ASSETS 2022-23 (COMPARATIVE TABLE)

	FREEHOLD PROPERTY (£'000)	PLANT AND MACHINERY (£'000)	VEHICLES (£'000)	COMPUTER AND OFFICE EQUIPMENT (£'000)	TOTAL (£'000)
Cost or Valuation					
1 April 2022	10,650	7,887	253	3,962	22,752
Additions	0	590	6	0	596
Disposals	0	(811)	(58)	(630)	(1,499)
Revaluation	230	0	0	0	230
31 March 2023	10,880	7,666	201	3,332	22,079
Depreciation					
1 April 2022	0	6,980	253	3,950	11,183
Charges during year	216	362	0	10	588
Disposals	0	(811)	(58)	(630)	(1,499)
Revaluation	(216)	0	0	0	(216)
31 March 2023	0	6,531	195	3,330	10,056
Net book value					
31 March 2023	10,880	1,135	6	2	12,023
31 March 2022	10,650	907	0	12	11,569

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8. INTANGIBLE ASSETS

	ASSETS UNDER CONSTRUCTION (£'000)	TOTAL (£'000)
Cost	0	0
Opening balance	0	0
Additions	2,467	2,467
Disposals	0	0
Impairment	0	0
As at 31 March 2024	2,467	2,467
Amortisation		
Amortisation Opening Balance	0	0
Amortisation charges during period	0	0
Disposals	0	0
Impairment	0	0
As at 31 March 2024	0	0
Net Book Value at 01 April 2023	0	0
Net Book Value at 31 March 2024	2,467	2,467

9. DEBTORS

	2024 (£'000)	2024 (£'000)	2023 (£'000) *RESTATED	2023 (£'000)
Levy debtors	149,998		149,274*	
Less: provision for bad debts	(132,467)		(126,024)	
Total Levy debtors		17,531		23,250*
Trade debtors	4,615		3,438*	
Other debtors	134		265	
Less: provision for bad debts	(1,530)		(66)	
Total trade and other debtors		3,219		3,637
Accrued income		958		1,105
Prepayments		1,268		1,330
Total debtors		22,976		29,322
Debtors due within one year		22,976		29,322

*£1.2m of Levy debtors for 22-23 were restated to trade debtors to correct last year's figures due to the incorrect allocation of overpaid grants.

As stated in the Accounting Policies (See Note 1), CITB writes-off Levy debts only 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.

Generally, collection of the Levy has been slightly better than anticipated, while grant and funding claims have

been higher than expected, therefore we have had sufficient funds to enable us to operate as normal. The key estimate required is how much of the £150m bona fide and estimated Levy debt outstanding at the year-end will be collected in the fullness of time. We have followed our normal methodology, which is based on age, but adjusted it to reflect the cash collection experience in 2023-24.

Levy debtors and income are stated net of a provision for reassessment of £42.9m (2022-23: £34.2m). →

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The smaller increase in debt compared to the previous financial year reflects the fact that the main collection period for the 2022 Levy Assessment (raised in April 2023) runs until March 2024, whereas in 2022-23 the collection period finished after the year end, as the Levy was raised

in June 2022, rather than April 2022. Levy collection is returning to being in line with pre-pandemic levels.

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2024 (£'000)	2023 (£'000)
Trade creditors	6,234	1,602
Taxation and social security	1,009	798
Deferred income	1,562	1,949
Accruals		
Grant funding	4,221	4,722
Other	12,444	9,328
Total creditors	25,470	18,399

DEFERRED INCOME ANALYSIS

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

	2024 (£'000)	2023 (£'000)
Balance brought forward at start of year	1,949	1,674
Deferred income in current year	1,562	1,949
Prior year released	(1,949)	(1,674)
Closing balance	1,562	1,949

11. PROVISIONS FOR LIABILITIES AND CHARGES

	GRANT PROVISION 2024 (£'000)	ESFA REPAYMENT PROVISION 2024 (£'000)	OTHER PROVISIONS 2024 (£'000)	TOTAL PROVISIONS 2024 (£'000)	TOTAL PROVISIONS 2023 (£'000)
Balance as at period start	18,003	15,202	2,512	35,717	28,834
Utilised	(18,003)	0	(1,833)	(19,836)	(24,236)
Released	0	(3,902)	(267)	(4,169)	(373)
Additions	22,675	0	2,623	25,298	31,492
Balance as at period end	22,675	11,300	3,035	37,010	35,717

NOTES TO THE ACCOUNTS

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GRANT AND FUNDING PROVISIONS

CITB pays out grants to employers to fund relevant training. There is naturally a gap between the grant being earned (the learner has had their training) and the claim being received by CITB. At the year-end, therefore, we make an assessment for provision that is required to account for grants earned but as yet not claimed.

- Apprenticeship Grant provisions are based on expected claims for known named apprentices with confirmed start dates and this is used as a basis to provide for those not yet known about (received) at year-end
- Short duration Grant and Qualification Grant provisions are based on recent historical experience payment values. The pandemic initially created delays in claims of these grants, and we have observed that these interventions remain volatile year-on-year. This has meant the provisions for Short Duration Grants has increased compared to last year and Qualification Grants has decreased.

REDUNDANCY PROVISION

In 2023-24, a restructuring provision of £116,707 was made to account for the expected redundancy costs related to the Communications and Marketing function.

OTHER PROVISIONS

Included within the provisions is a value of £511,744 for the payment of interest and compensation for late payments, in accordance with the obligations under the Late Payment of Commercial Debt (Interest) Act 1998 and Regulations 2013.

The more minor funding provisions relates to the Skills and Training Fund for Small- and Micro-Sized businesses and the Skills and Training Fund for Medium-Sized businesses.

Other provisions also include small dilapidation provisions.

ESFA REPAYMENT PROVISION

A provision of £11.3m has been included in these accounts with respect to the risk of non-compliance with the Education and Skills Funding Agency's (ESFA) funding rules for apprenticeship delivery in England and Wales for the academic years 2018/19 and 2019/20. Following productive work with the ESFA, a reduction in the clawback with respect to 2020/21 of £1.6m is expected and we estimate that to be by approximately £1m.

NOTES TO THE ACCOUNTS

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12. 2022-2023 RESTRICTED AND UNRESTRICTED FUNDS

INCOME	2022-23 (£'000) RESTRICTED	2022-23 (£'000) UNRESTRICTED	2022-23 (£'000) TOTAL
Income from charitable activities			
Levy income	0	170,608	170,608
Non-Levy income			
Training and Development	10,208	33,324	43,532
Clawback of ESFA Funding	(10,915)	0	(10,915)
Careers	0	55	55
Standards and Qualifications	0	120	120
Engagement and Evidence Base	0	27	27
Other	0	27	27
Total non-Levy income	(707)	33,553	32,846
Income from Government grants			
Other income	0	883	883
Total income	(707)	205,044	204,337
EXPENDITURE	2022-23 (£'000) RESTRICTED	2022-23 (£'000) UNRESTRICTED	2022-23 (£'000) TOTAL
Expenditure on raising funds	0	1,876	1,876
Expenditure on charitable activities			
Training and Development	16,067	166,766	182,833
Careers	0	3,076	3,076
Standards and Qualifications	0	6,070	6,070
Engagement and Evidence Base	0	2,527	2,527
Total expenditure on charitable activities	16,067	178,439	194,506
Other expenditure	0	(242)	(242)
Total expenditure	16,067	180,073	196,140
Net income/(expenditure)	(16,774)	24,971	8,197
Transfer from unrestricted fund	16,774	(16,774)	0
Other gains and losses			
Gain on revaluation of freehold property	0	204	204
Net movement in funds	0	8,401	8,401

13. ACCUMULATED FUNDS

	GENERAL RESERVE 2023-24 (£'000)	FIXED ASSET REVALUATION RESERVE 2023-24 (£'000)	TOTAL UNRESTRICTED FUNDS 2023-24 (£'000)	TOTAL UNRESTRICTED FUNDS 2022-23 (£'000)
Opening balance	102,450	204	102,654	94,253
Net movement in funds	(10,223)	2,724	(7,499)	8,401
Closing balance	92,227	2,928	95,155	102,654

ACCUMULATED FUNDS 2022-23 (COMPARATIVE TABLE)

	GENERAL RESERVE 2022-23 (£'000)	FIXED ASSET REVALUATION RESERVE 2022-23 (£'000)	TOTAL UNRESTRICTED FUNDS 2022-23 (£'000)	TOTAL UNRESTRICTED FUNDS 2021-22 (£'000)
Opening balance	94,253	0	94,253	120,733
Net movement in funds	8,197	204	8,401	(26,480)
Closing balance	102,450	204	102,654	94,253

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

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14. ITB PENSION FUND

CITB is a participating employer in the ITB Pension Funds, which comprises two funds: The Open Fund and the Closed Fund.

- The Closed Fund has no participating employers paying contributions.
- The Open Fund consists of four separate sections:
 - the original section of the Open Fund, known as the 'Old Section'
 - the 'New Section', which was introduced on 1 September 2003
 - the '2007 Section', which was introduced on 1 January 2007, and
 - the 'DC Section', which was introduced on 1 April 2012.

The Old, New and 2007 Sections provide DB (defined benefit) benefits, and the DC section provides DC (defined contribution) benefits.

As the '2007 Section' is a multi-employer scheme for which CITB's proportion of assets and funding/ liabilities cannot be separately identified, the Charity SORP (FRS 102) requires it to be accounted for as a defined contribution plan.

CITB's current and former employees will have benefits accrued in all four sections. However, from 1 April 2017 CITB elected not to offer further DB benefits and since that date the DC section has been the only section open for CITB and its employees to pay contributions into.

The most recent triennial valuation of the scheme was performed as at 31 March 2022.

The principal future assumptions used are:

- **Discount rate for determining the technical provisions (or, equivalently, the expected return on the assets)**
The overall discount rate assumed for the valuation is based on consideration of the expected rates of return on the Fund's assets and the yields available, at the valuation date, on Government bonds (gilts). The expected nominal return on the assets is assumed to be the redemption yields on gilts plus a prudent margin of 0.15% a year to allow for expected returns on the Fund's assets exceeding those from gilts. An inflation risk premium of 0.25% is also deducted

● Future Retail Price Inflation (RPI)

An implied RPI curve for future RPI is determined by comparing the annually compounded redemption yield from nominal gilt yield curves minus 0.25% for an inflation risk premium, and index-linked gilt yield curves

● Future Consumer Price Inflation (CPI)

CPI increases are assumed to be 0.9% a year less than RPI increases up to 2030 and in line with RPI from 2030

● Pension increases

These are assumed to be in line with the provisions under the Fund's rules, with the assumption for future CPI or RPI as appropriate, allowing for any caps and floors

● Mortality (post-retirement)

Assumed to be in line with 85% of the S3NMA, S3NFA_H and S3DFA tables published by the UK actuarial profession. Ill health pensioners are assumed to experience the same rates of mortality as under the unadjusted S3IM/FA tables

● Mortality improvements

Longevity improvements are assumed to be in line with the 2021 Continuous Mortality Investigation (CMI) projection model using a smoothing factor of 7.5 and a 1.5% long term improvement per year.

The 2022 triennial valuation indicated that the actuarial value of the assets held by the Scheme in total showed a surplus of £24.8m against the scheme liabilities on a statutory funding basis. There were no deficit funding contributions paid to the Scheme in the 12-month period (2022-23: £Nil).

The range for standard employee contributions is 4%-7% (2022-23: 4%-7%), although employees can elect to contribute more at their discretion, and the employer contributions will match the employee contribution plus 2% but are capped at 9% (2022-23: 9%). 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. These expenses are funded from unrestricted reserves.

As shown in Note 17, employer's pension contributions totalled £2.6m for 2023-24 (2022-23: £2m). The operating cost of CITB's defined contribution pension scheme for 2023-24 was £44,906 (2022-23 £16,683).

NOTES TO THE ACCOUNTS

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15. LEASE COMMITMENTS

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

	LAND AND BUILDINGS 2023-24 (£'000)	OTHER (£'000)	LAND AND BUILDINGS 2022-23 (£'000)	OTHER (£'000)
Operating leases				
Leases expiring within 1 year	1	341	44	286
Leases expiring within 2-5 years	0	296	1	343
Leases expiring after 5 years	0	0	0	0
As at 31 March	1	637	45	629

16. BOARD MEMBERS' REMUNERATION

Remuneration of Board members was as follows:

	2023-24 £	2022-23 £
Chair – Peter Lauener	21,673	23,102

The authority under which payments were made to the Chair is contained within Schedule 1 Sections 4 and 5 of the Industrial Training Act 1982. Expenses paid to Board members during 2023-24 amounted to £6,255 (2022-23: £1,626) in respect of travel and subsistence. The total number of recipients was six (2022-23: five). No material expenses were waived by Board members during this period.



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17. 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 STAFF	2023-24 TOTAL	2022-23 TOTAL
Total	748	15	763	666

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

	2023-24 (£'000)	2022-23 (£'000)
Salaries of directly employed staff	36,491	29,951
Temporary and agency staff costs	2,512	1,915
Redundancy cost	308	(145)
Social security costs	4,058	3,315
Pension costs	2,571	1,989
Total	45,940	37,025

The remuneration and pension entitlements of CITB's Executive directors can be found in the Remuneration Report on pages 92 to 97.

Redundancy costs in 2022-23 represents the net release of the provision following a reassessment of the estimated redundancy costs of restructuring.

The number of employees whose emoluments exceeded £60,000, including benefits in kind but excluding pension contributions, are outlined within the ranges shown below:

	2023-24	2022-23
£60,001-£70,000	114	45
£70,001-£80,000	24	12
£80,001-£90,000	23	14
£90,001-£100,000	7	2
£100,001-£110,000	1	1
£110,001-£120,000	1	2
£120,001-£130,000	3	1
£130,001-£140,000	0	1
£150,001-£160,000	1	0
£170,001-£180,000	0	1
£180,001-£190,000	1	0

NOTES TO THE ACCOUNTS

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The total employer contributions paid in 2023-24 to the defined contribution section of the ITB Pension Fund in respect of those employees earning over £60,000 was £788,437 (2022-23: £392,963). Details of staff headcount by grade and gender as at period end are:

***The Grading for 2022-23 has been re-presented based on the current grading structure.**

GRADE (2023-24)	FEMALE	MALE	TOTAL
Chief Executive	0	1	1
Leader L3	1	1	2
Leader L2	2	2	4
Leader L1	8	14	22
Specialist Lead SL3	12	8	20
Specialist Lead SL2	22	29	51
Specialist Lead SL1	42	36	78
Specialist Contributor SC4	22	32	54
Specialist Contributor SC3	45	92	137
Specialist Contributor SC2	113	78	191
Specialist Contributor SC1	42	32	74
People Manager PM3	3	3	6
People Manager PM2	6	4	10
People Manager PM1	2	1	3
Team Leader TL3	13	3	16
Team Leader TL2	3	1	4
Team Leader TL1	3	1	4
Team Member TM3	44	20	64
Team Member TM2	27	12	39
Team Member TM1	4	3	7
APP 18 Plus	1	2	3
Total	415	375	790

GRADE (2022-23)	FEMALE	MALE	TOTAL
Chief Executive	0	1	1
Leader L3	1	0	1
Leader L2	2	2	4
Leader L1	11	14	25
Specialist Lead SL3	10	8	18
Specialist Lead SL2	19	28	47
Specialist Lead SL1	43	37	80
Specialist Contributor SC4	17	31	48
Specialist Contributor SC3	45	83	128
Specialist Contributor SC2	98	60	158
Specialist Contributor SC1	33	28	61
People Manager PM3	3	3	6
People Manager PM2	10	4	14
People Manager PM1	2	0	2
Team Leader TL3	13	3	16
Team Leader TL2	3	1	4
Team Leader TL1	3	0	3
Team Member TM3	36	14	50
Team Member TM2	29	11	40
Team Member TM1	4	1	5
Total	382	329	711

Details of staff sickness absence and off-payroll engagements are shown in the Remuneration Report (pages 96 to 97).

Details of staff leaving the organisation during 2023-24 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	
	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23
<£10,000	0	4	5	0	5	4
£10,001-£25,000	0	6	3	1	3	7
£25,001-£50,000	0	6	2	0	2	6
£50,001-£100,000	0	3	1	0	1	3
Total number of exit packages	0	19	11	1	11	20
Total cost £	0	558,233	186,621	15,875	186,621	574,108

NOTES TO THE ACCOUNTS

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18. 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 £Nil (2022-23: loss of £Nil). This has given rise to a corporation tax liability of £Nil (2022-23: £Nil).

19. RELATED PARTY TRANSACTIONS

The sponsoring department for CITB is DfE. On 1 April 2022, the contract held with ESFA regarding apprenticeships funding has now novated to DfE.

	INCOME RECOGNISED BY CITB (£'000)		OWING TO CITB (£'000)	
	2023-24	2022-23	2023-24	2022-23
ESFA	6,182	(10,915)	252	0
DfE	0	2,523	0	518

	EXPENDITURE RECOGNISED BY CITB (£'000)		OWED BY CITB (£'000)	
	2023-24	2022-23	2023-24	2022-23
ESFA	0	49	11,300	16,199
DfE	0	0	0	0

In addition, 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 (pages 99 to 102) shows the register of interests of Board members
- Appendix B (pages 103 to 104) shows Board and Committee attendance

- Appendix C (pages 105 to 106) lists the members of the Board and its Committees, also giving the names of their employers.

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 (£'000)		AMOUNTS OWING TO CITB AT PERIOD END (£'000)	
	2023-24	2022-23	2023-24	2022-23
Levy	3,767	1,079	137	326
Sale of training-related products and services	51	48	6	2
Overpaid grants	0	0	137	0
Total	3,818	1,127	280	328

	EXPENDITURE RECOGNISED BY CITB (£'000)		AMOUNTS OWED BY CITB AT PERIOD END (£'000)	
	2023-24	2022-23	2023-24	2022-23
Payment of grants	3,260	2,215	20	11
Purchase of materials and services	279	262	0	0
Total	3,539	2,477	20	11

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It is the Board which sets out CITB's vision, mission and values and therefore transactions with parties related to Board members only are considered related party transactions and included in the tables on page 89.

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 these transactions were under normal terms and carried out at arm's length. No funds were held as an agent.

20. FINANCIAL INSTRUMENTS

CITB only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

A significant amount of CITB's reserves are held as cash. As well as instant access accounts CITB utilises a short-term deposit account and loans excess balances overnight on its current accounts to benefit from a higher interest rate. These are low risk and sufficient to meet CITB's liquidity requirements.

21. LOSSES AND SPECIAL PAYMENTS

Following audits and settlement negotiations with the Education and Skills Funding Agency (ESFA), a reduction of approximately £1m has been estimated by CITB with respect to the clawback of £1.6m disclosed in 2022-23 for non-compliance against funding rules for apprenticeship delivery in England and Wales for the academic year 2020/21. The provision of £15.2m for the possible clawback in respect of 2018/19 and 2019/20 has now been agreed and reduced to £12.3m, by agreement with the ESFA, resulting in a net loss of £11.3m.

For the current year, we made two payments totalling £10,000 (one of £4,608 in 2022/23) in respect of severance cases. The severance payment made in 2022-23 was omitted from last year's accounts and has been included and restated this year.

The total Levy bad debts written off, principally related to insolvent employers, amounted to £34.6m, from 6,171 individual items (2022-23: £8.5m, from 1,405 items). A total of £623,210 in overpaid grants has been written off, involving 167 employers.

No interest was paid under the Late Payments of Commercial Debts (Interest) Act 1998 (2021-22: Nil).

During the year, CITB ceased to invest in its Training Model Improvement project, as it had failed to deliver to CITB's expectation on cost, quality, and time. This was despite repeated attempts to recover the project and to secure its intended benefits. CITB had invested £1.5m (ex. VAT) with Shared Services Connected Ltd (SSCL) to deliver this project through our Partnering Agreement. Recovery of the costs incurred to date are being sought through formal contractual dispute proceedings, the outcome of which remains uncertain at this time.

22. 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 2024, in the event that CITB were to cancel the contract, there would be a maximum liability of £1.9m to compensate SSCL for investment in systems and people due to be used over the life of the contract to January 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.

23. EVENTS AFTER THE BALANCE SHEET DATE

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



SECTION 7

Remuneration Report

Pages 91 to 97

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, their remuneration policy, the succession planning of the Executive and Leadership Team members, and the monitoring of people-based KPIs.

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

Policy on the remuneration of directors

The individual remuneration for Executive 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 Executive Directors. All employees, including Executive Directors, are eligible for membership of the ITB Pension Fund Scheme.

Policy on contracts, notice periods and termination payments

All the Executive 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 insurance are part of the standard terms and conditions of employment for senior grades of staff. As an alternative, a car allowance may be paid in place of a company car being provided.

Salary and pension entitlements

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

Board members' remuneration

The Nomination, Appointments and Remuneration Committee is not responsible for considering Board members' remuneration. Payments to the Chair are approved by the Secretary of State with the approval of HM Treasury under Schedule 1 section 4 of the Industrial Training Act 1982. Note 16 – Board members' remuneration provides details of the Chair's remuneration as well as Board members' expenses.



TIM BALCON
CHIEF EXECUTIVE

Tim joined CITB as CEO in September 2021, bringing with him a strong track record in developing skills, training and organisations. Tim hails from a construction background and has extensive experience in leading professional and membership bodies, as well as widespread knowledge of the education sector. Tim is driven to create a skills system that better recognises individuals' capabilities and personal strengths, whilst giving employers the competencies and capabilities when and where they need them.



ADRIAN BECKINGHAM
STRATEGY AND POLICY DIRECTOR

Adrian became CITB's Strategy and Policy Director in June 2022. Adrian has enjoyed a variety of senior roles during his 22 years at CITB. Posts include Head of IT; Head of Business Improvement; Change Director; and most recently, Corporate Performance Director. Adrian now leads the Strategy, Industry Analysis and Forecasting, Policy and Government Relations, and product development functions. His key aim is to ensure we have visibility of the current and future skills needs, guaranteeing the skills solutions and infrastructure capable of meeting that demand.



NICHOLAS PAYNE
CHIEF FINANCIAL OFFICER

Nick worked in a variety of finance, commercial and operational roles across Government, policing and the private sector, before joining CITB in November 2022. As Chief Financial Officer, his role includes estates management, business planning and performance, finance, and change and technology, as well as having responsibility for sustainability, business continuity and health and safety management. Nick's priorities are creating an environment for CITB to succeed in, and to demonstrate our value and impact for the industry.



DEBORAH MADDEN
EXECUTIVE DIRECTOR - NATIONS ENGAGEMENT

Since joining CITB in 1997, Deb has played a pivotal role in customer-facing positions within apprenticeships, careers and employer engagement. Prior to joining CITB, she gained experience in the apprenticeships and workforce training sectors, working as a tutor, assessor, verifier, and training provider manager. In 2023, Deb became Executive Director for Nations Engagement. Her portfolio includes customer engagement, commissioning, strategic engagement, marketing and customer experience.



NADINE PEMBERTON JN BAPTISTE
INTERIM LEGAL, GOVERNANCE, AND
COMPLIANCE EXECUTIVE DIRECTOR

Nadine joined CITB in December 2023. Her portfolio includes legal, information risk, ITA compliance, corporate governance, audit and risk, and procurement and contract management. Prior to joining CITB, some of the roles Nadine held were as an Executive Director and General Counsel at the Gambling Commission, Executive Director at Social Work England, and Head of Governance and Legal Services at the Care Quality Commission. Qualified as a lawyer for more than 20 years, Nadine has a proven track record advising and transforming complex organisations and delivering on major UK Government projects. She is also a change and transformation specialist and has a proven commitment to equity and inclusion in all areas of her work.



KIRSTY EVANS
EXECUTIVE PRINCIPAL - NCC AND CITB
APPRENTICESHIPS SCOTLAND

Kirsty joined CITB in March 2024, and she is responsible for the delivery of apprenticeships and training across the NCC sites in England and Scotland, as well as the delivery of Modern Apprenticeships across Scotland in partnership with colleges. Previously, Kirsty served as Director of Regions and Providers at DfE, where she supervised the financial health and performance of FE colleges and training providers. She also worked in senior positions within the Education and Skills Funding Agency, responsible for funding, regulation and oversight of post-16 education and skills programmes. Kirsty is passionate about ensuring education and training benefits learners, employers and the wider economy.



EMMA BLACK
LEGAL, GOVERNANCE AND
COMPLIANCE DIRECTOR

Emma left CITB in September 2023.



JACKIE DUCKER
CUSTOMER AND PRODUCT DIRECTOR

Jackie left CITB on 21 April 2023.

The aggregate total of employee benefits received by Trustees and the Executive Directors for their services to CITB during the year was £796,284.

2023-24 Remuneration (audited)

BOARD MEMBER	SALARY AND ALLOWANCES (£'000)	BENEFITS IN KIND TO NEAREST £100	BONUS (£'000)	PENSION BENEFITS (£'000)	2023-24 TOTAL (£'000)
Tim Balcon Chief Executive	175-180	1,000	5-10	15.0	200-205
Adrian Beckingham Strategy and Policy Director	115-120	1,900	5-10	10.5	135-140
Deborah Madden Executive Director, Nations Engagement	115-120	800	0	9.6	125-130
Nadine Pemberton Jn Baptiste Interim Legal, Governance, and Compliance Executive Director	40-45	500	0	2.5	45-50
Nicholas Payne Chief Financial Officer	150-155	1,000	0-5	12.8	165-170
Jackie Ducker Customer and Product Director	10-15	100	0	0.7	10-15
Emma Black Legal, Governance and Compliance Director	65-70	900	5-10	4.5	80-85
Kirsty Evans Executive Principal, National Construction College (NCC) and CITB Apprenticeships Scotland	0-5	0	0	0.2	0-5

The full-year equivalent annual salary bandings (£'000) of those who left during 2023-24 were: Jackie Ducker: 125-130, Emma Black: 115-120. The full year equivalent annual salary bandings (£'000) of those who joined during 2023-24 were: Nadine Pemberton Jn Baptiste: 130-135, Kirsty Evans: 130-135.

2022-23 Remuneration (audited)

BOARD MEMBER	SALARY AND ALLOWANCES (£'000)	BENEFITS IN KIND TO NEAREST £100	BONUS (£'000)	PENSION BENEFITS (£'000)	2022-23 TOTAL (£'000)
Tim Balcon Chief Executive	165-170	1,100	0-5	9.5	180-185
Adrian Beckingham Strategy and Policy Director	110-115	100	0	10	120-125
Emma Black Legal, Governance and Compliance Director	115-120	900	5-10	9.6	130-135
Jackie Ducker Customer and Product Director	125-130	1,200	5-10	10.6	145-150
Nicholas Payne Chief Financial Officer	55-60	300	0	3.4	60-65
Deborah Madden* Executive Director, Nations Engagement	0-5	0	0	0-5	0-5

*The above table has been restated to include Deborah Madden. The full-year equivalent annual salary bandings (£'000) of those who joined during 2022-23 were: Nicholas Payne: 140-145, Deborah Madden: 105-110.

Fair pay disclosures (audited)

HIGHEST-PAID DIRECTOR RATIOS COMPARED TO THE ORGANISATION'S WORKFORCE

CITB is required to disclose the relationship between the remuneration of its highest-paid Executive Director and the lower quartile, median and upper quartile remuneration of the organisation's workforce (based on full-time equivalents).

	2023-24	2022-23
Highest-earning Executive Director's total remuneration (£'000)	185-190	170-175
Median total remuneration (£)	46,122	41,500
Ratio of remuneration of highest-earning Executive Director to remuneration of employee on lower quartile	4.7: 1	4.7: 1
Ratio of remuneration of highest-earning Executive Director to median remuneration	4.1: 1	4.2: 1
Ratio of remuneration of highest-earning Executive Director to remuneration of employee on upper quartile	3.4: 1	3.5: 1

The percentage increase from the previous financial year for salary and allowances of the highest paid Executive Director was 6%.

The percentage increase from the previous financial year for performance pay and bonus of the highest paid Executive Director was 200%.

The percentage increase from the previous financial year for average salary and allowances for all FTE employees was 15%. The increase was due to the implementation of a new benchmarked pay and grading framework.

The change in the average performance pay and bonus for FTE employees in 2023-24 was a decrease of 95%. This was principally due to the cessation of performance bonus payments to employees other than Executive Directors, aligned to the new benchmarked pay and grading framework.

In 2023-24, no employees received remuneration in excess of the highest-paid Executive Director (2022-23: £Nil).

Note: In line with fair pay guidance, the remuneration stated above excludes pension benefits.

EMPLOYEES REPRESENTING EACH QUARTILE OF PAY

QUARTILE	TOTAL PAY AND BENEFITS 2023-24 (£'000)	SALARY AND ALLOWANCES 2023-24 (£'000)	TOTAL PAY AND BENEFITS 2022-23 (£'000)	SALARY AND ALLOWANCES 2022-23 (£'000)
Lower quartile	40	40	37	34
Median	46	46	42	36
Upper quartile	56	56	50	44

Total pay and benefits year-on-year have increased due to the new implementation of the new benchmarked pay and grading framework.

Full-time equivalent remuneration ranged from £20k to £185k (2022-23: £18k to £172k).

Details of staff sickness absence (unaudited)

YEAR	DAYS LOST	ABSENCE RATE
2023-24	6,884	3.67%
2022-23	6,074	3.67%

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

STAFF TURNOVER

As shown in the below table, turnover has decreased during the reporting period compared to 2022-23.

YEAR	STAFF TURNOVER
2023 - 24	12.2%
2022 - 23	12.6%

EMPLOYMENT POLICIES

We have a range of employment policies to support our staff in line with our ambition to be an employer of choice.

In addition, we have a Colleague Ambassador Forum that focuses on positive engagement with colleagues across the business to encourage feedback and share best practice about business improvements. The Forum also takes an active role in facilitating positive and sustainable change in the workplace. It has set up a recognition scheme, where anyone within the business can nominate a colleague for their contribution to making CITB a better place to work. Members of the forum have been involved

in work to review and update people focused policies to ensure they reflect the needs of the CITB workforce. CITB is working with our trade unions to help us shape and develop a range of support products for line managers and staff.

HEALTH, SAFETY AND WELLBEING SUPPORT

During 2023-24, there have been a total of 118 Health & Safety incidents recorded. 67 were at NCC East (Bircham Newton), two at Head Office (Peterborough), 26 were at NCC Scotland (Inchinnan), 18 at NCC South (Erith), one at home, and four reported by our mobile teams.

These incidents consisted of 32 minors, 17 near misses, 67 unsafe acts and two RIDDOR reportable incidents.

CITB retained its BSI 45001 certification for health and safety and gained certification to the BSI 45003 for wellbeing.

EQUALITY, DIVERSITY AND INCLUSION

The CITB Fairness, Inclusion & Respect (FIR) strategy ensures that we raise awareness, challenge stigma and bias, and drives change in creating the right environment for colleagues to flourish and to be their 'authentic and best selves' at work.

The FIR strategy focuses on how we engage, enable and empower colleagues in achieving the delivery of these outcomes, not just the processes or transactions required to support these.

OFF-PAYROLL ENGAGEMENTS AS AT 31 MARCH 2024, FOR MORE THAN £245 PER DAY

NUMBER OF EXISTING ENGAGEMENTS AS AT 31 MARCH 2024 OF WHICH:	2023-24
less than one year at time of reporting	0
between one and two years at time of reporting	0

OFF-PAYROLL WORKERS ENGAGED AT ANY POINT DURING THE YEAR ENDED 31 MARCH 2024 AND EARNING AT LEAST £245 PER DAY

NUMBER OF OFF-PAYROLL WORKERS ENGAGED DURING THE YEAR ENDED 31 MARCH 2024 OF WHICH:	2023-24
number determined as in-scope of IR35	0
number determined as out-of-scope of IR35	0

FOR ANY OFF-PAYROLL ENGAGEMENTS OF BOARD MEMBERS, AND/OR, SENIOR STAFF WITH SIGNIFICANT FINANCIAL RESPONSIBILITY, DURING THE YEAR ENDING 31 MARCH 2024

NUMBER OF OFF-PAYROLL WORKERS ENGAGED DURING THE YEAR ENDING 31 MARCH 2024 OF WHICH:	2023-24
Number of off-payroll engagements of Board members, and/or, senior staff with significant financial responsibility, during the financial year	0
Total number of individuals on payroll and off-payroll that have been deemed "Board members and/or senior staff with significant financial responsibility", during the financial year	3



Tim Balcon
Accounting Officer



Peter Lauener
Chair

Professional Advisers

Bankers

Barclays Bank Plc
17 Market Place
Fakenham
Norfolk
NR21 9BE

Legal advisers

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

Auditors

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

Principal office

See Appendix E (page 107)
for details of principal and
registered offices.



Appendix A: 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. With the exception of the independent members, therefore, 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 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 sector, having previously held the roles of Chief Executive of the Education and Skills Funding Agency (ESFA) and interim Chief Executive of the Institute for Apprenticeships (IfA), now the Institute for Apprenticeships and Technical Education.

Along with his work on the CITB Board, Peter has also been Chair of the Student Loans Company (SLC), since April 2020. SLC is a government-owned non-profit-making company, which is also an executive NDPB. This organisation administers loans and grants to students in universities and colleges in the UK.

Peter is also the Chair of Orchard Hill College, an independent special needs college based in South and West London. This college is a sponsor of a special needs' academy trust with several academies in the same area.

In addition, Peter is a trustee of Educators International, a small charity helping developing countries to improve their teaching technology and administration.

TONY ELLIOTT

Executive Director of People, Robertson Group (tenure ended 21 June 2024)

Tony Elliott has over 30 years of experience in the fields of talent, people and learning, and is part of the executive team at Robertson, one of the UK's largest privately owned construction and infrastructure services companies. Tony feels strongly about the development of people and the growing of internal talent, the attraction of new talent, and ensuring skillsets are enhanced and future-proofed within construction.

KEVIN MCLOUGHLIN

Managing Director, McLoughlin Group Holdings Ltd

Kevin McLoughlin MBE is the founder and Managing Director of London-based SME McLoughlin Group Holdings Ltd. The company is an avid supporter of apprenticeships.

Kevin was awarded an MBE in 2014 for his services to skills and apprenticeships and is a Fellow of the Chartered Institute of Building (CIOB). Kevin is a member of GMB, Liveryman of Painters and Stainers, Freeman of the City of London, and a member of the Federation of Master Builders Training Group.

He is also a partner of Maxine and Kevin Property Business Partnership.

HOLLY PRICE

Group Sustainability Director, Keltbray Group

Holly Price was the Training and Development Director at Keltbray Group from 2007 until 2022, 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 aged just 17, when she began training to be an engineer. She went on to become Europe's only female explosives engineer in the sector. Throughout her time at Keltbray, Holly also took the lead on Social Value delivery and played an active role in industry partnerships with trade associations and other educational establishments promoting skills in the construction sector.

In early 2022 Holly was appointed as Group Sustainability Director and her collaborative leadership approach has best placed her to take responsibility for the implementation of Keltbray's published targets for environmental, social and economic sustainability.

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. Holly is also an Honorary Life Vice President of the National Federation of Demolition Contractors, which has financial management of the National Demolition Training Group, and benefits from CITB funding. She is also a Trustee of Construction Youth Trust, which receives CITB funds to support disadvantaged youth into construction jobs through training and mentoring. →

APPENDIX A

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SOPHIE SEDDON**Non-Executive Director, Novus Property Solutions**

Sophie Seddon has worked in construction for more than 10 years, having joined her family business after graduating in Business Management. Starting her career at Seddon Property Services, Sophie was instrumental in the company's rebrand to Novus. Since then, she was appointed as the Head of Client Engagement and Communication in 2018, before becoming People and Culture Director in 2020 and then a Non-Executive Director in 2022. Sophie understands the importance of nurturing young talent, as Novus offers numerous routes into construction for young people. She is passionate about the use of new technology, improving sustainability issues, and encouraging inclusivity within the industry.

Sophie is also a shareholder of JSSH Ltd, the group holdings of Novus Property Solutions Ltd and a Director and a shareholder of Hall Estates Ltd, a property development company. In addition, Sophie is a Board member of WISH Women in Social Housing (NW), a body empowered to mentor, inspire and provide opportunities for women in social housing through networking and events.

LOUISA FINLAY**Chief People Officer, Kier Construction Ltd**

Louisa Finlay was appointed Chief People Officer at Kier Group in March 2023, following more than 30 years of continual service with the business. In this role, Louisa has responsibility for HR, environmental and social sustainability, health, safety and wellbeing as well as asset management and business assurance.

Before becoming Chief People Officer, Louisa worked in various national, regional and sector roles across its Construction business, including as Managing Director of the southern business and most recently as Managing Director of the clients and markets function.

Louisa started her career as a trainee engineer on a sandwich degree. She is passionate about delivering the next generation of infrastructure across the UK and is committed to having a culture at Kier where everyone feels they belong, are supported and able to thrive.

Louisa is a member of both the Chartered Institute of Building (CIOB) and the Construction and Property Industry Mentoring Circle.

OWAIN JONES**Director, T. Richard Jones (Betws) Ltd**

Owain Jones has more than 30 years' experience in the construction industry having joined the family SME business after graduating initially in Business and Finance and latterly in Construction Management. Based in Southwest Wales, TRJ was recognized in 2015 as CITB Apprentice Employer of the Year for both Wales and Great Britain.

Owain is a founding trustee and Chairperson of Cyfle Building Skills, a charity which operates the largest Construction Shared Apprenticeship Scheme in the UK. Cyfle's achievements were recognised with two Queen's Awards, for innovation and for promoting opportunity in respect to social mobility. Owain has been an Executive Director of Carmarthenshire Construction Training Association Ltd since its inception and is passionate about upskilling the local workforce.

Owain is a Trustee of the Jac Lewis Foundation, a mental health and wellbeing charity. A fluent Welsh speaker, Owain is a passionate supporter of the Welsh language and culture.

MICHAEL GREEN**Managing Director, RED Systems Ltd**

Michael Green has risen through the ranks, from his initial CITB Technicians Youth Training Scheme placement with Alfred McAlpine at Bircham Newton in 1989, to now, running his own, rapidly expanding glazing and curtain walling company, RED Systems.

Founded in 2003, the company has grown to become a £20m+ turnover business and is now one of the industry's most respected specialist glazing contractors. A passionate advocate for training, development and professional advancement, with over 60% of his own team studying for some kind of qualification, he is committed to nurturing skills and attracting new talent to the industry. Now, with more than 35 years' experience in the industry, and having recently completed the most challenging step on his own educational journey, an MBA, Michael is now a member of the Chartered Management Institute.

Michael is also the Managing Director of RED Optimal Ltd and RED Open Ltd following recent acquisitions, Managing Director of M&A Property Ltd, and a Director of Peninsula Multi Academy Trust. →

APPENDIX A

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HERMAN KOK (APPOINTED 1 APRIL 2024)**Company Secretary, Lindum Group Ltd**

Herman Kok is the Company Secretary at Lindum Group, where he has been instrumental in driving organisational strategy and governance. He joined Lindum in 1987, having previously been Finance Director for Almet Aluminium and Head of Treasury for Pechiney Ugine Kuhlmann in the UK. He was born and educated in Holland where he read Economics and Literature at the University of Amsterdam. As Company Secretary for Lindum, he leads the training and community involvement activities.

Herman is Chairman of Investors in Lincoln Ltd, a public/private sector partnership dedicated to the regeneration of Greater Lincoln and a Director of Lincoln City Football Club. He has held directorships of Greater Lincolnshire LEP (GLLEP), the Lincolnshire Chamber of Commerce and was Chairman of the Employment and Skills Board for Lincolnshire.

RACHAEL CUNNINGHAM (APPOINTED 1 APRIL 2024)**Bid Lead, Laing O'Rourke**

Rachael Cunningham is a Bid Lead at Laing O'Rourke. Her role combines all aspects of major project work winning within the Clients and Markets team, from bid management through to preconstruction project delivery.

During a 17-year career in the construction industry, Rachael has been responsible for winning many distinguished projects across the public and private sectors, as varied as swimming pools, high-rise residential, schools and universities, laboratories and defence estates portfolio projects. Rachael is passionate about showcasing the construction sector as much more than bricks and mortar – it is an industry that delivers social change through building assets that shape how we live and work. Supporting the development of talent through CITB will ensure that individuals have a chance to be part of that social change to future-proof the industry.

Rachael is also sole Director of Sebmil Trading Limited.

STEPHEN GRAY (APPOINTED 1 APRIL 2024)**Head of Engineering Development, BAM Nuttall Ltd**

Stephen Gray was appointed Head of Engineering Development at BAM Nuttall Ltd in 2023, following an operational career in the construction industry of more than 35 years.

Stephen started his career in 1988, as an assistant engineer with Edmund Nuttall Ltd and has held various engineering and project management roles throughout more than 30 years of service with BAM in southeast England and within the Major Projects business unit.

In his current role, Stephen is heavily involved with Early Careers technical apprentices, undergraduates and graduates, particularly civil engineers. He provides guidance on their technical and managerial careers as well as professional development routes within the Institution of Civil Engineers.

Throughout his career, Stephen has been passionate about training the workforce and staff members alike. With the current skills shortages, it is even more important to diversify talent pools which will also increase the need for more specific training. Stephen has acted as a mentor to many staff throughout his career and more recently plays an active role within BAM to support and improve the Mental Health and Wellbeing of employees.

Stephen is a Chartered Civil Engineer and member of the Institution of Civil Engineers where he plays an active role in reviewing Chartered and Incorporated Engineers as well as being an approved Assessor for accredited Apprenticeship End Point Assessments. →

APPENDIX A

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INDEPENDENT BOARD TRUSTEES**DIANA GARNHAM (TENURE ENDED DECEMBER 2023)**

Diana Garnham is Chair of Skills East Sussex, a member of The South East Local Enterprise Partnership Skills Advisory Panel, a Council Member of Christ's Hospital School, President of King's College London Alumni Association, Chair of King's College London Alumni Advisory Group, and Director of Tavern Quay RTM Company. Previously, she was Chief Executive of the Science Council and a Governor of the East Sussex College Group. 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.

JULIA HEAP (APPOINTED 1 APRIL 2024)**Principal and CEO, Hopwood Hall College and University Centre**

Julia is the Principal and Chief Executive Officer of Hopwood Hall College and University Centre. In her role heading a further education college Julia leads a vibrant, inclusive college that offers high-quality broad offer of technical, vocational, apprenticeships and higher education in Rochdale and North East Greater Manchester. Hopwood Hall College is an anchor institution in Rochdale and Julia works in partnership across Rochdale and Greater Manchester, with responsibility for strategic liaison with key public and industry stakeholders such as the Government, Greater Manchester Combined Authority, Rochdale Council and GM Colleges Group.

Before joining Hopwood Hall College in 2015 and being appointed Principal and CEO in 2019, Julia was an Assistant Finance Director for Oldham Council. With more than 25 years of financial experience in the public sector including Local Authorities and NHS, Julia has a wealth of experience in delivering multi-million complex revenue and capital programmes and supporting transformation projects working in multi-disciplinary teams.

Julia is a Fellow of the Chartered Institute of Public Finance Accountants (FCPFA), a board member of the Rochdale Development Agency, an advisor on skills to Atom Valley Board, a director of The Rochdale Pioneers Trust and is the lead for Careers for the GM Colleges Group.

NIKKI DAVIS (APPOINTED 1 APRIL 2024)**Principal and CEO, Leeds College of Building**

Nikki is the Principal and CEO at Leeds College of Building. Her role at Leeds College of Building is to ensure high-quality delivery of education programmes to support the construction and built environment sector, with a particular focus on apprenticeships. The College is working to improve diversity in its student population and ensure that everyone can access career opportunities within the construction sector.

Before joining Leeds College of Building, Nikki worked at York College as Vice Principal of Technical and Professional Education and preceding that has worked in further education for over 20 years, across several colleges in West Yorkshire. Nikki started her career in the hospitality sector before training to teach in further education and is passionate about providing opportunities for all students.

Nikki is also a trustee of Leeds Art University and Leeds Learning Alliance, an education partnership focused on developing inclusive practice. ●

APPENDIX B

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Appendix B: Board and Committee attendance

BOARD ATTENDANCE 2023-24

Peter Lauener (Chair)	8/8
Tony Elliott (tenure ended 21 June 2024)	7/8
Diana Garnham (tenure ended 31 December 2023)	5/6
Kevin McLoughlin	7/8
Holly Price	5/8
Sophie Seddon	4/8
Owain Jones	6/8
Michael Green	5/8
Louisa Finlay	5/8
Total	52/70

AUDIT AND RISK COMMITTEE ATTENDANCE 2023-24

Diana Garnham (Chair) (tenure ended 31 December 2023)	4/4
Lee Jones	4/5
Richard Plumb	5/5
Sophie Seddon	1/5
Louisa Finlay	2/5
Total	16/24

NOMINATION, APPOINTMENTS AND REMUNERATION COMMITTEE ATTENDANCE 2023-24

Tony Elliott (Chair) (tenure ended 21 June 2024)	5/5
Diana Garnham (tenure ended 31 December 2023)	3/4
Sophie Seddon	5/5
Total	13/14

INDUSTRY FUNDING COMMITTEE ATTENDANCE 2023-24

Holly Price (Chair)	4/4
Steve Drury	4/4
Kacey O'Driscoll	4/4
Hannah O'Sullivan	4/4
Rupert Perkins	3/4
Claire Smithson	3/4
Total	22/24

LEVY STRATEGY COMMITTEE ATTENDANCE 2023-24

Peter Lauener	1/1
Diana Garnham (Chair) (tenure ended 31 December 2023)	4/4
Gareth Davies	5/5
Andrew Harvey (resigned 27 June 2023)	2/2
Neil Rogers	5/5
Vikki Skene	4/5
Rob Tansey	4/5
Annette Jones	4/5
Ken Miller	3/5
James Butcher	4/5
Steve Anderson	5/5
Total	41/47

APPENDIX B

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CYMRU WALES NATION
COUNCIL ATTENDANCE

2023-24

Leigh Hughes (Chair)	2/4
Gareth Davies	4/4
Terry Edwards	4/4
Andrea Green (resigned 31 May 2023)	3/4
Owain Jones (Deputy Chair)	4/4
Paul Tedder	4/4
Monique Jones	1/4
Andrew Dobbs	4/4
Total	26/32

ENGLAND NATION
COUNCIL ATTENDANCE

2023-24

Sharon Llewellyn (Chair)	4/4
Kevin McLoughlin (Deputy Chair)	3/4
Bola Abisogun	3/4
Chris Carr (resigned 20 June 2023)	0/1
Ian Dickerson	4/4
James Flannery	1/4
Dave Sargent	2/4
Maria Seabright	2/4
Annette Jones	3/4
Total	22/33

SCOTLAND NATION COUNCIL ATTENDANCE

2023-24

Angela Forbes (Chair)	4/4
Tony Elliott (Deputy Chair) (tenure ended 21 June 2024)	2/4
Craig Bruce	3/4
Marion Forbes	3/4
Karen McGahan	2/4
Kevin Urquhart	3/4
Ken Millar	4/4
Total	21/28

NATIONAL CONSTRUCTION COLLEGE AND CITB
APPRENTICESHIPS COMMITTEE ATTENDANCE

2022-23

Peter Lauener (Chair)	4/4
Michael Green (Deputy Chair)	4/4
Tony Elliott (tenure ended 21 June 2024)	4/4
Owain Jones (joined September 2023)	1/2
Total	13/14

APPENDIX C

1/2

Appendix C: Membership of the Board and its Committees

This table shows all membership during the 12-month period between 1 April 2023 and 31 March 2024.

KEY

CB	CITB Board	ICF	Industry Funding Committee	CWNC	Cymru Wales Nation Council
ARC	Audit and Risk Committee	LSC	Levy Strategy Committee	ENC	England Nation Council
NARC	Nomination, Appointments and Remuneration Committee	NAC	NCC and Apprenticeships Committee	SNC	Scotland Nation Council

NAME	EMPLOYER	CB	ARC	NARC	ICF	LSC	NAC	CWNC	ENC	SNC
Bola Abisogun	Diverse City Surveyors								Yes	
Steve Anderson	Construction Skills People					Yes				
Craig Bruce	Pert Bruce Construction									Yes
James Butcher	National Federation of Builders					Yes				
Chris Carr	Carr and Carr (Builders) Ltd								Resigned June 2023	
Gareth Davies	Knox and Wells Ltd					Yes		Yes		
Ian Dickerson	Kier Group Plc								Yes	
Andrew Dobbs	Willmott Dixon Construction Ltd							Yes		
Steve Drury	Rooff Limited and Rooff Residential Ltd				Yes					
Terry Edwards	John Weaver Construction							Yes		
Tony Elliott	Robertson Group	Yes		Chair			Yes			Deputy Chair
Louisa Finlay	Kier Group Plc	Yes	Yes							
Angela Forbes	BuildForce									Chair
Marion Forbes	Mactaggart and Mickel Homes Ltd									Yes
Diana Garnham	Consultant	Tenure ended Dec 2023	Tenure ended Dec 2023	Tenure ended Dec 2023		Tenure ended Dec 2023				
Andrea Green	Alstom							Yes		
Michael Green	RED Systems Ltd	Yes					Yes			
Andrew Harvey	Harvey Shopfitters Ltd					Resigned June 2023				
Leigh Hughes	Bouygues UK							Chair		
Annette Jones	Foundation Developments Ltd					Yes			Yes	
Lee Jones	Keir Group Plc		Yes							

Appendix D: Prescribed Organisations

During 2023-24, CITB maintained close contact with the following Prescribed Organisations:

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

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

Appendix F: Glossary

ABBREVIATION	MEANING
ALB	Arm's-length body
CCS	Crown Commercial Service
CIOB	Chartered Institute of Building
CIS	Construction Industry Scheme
CPI	Consumer Prices Index
DfE	Department for Education
ESFA	Education and Skills Funding Agency
ICO	Information Commissioner's Office
IfATE	Institute for Apprenticeships and Technical Education
ISAs	International Standards on Auditing
ITB	Industry Training Board
KPI	Key performance indicator
LSC	Levy Strategy Committee
NAO	National Audit Office
NCC	National Construction College
NDPB	Non-Departmental public body
NEST	New Entrant Support Team
OCPA	Office for the Commissioner of Public Appointments
SDS	Skills Development Scotland
SME	Small and medium-sized enterprise
SORP	Statement of Recommended Practice
SSCL	Shared Services Connected Limited
STEM	Science, technology, engineering and mathematics



CONSTRUCTION INDUSTRY TRAINING BOARD

Annual Report and Accounts

For the year ending
31 March 2024

HC 287
SG 2024/90



Construction Industry Training Board (CITB)

Annual report and accounts 2023-24

For the period 1 April 2023 to 31 March 2024

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

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Any enquiries regarding this publication should be sent to us at CITB Board Secretary, Sand Martin House, Bittern Way, Peterborough, PE2 8TY.

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Interactive PDF

**Click across to
jump direct to
each section.**

Chair's foreword

2023-24 was a turbulent year for the economy, and one which had a significant impact on the construction industry.



Growth in construction was subdued, despite the sector outperforming the overall economy. The slowdown in growth towards the end of the year came from a decrease in new work and private housing, which had become a challenging area throughout the year due to higher borrowing costs for both builders and buyers. In addition, a shortage of skilled workers in many construction businesses has meant that employees have been working at near-full capacity, with some employers telling us that their staff have often been too busy to take up training opportunities.

In the face of uncertain economic conditions and continuing skill shortages, CITB's support for the construction industry has remained steadfast. Our response has been to remain focused on supporting the industry, particularly smaller employers, with training and skills. Our continued work to simplify the support we offer is paying off, with a 7% increase in the number of people trained or supported and a 12% increase in the amount of training support being accessed by employers. This demonstrates that the industry has been ready to train and upskill its workforce despite the challenges highlighted above. We continue to work hard to make it as easy as possible for employers to access training opportunities.

We have also redoubled our efforts to get more people into the industry to safeguard the future pipeline of talent. Alongside the increase in people accessing CITB career support via our dedicated construction careers website Go Construct, over 29,000 taster sessions were delivered through our Engagement Team in 2023-24, providing young people and career changers with an exciting and immersive experience of what a career in construction could mean for them. Additionally, our New Entrant Support Team (NEST) has gone from strength to strength, making it easier for employers to apply for grants and funding and to arrange apprenticeships, directly supporting 2,300 new apprentices. →

At the start of 2024-25, we published our new Business Plan, setting out a new direction for CITB - including rolling out our new Employer Network model to address the immediate needs of employers - but also planning for the future and the long-term skills challenges the industry will face. We are responding to the priorities industry told us they wanted CITB to support: getting more people into the industry; providing high-quality training; and supporting the ongoing skills development of the existing workforce, at a local level and led by local employers.

In July 2024, a new Labour Government was elected. We welcome the opportunity to work with the new Government on their priorities, including sustained growth in construction and skills training. We will also work with them on the next steps they take on the Industry Training Board (ITB) Review.

In the previous year (2022-23), our direct and previously subcontracted construction apprenticeship provision in England was inspected by Ofsted. This confirmed what we already knew and the issues we were working on. It also led to our withdrawal from subcontracting as we recognised that the quality of provision needed to be better. We have responded quickly and effectively and, to the credit of all involved, we have seen huge improvements this year. Ofsted has reported Significant Improvement in three areas and Reasonable Improvement in one of their four inspection theme areas. We hope the speed and quality of our response demonstrates that we can provide a high benchmark for the industry.

Furthermore, as part of our Business Plan commitments, we will be investing in our National Construction College's (NCC) estate and plant to improve our learners' experience and to futureproof our sites, as well as in the technology to best support and increase the efficiency of operations across the business.

I am grateful to all our Trustees, our Nation Council Chairs and our committee members for their hard work, passion and support over this year. There is more work to do, and I am enthused by our future plans to support the industry. ●

Peter Lauener
CITB Chair



Chief Executive's introduction



The construction industry has significant skills challenges, and this year we continued with our plans to put employers in the driving seat to ensure our approach is co-owned and transparent.

This year has been a particularly important one for us as it has laid the foundations for a new Strategic Plan. We overachieved on six of our eight Business Plan targets, a testament to our ability to work together to meet the needs of construction employers who are investing in training and upskilling their workforce. Our renewed focus on making skills training accessible to all has resulted in a shift change, with us now engaging employers in training activity predominantly via our Employer Networks and NEST.

This Annual Report and Accounts confirms that our impact is growing, and that our initiatives and support are having a positive outcome on more employers and individuals than ever. Over £128.6m in grants was invested through our Grants Scheme, supporting the training needs of 15,710 employers and 26,349 apprentices. Over £27.1m was spent on funding and targeted interventions, with £7.5m going directly to 2,400 small and micro businesses, supporting more than 38,000 individuals with their training and upskilling needs. And this year's achievements extend beyond the financials. Onsite Hubs

provided the experience and skills for 1,150 people to go on and start their careers in construction. Our NEST has worked tirelessly to support employers taking on apprentices and there has been a 5% increase in the numbers of people trained through NCC.

These results are a direct result of the work undertaken to achieve CITB's stated purpose – to support the construction industry to have a skilled, competent and inclusive workforce, now and in the future. Our purpose is uniting and enthusing colleagues and our employer-led committees and councils to drive for the best performance of our support products and services. →



We need to usher in a new era for construction and embark on a paradigm shift in thinking around construction skills.

Our NCC transformation plans, following our Ofsted inspection in 2022-23, are already delivering results with Ofsted reporting Significant Improvement in three areas and Reasonable Improvement in one area of their inspection theme following their monitoring visit in June 2024. Our ambition is for NCC to become a beacon for construction training and skills, and we are committed to a longer-term programme of work, including investing over £40m in the three sites' buildings, infrastructure, and plant, and machinery, over the next three years, with sustainability at the forefront of these changes.

In delivering our plans for 2023-24 we have drawn down nearly £7.5m from the Cash element of our Reserves this year and the trend of spending more than our income will continue whilst our Cash-in-Hand is above our target level. This means that we are able to support more of industry's skills and training needs, while the financial envelope of our Business Plan for 2024-25 includes a further £29.5m reduction in our Cash balances. Further proposals to reduce Cash levels will be considered by the Board to invest in our new Strategy and Strategic Plan for 2025-29.

Looking ahead, our overarching goal is clear: we need to eradicate the skills gap and help bring about a competent and productive workforce. Doing what we do but doing it better is no longer enough, we need to usher in a new era for construction and embark on a paradigm shift in thinking around construction skills. Our 2024-25 Business Plan is a significant step

towards changing the skills landscape and future-proofing construction, radically overhauling our targets to ensure they aligned with employers' priorities.

Following the General Election and the appointment of a new Government earlier this year, we are ready to work with the Government, industry and training providers to ensure sustained growth in construction and achieve the Government's homebuilding targets. Our research shows that under the Government's homebuilding plans, up to an additional 152,000 workers will need to be found. The proposed Growth and Skills Levy will have an essential role to play in driving up construction apprenticeship numbers that have declined under the Apprenticeship Levy.

I am excited about the future, and so are my dedicated colleagues. Our shared purpose and vision are clear to see, and we will continue to work with our partners to ensure the skills system is fit for purpose and fit for the future. ●

Tim Balcon
Chief Executive



SECTION 1

Overview of CITB

Our statutory basis

CITB is a statutory corporation and a non-departmental public body (NDPB) sponsored by the Secretary of State for Education. CITB is also registered as a charity in England and Wales (264289) and in Scotland (SC044875).

CITB's charitable activities are mainly 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 April 2022. Full details of CITB's powers and responsibilities, as well as the restrictions placed on it, can be found in the Industrial Training Act 1982¹, as amended, and the latest Scope Order 1992².

Who we are

CITB is the Industry Training Board for construction in England, Scotland and Wales. Since 1964, we've worked with industry and Government to equip the employers and their workers with the skills and talent they need to succeed. A key part of this, then and now, is to help keep workers safe onsite. CITB's work has contributed to an 85% reduction in onsite deaths since the 1960s.

We help employers attract more people to join the industry, and for them to access high-quality, accredited training when and where it is needed. This includes delivering a variety of training interventions at our NCC.

We provide practical support to employers through a range of products and services. We play a strategic role for the construction industry, identifying immediate and future skills needs and working out how they can be met. Where emerging needs are identified, we commission innovative pilot projects, delivered by employers, that can be ramped up if they are successful. We use our unique position to listen to employers and influence Government policy, so they have the right support.

We help workplaces to become safer, more diverse and productive. This, in turn, helps create and maintain a world-class, sustainable built environment that is of benefit to us all.

Purpose

To support the construction industry to have a skilled, competent and inclusive workforce, now and in the future.

Our charitable status

CITB has been a registered charity in England and Wales since 1972 and in Scotland since 2014. The Board has regard to the Charity Commission's (in England and Wales) and the Office of the Scottish Charity Regulator's (in Scotland) general guidance on public benefit and the Charities Act 2011 when planning activities to achieve its aims. ●



1. Industrial Training Act (www.legislation.gov.uk/ukpga/1982/10)
2. Scope Order (www.citb.co.uk/media/kdxaicg4/02_the_scope_order_1992.pdf)

SECTION 2

Operating Environment

Pages 12 to 15

The construction industry experienced mixed fortunes over the course of 2023-24.

After returning to pre-pandemic levels of output in 2022, growth remained subdued throughout 2023, as a result of deteriorating economic conditions that resulted in the UK entering a technical recession during the second half of the year.

Despite outperforming the wider economy in 2023¹, construction output tailed off over the course of the year with the decrease in output in the fourth quarter resulting from negative growth in all three months of the quarter. In fact, the fall in output in Quarter 4 2023 was the largest negative quarterly growth since Quarter 3 2021². The quarterly fall also came entirely from a decrease in new work, mainly in private housing – a subsector which endured a difficult year due to higher borrowing costs.

Construction output was maintained across 2023 by relatively strong demand for repair and maintenance work, which grew at 8.3% compared to a 2.1% decline in new build. Private new-build housing contracted particularly badly with output falling by 13.6% in 2023 compared to 2022³.

In a sign that buyers were coming back to the market, UK mortgage approvals climbed in January 2024 to their highest level in six months⁴. However, transactions remained at their lowest level for 17 years⁵, highlighting the weakened state of the housing market.

The Bank of England (BoE) raised interest rates three times between April and August 2023 with the base rate reaching 5.25%, the highest level since February 2007⁶. High interest rates have impacted businesses and consumers alike, leading to lower levels of private investment and consumer spending. Persistent inflation pressures continued to add to the uncertainty over when lending rates might come down.

Anecdotal evidence also suggested that the adverse weather of 2023 had a dampening effect on output. Heavy rainfall, strong winds, cold temperatures and frost are all believed to have led to decreasing levels of new work. →

1. Gross Domestic Product: Year on Year growth: CVM SA % - Office for National Statistics (www.ons.gov.uk)
2. ONS Census 2021 data on the Construction Industry (www.ons.gov.uk)
3. ONS Census 2021 data on the Construction Industry (www.ons.gov.uk)
4. Financial Conduct Authority report on mortgage lending statistics, September 2014 (www.fca.org.uk)
5. Monthly property transactions completed in the UK with value of £40,000 or above (www.gov.uk)
6. Official Bank Rate history (www.bankofengland.co.uk)

Highlighting the fall in demand, total new work orders decreased by 20.9% in 2023, compared with the previous year, with falls of 19.0% in private new housing and 22.7% in private commercial⁷. These two sectors combined typically represent 60% of all new-build construction.

On the price front, purchasing costs continued to ease in respect of materials, but wage pressures remained relatively high, despite easing back from 2022 levels, due to widespread skills shortages. Vacancies in construction also continued to ease across the year as a result of decreasing activity and were 10.4% lower in March 2024 compared to a year earlier⁸. However, they remained over a third (37.0%) above pre-pandemic levels and over 50% higher than historic levels. Increasing transportation costs were also a theme in 2023-24 partly as a result of increased tensions in the Middle East.

Slowing growth has undoubtedly taken some of the heat out of the labour market, but it has also led to a rise in the number of insolvencies, which reached their peak in May 2023. They have since fallen back closer to pre-pandemic levels, but with potentially fewer firms competing for work, it is another reason why workloads for those remaining firms have remained reasonably buoyant despite decreasing demand.

In numbers:

Construction remains about

17%

below pre-pandemic levels

Up to a

50%

reduction in self-employment numbers in some occupations

Many businesses have been working at full or near to full capacity due to a shortage of workers. This has also impacted levels of training, with a significant proportion of firms reporting that staff have been too busy to offer training, or that a shortage of staff has been a constraint on training activity. This is a situation that highlights the self-reinforcing nature of skills shortages, with a shortage of skilled staff available to train people leading to further skill shortages.

In terms of the construction workforce, the number of redundancies⁹ and long-term unemployed¹⁰ whose last job was in construction increased across the course of 2023 despite high levels of vacancies, highlighting the mismatch between supply and demand. The construction workforce was 1.0% smaller at the end of 2023 compared with a year earlier, with the reduction coming from a fall in the number of those in direct employment¹¹. However, it is worth noting that the number of self-employed workers in construction remains about 17% below pre-pandemic levels whereas the number in direct employment remains broadly comparable. The reduction in self-employment has been particularly apparent among skilled tradespeople and older workers, where some occupations have experienced up to a 50% reduction in self-employment numbers. →

7. Dataset: New orders in the construction industry (www.ons.gov.uk)

8. Dataset: VACS02, Vacancies by industry (www.ons.gov.uk)

9. Dataset: RED02, Redundancies by age, industry and region (www.ons.gov.uk)

10. Dataset UNEM03: Unemployment by previous industrial sector (www.ons.gov.uk)

11. Dataset EMP13: Employment by industry (www.ons.gov.uk)

There appears to have been little further success in attracting back self-employed workers lost as a result of the pandemic and those who left the industry due to ill health or early retirement. Research in 2023 showed that one in five employers failed to recruit the sub-contractors or self-employed workers they needed in the previous 18 months¹².

Many also had to change their approach to recruitment due to applicants being unsuitable or of poor quality. Businesses have had to increase their use of social media and look to recruit less experienced or younger staff. So, even with a high number of job openings and strong wage growth, construction has struggled to meet its recruitment needs even in a relatively fallow period of demand. A period of sustained growth is likely to exacerbate skills shortages.

Despite high levels of confidence from firms that they will survive this period of low growth (eight in ten firms say they are confident that their business will survive), many are planning on making redundancies, laying off self-employed or temporary staff, or cutting back planned recruitment of apprentices¹³. Data on potential redundancies have shown an elevated number of firms planning to make redundancies since January 2023¹⁴.

While such cuts may be necessary to navigate difficult and uncertain economic conditions, they also potentially undermine the capacity for medium- and long-term growth. What has become abundantly clear from the labour market shocks caused by Brexit and the pandemic is that the UK labour market is facing unparalleled and unpredictable supply-side challenges. Record levels of labour market inactivity and increased competition to find the right skills mean that sectors are increasingly likely to be presented with fewer and less suitable applicants. Retaining the workers already in the industry has never been more important.

This is a challenge when having a reliable pipeline of work is so crucial to business planning and demand is stagnating, but finding a way to retain and upskill existing staff during this period of weak growth is possibly a greater challenge than that of attracting new recruits. If the industry can't hold on to what it's got, then it has little chance of attracting new entrants.

The present downturn will pass, and growth will return in time. The challenge for industry is to find a way of meeting today's needs without jeopardising tomorrow's future. ●

12. CITB Employer Panel (August 2023), Unpublished

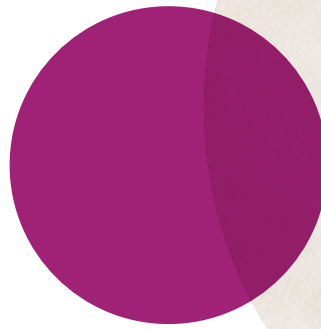
13. CITB Employer Panel (August 2023), Unpublished

14. Dataset: HR1, Potential redundancies (www.ons.gov.uk)

SECTION 3

Strategic Report

Pages 16 to 27



Review of 2023-24: Achievements

PUTTING EMPLOYERS IN THE DRIVING SEAT

CITB exists to support skills and training needs of construction employers across Britain. This year we empowered employers by giving them a greater say on how their short- and long-term training needs were supported. Our three long-term priorities (outlined below) were the focus of our work, and these were underpinned by ensuring employers had easy access to our existing products and services, allowing them to secure affordable skills training.

We invested over £268m during the year, with more than £155.7m of that invested in direct employer funding. This included grants, such as for apprenticeships and training courses, and other funded training activity, such as through commissioning.

Our work this year focused on tackling three key challenges: improving the construction industry's people pipeline; creating defined training pathways; and delivering an efficient training supply. These challenges impact on each part of the talent pipeline, from inspiring people outside of the industry to choose construction as their career, through to retaining existing talent.

We raised the profile of construction careers through our popular Go Construct and Go Construct STEM Ambassador initiatives. Meanwhile, our Onsite Experience Hubs and Taster Experiences offered an alternative route into construction, building a bridge between education and work. Apprenticeships remain at the heart of addressing the skills demand, so we continued to invest in and support thousands of apprentices and their employers.

Demand for training has returned, and we saw significant increases in the number of employers and individuals supported and trained through our interventions. There was strong demand for our apprenticeship and qualification grants and the doubling of short duration grants has led to an increase in training undertaken by employers. These increases show that demand for our training and support services was buoyant in 2023-24 and that more employers were making use of the CITB support available to them.

Our network of advisers helped businesses across the country access the funding, training and support that CITB offers. We placed a particular focus on supporting SMEs. Our NEST has supported employers with apprenticeships, helping them access the right training and financial support to allow apprentices to thrive.

Underpinning all this work are our standards and the development of our Competence Frameworks. Together, these help us give employers and individuals the assurance that their training and qualifications are of the highest quality and delivered to a universal standard.

We have used our unique position to listen to employers and influence Government policy, so they have the right support when it comes to complying with and adapting to new legislation. ●

REVIEW OF 2023-24: ACHIEVEMENTS

2 / 3

Improving construction's people pipeline

Over

1.4m



Visits to the
Go Construct website

858



Go Construct STEM
Ambassadors recruited

Over

6.3k



Individuals registered
with Talentview

2,340



Individuals helped
by NEST to start an
apprenticeship



It's great to see a local company help inspire the next generation of construction employees and it is clear that the sessions had a huge impact on the children's perception of and interest in a career in construction."

Laurence Stone, Senior Customer Engagement Manager, Taster Session delivered by RG Kellow Ltd in conjunction with CITB.

Over

29.4k



Learners supported with
apprenticeship grants

26.5k



Taster sessions delivered
by our Customer
Engagement team

Creating defined training pathways

9



Competence
Frameworks have now
been completed



The Plant Sector Representative Organisation (PSRO) recognises the importance of the introduction of these CITB (plant) training standards and their role in ensuring the high-quality and consistent learning, coupled with robust quality assurance processes, that is required to develop the skills and knowledge for the safe operation of plant."

Peter Brown, PSRO Secretariat, on the new plant standards and grant that were introduced this year.



REVIEW OF 2023-24: ACHIEVEMENTS

3 / 3

Delivering an efficient training supply

19.4k



Qualification grants issued

£77.9m



Issued in apprenticeship grants

An increase of

218%



Employers joining and accessing training through Employer Network



The CITB grant will enable Novus to implement several leadership programmes to equip managers with the tools for today and tomorrow. With an ageing workforce and fewer people joining construction it is essential that we progress in this space."

Matt Pitt, People Director, Novus Solutions, on the Leadership and Management Fund made available to employers.

An increase of

5%



Individuals trained through NCC

173k



Short duration training courses received grant support

An increase of

16%



Individuals supported through Site Safety Plus

11,403



Individuals supported by Employer Network



Key performance indicators

MEASURING SUCCESS FOR THE CONSTRUCTION INDUSTRY

We report on our performance supporting employers and the industry through a series of key performance indicators (KPIs). The Board agreed eight Business Plan KPIs for 2023-24, covering three key priorities. These are measured via interventions either delivered by industry, by CITB, or nationwide to pursue continual improvement in our support of the construction industry.

Of the eight measures (as per table 1 on page 21), six exceeded their targets, with three achieving 'Better' performance and three 'Best'. Of the two which fell short of their targets, one did not meet its volumetric target. For the final indicator, Competence Frameworks, we successfully completed them, but the Frameworks still need to be agreed with industry. In addition to the 2023-24 Business Plan KPI measures, we have undertaken several new activities and initiatives with some outlined in the next pages: →

Six out of eight business plan KPIs exceeded their targets, with three achieving 'Better' performance and three 'Best'.



KEY PERFORMANCE INDICATORS

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TABLE 1: SUMMARY OF BOARD KPIs - RESULTS AND STATUS

PRIORITY	KPIs	TARGET	PERFORMANCE
Improving construction's people pipeline	Increase in the number of Taster Opportunities available	4%	105%
	Increase in the number of people accessing CITB careers support	4%	12%
	Increase in the number of CITB Apprenticeship starts	4%	-3%
	Increase in people in sustained employment for three months through Onsite Hubs	15%	85%
	Increase in individuals supported into employment from FE	7%	20%
Creating defined training pathways	Industry skills demand covered by agreed competence and training pathways	20%	0%
Delivering an efficient training supply	Increase in individuals trained or supported	4%	7%
	Increase CITB training support accessed by employers	5%	12%

Continuous Improvement Framework Key
Need Improvement: Volumetric below target
Good: Volumetric on target/below 3%
Better: Volumetric between 3% and 15% of target
Best: Volumetric 15% or more of target

KEY PERFORMANCE INDICATORS

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IMPROVING CONSTRUCTION'S PEOPLE PIPELINE

We delivered more than 29,000 sessions in 2023-24, representing a significant increase over the previous year. Taster opportunities enlighten and excite more and different people into the construction industry, providing career changers and young people with an engaging and positive experience. Increasing Taster Opportunities allows more potential entrants to explore options to progress their interest in a construction career.

We have seen increases in people accessing CITB career support via Go Construct, Talentview Construction, Go Construct STEM Ambassadors and SkillBuild. The increase in visitors to our Go Construct website suggests that more people are considering a career in the industry. The Ambassador Programme also continues to grow, completing more engagements and reaching more young people than previous years. SkillBuild also reached more competitors and more diverse audiences, implying that construction careers are being increasingly seen as attractive by potential entrants from a wider cross section of society.

Apprenticeships starts have, however, decreased. In England, we paused recruitment until we had a more robust programme and resources in place to deliver successful outcomes for learners, while in Scotland the slight drop off was due to employer fall out. In Wales, numbers showed a small increase.

Our Onsite Hubs initiative also grew, with more than 1,150 people accessing sustained employment for three months or more, while our two new Onsite Hub Commissions in England and Scotland attracted more than 730 people, which demonstrates that more people are filling skills gaps and shortages.

We have seen a significant increase in the number of individuals supported into employment from Further Education, with more than 29,400 supported through the Apprenticeship Grant. NEST has supported employers to claim grant and funding for skills and training for more than 2,300 individuals. The increase in starts demonstrates that new entrants have access to skills and longer-term opportunities that will enhance their

In numbers:

More than
29k
tasters delivered,
significantly
above last year

1,150
people accessing
sustained
employment for
three months
or more

200
apprentices
receiving mental
health awareness
training

understanding of the construction industry and will contribute to filling skills gaps/shortages and improving employability.

A key priority for CITB is to promote Fairness, Inclusion and Respect (FIR) initiatives and to support changes to the construction industry's culture. The FIR commission significantly exceeded its end-year targets for SMEs and individuals trained, driving greater inclusivity in businesses across the industry.

The importance of working to create a more open and inclusive environment, where learners can get the mental health support they need, has been supported by the Mental Health Commission with 200 apprentices receiving awareness training during the year.

CREATING DEFINED TRAINING PATHWAYS

Competence Frameworks are a set of skills, knowledge and behaviour statements that set out what a person needs to do in a particular role to be deemed competent. There are 70 Competence Frameworks, of which nine have been completed and have been passed to their relevant Super Sector working groups for agreement, who are industry experts familiar with an occupation. These Frameworks are now expected to be agreed with industry mid-year, and the full set will be completed in 2024-25. The overarching aim is for CITB to train and develop a more competent workforce.

We have continued our ongoing cycle of updating standards to ensure training delivers the skills that the industry needs both now and in the future. We have worked with the Welsh and Scottish Governments throughout the year to influence apprenticeships, with degree apprenticeships launched in Wales, while in Scotland we hosted a reception in the Scottish parliament for more than 100 stakeholders. →

KEY PERFORMANCE INDICATORS

4 / 4

DELIVERING AN EFFICIENT TRAINING SUPPLY

The increase in the number of individuals supported exceeded our target, with Employer Networks supporting more than 11,000 individuals and qualifications grant more than 19,600. We saw a 5% increase in people trained through NCC, which was short of our Business Plan target of 7%. This suggests that employers are continuing to train their staff, with in-house training increasing since last year.

In addition, our Specialist Applied-skills Programme (SAP) has supported more than 200 starts and more than 40 achievements in Level 2 and 3 National or Scottish Vocational Qualifications. Our new Homebuilding Bricklaying and Roofing Commission and Brickwork Upskilling Commission have supported more than 750 individuals between them, and our Leadership and Management Commissions has delivered more than 2,100 modules.

Furthermore, our Digital Leadership, Procurement Practice, Roof Certificate Accreditation, Bricklaying (ABC) and Brickwork Masterclass Commissions are all significantly exceeding their targets through to 2023-24, delivering more than 26,600 beneficiaries, with over 5,000 in 2023-24 alone.

We saw increases in the number of employers supported through grants and funding, NCC, Training Groups and Employer Networks. The most significant increase was from our new Employer Networks, demonstrating that employers are continuing to increase their investment in training.

Recognised training provision has expanded with an increase of 5.49% in Approved Training Organisations (ATOs), showing that more approved providers are actively involved in construction training than previously.

CITB continues to offer core skills in Health, Safety and Environment (HS&E) and Site Safety Plus (SSP) training to industry, and the Leadership and Management Fund has seen significant numbers of both employers and individuals supported. Three commissions have been set up to support the provision of competent Trainers and Assessors, demonstrating delivery of an effective training supply to industry. ●



Financial review

Supporting skills acquisition and economic recovery in the construction industry

OVERVIEW

2023-24 saw the construction industry continue its post-pandemic recovery, and employers' confidence grew sufficiently for them to begin reinvesting in the development and training of their workforce. We saw a significant upturn in grant claim applications across the board and in applications for access to funding, resulting in a large increase in both the number of employers and individuals being supported compared to the previous year.

Levy income, our primary source of funding, increased compared to last year, and the collection of the Levy remained strong across the year. This performance reflected the strengthening post-pandemic economic environment across the industry and supplemented by increased receipts of Non-Levy income and support from our reserves, enabled us to deliver more support to industry than was initially forecast in our Business Plan 2023-24.

RESULTS FOR THE PERIOD

In 2023-24, CITB drew down £7.5m from the Cash element of its Reserves (2022-23 saw an increase in reserves of £8.4m), which was £4.4m lower than anticipated in the published Business Plan, where we expected a £11.9m deficit. This variance comprises industry increasing its demand for training and support through our various grants (£21.9m), whilst the distribution of

Employers' confidence grew sufficiently for them to begin reinvesting in the development and training of their workforce.

Non-Levy income and support from our reserves, enabled us to deliver more support to industry than was initially forecast.

monies from our funding initiatives was slower than expected (being £15.4m below budget) as employers increased their investment in non-mandatory training. Our professional fees and charges were £2.9m higher than expected, principally to support improvements in the NCC following its Ofsted inspection, while our staff related costs were £5.1m higher than budget following the outcome of a long-delayed salary benchmarking exercise, which was also impacted by the changes in economic circumstances and the increase in the cost of living.

Non-Levy income recognition was also £10.9m higher than expected, driven mainly by increased investment income (£3.9m) as interest rates increased throughout the year, additional support for English (£0.2m) and Scottish (£1.7m) apprenticeships, and our commercial products outperforming expectations and generating £1.9m more than was budgeted for. Commercial income arising from training conducted through the NCC, however, was £0.8m below expectations as the College focused on addressing the recommendations arising from its Ofsted inspection. The conclusion of the audit by the Education and Skills Funding Agency (ESFA) of CITBs former sub-contracted apprenticeship provision in England and Wales has resulted in £3.9m being released from the provision. →



LEVY INCOME

Statutory Levy income is the principal source of funding for CITB, and its main use is for the provision of grants to support the construction industry to retain, train and upskill new entrants and existing employees in response to changing demands for skills, to expand and focus the capacity and capability of training provision, and to address the future skills needs of the industry.

Levy income for the period was £202m (2022-23: £170.6m), comprising £201.8m (2022-23: £169m) in respect of the current year assessment (net of current Levy year's bad debt), and an increase in respect of prior years' assessments of £190k (2022-23: £1.5m). The total amount of Levy recognised was higher than predicted in our Business Plan 2023-24.

The Levy rates applied in 2023-24 were unchanged, at 0.35% on direct labour payments (PAYE) and 1.25% on net Construction Industry Scheme (CIS) payments. We also maintained the exemptions and reductions for small businesses. Employers with a turnover below £120,000 were exempt from the Levy, while companies with a turnover above £120,000 but below £400,000 received a 50% reduction in the Levy.

On 31 March 2024, the number of employers on the Levy and Grant register was 75,832 (74,670 on 31 March 2023). The increase is due to the fluctuations in the register with new employers added and employers who are no longer in-scope removed. It also takes into account write-offs for employers who have gone into liquidation and ceased to trade.

NON-LEVY INCOME AND OTHER INCOME

Non-Levy income in 2023-24 was £55.8m (2022-23: £33.7m). This mainly comprises health and safety testing £12.7m (2022-23: £13.3m), managed apprenticeships income £12.1m (2022-23: £10.2m), the release of the apprenticeship clawback provision (£3.9m) to reflect the outcome of the 2018/19 and 2019/20 ESFA audits, eLearning and publications £9.7m (2022-23: £8.6m), Site Safety Plus £6.1m (2022-23: £6.1m), NCC commercial income £4.8m (2022-23: £5.1m), and other miscellaneous income (£1.4m). Additionally, with the change in economic conditions and the raising of interest rates, the income earned from notice accounts grew substantially this year to £5.1m (2022-23: £900,000).

GRANTS SCHEME

Grant expenditure in the year was £128.6m, significantly up from £85.3m (51%) in 2022-23. The increase was 25% higher than expected as industry returned to investing in training its workforce following the pandemic and as economic conditions improved over the last 18 months. As an example, CITB grants helped support 26,349 (2022-23: 22,803) apprentices through Attendance and Achievement Grants and 17,046 (2022-23: 14,300) learners achieving vocational qualifications. The total number of employers, from micro to large, who were supported by the receipt of grant was 15,710 (2022-23: 14,523). →

26,349 apprentices helped through attendance and achievement grants

FINANCIAL REVIEW

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FUNDING SCHEMES

In total we spent £27.1m on funding (2022-23: £20.2m). That figure is 34% up from the prior year, but £15.4m less than planned. We invested £12m through our Skills and Training Fund, £7.7m of which supported 38,248 individuals in 2,400 small and micro businesses, £4m in our successful Onsite Experience Taster commissions, £3.1m through our Training Groups, and £2.6m via our new Employer Networks for businesses to access skills and training provision in their locality.

NON-GRANT EXPENDITURE

Our non-grant expenditure, including staff costs, totalled £114.8m (2022-23: £90.6m), reflecting our investment in rebuilding the capacity and capability of the organisation to deliver our new Strategic Plan. This figure was £11m above our expectations, driven by modest growth in resourcing and the cost of living crisis significantly impacting upon our cyclical benchmarking of salaries (£3.9m), as well as investment in the NCC. This was, in part, offset by a reorganisation of our Communications and Marketing function (£1m) and other minor efficiencies and savings.

RESERVES

Reserves are required to cover delays in income receipts, accelerated grant claims, costs that are outside of our control, and to ensure continued construction industry funding, in line with our charitable objectives.

Reserves as of 31 March 2024 are £95.2m (2023: £102.7m). Although reducing, the Board recognises that our Cash reserves are still substantially higher than our policy floor minimum level of £40m. The draw down of £7.5m was £4.4m less than expected, due to additional income being recognised in year, but this still meant that we were able to further support industry's skills and training needs beyond our plans this year, and to utilise the receipt of Levy which held-up during the pandemic, as well as when there was a lack of demand for training grants and funding, leading to this accumulation.

It is acknowledged that the industry's demand for skills and training is cyclical and mirrors economic conditions. Our Business Plan 2024-25 continues to plan for a reduction in our Cash balances of £29.5m by 31 March 2027. Further proposals to reduce the accumulated level of Cash-in-Hand will be considered by the Board in 2024-25 to invest in our new Strategy and Strategic Plan 2025-29, which was delayed a year pending the outcome of the ITB Review and will underpin the next Consensus and Levy Order. →

TABLE 2: RESOURCE ALLOCATION

RESOURCE TYPE	2023-24	2022-23
Levy income	£202m	£170.6m
Grants Scheme	£128.6m	£85.3m
Apprenticeship grants	£77.9m	£61.5m
Qualification grants	£18.6m	£8.1m
Short duration grants	£32.1m	£15.8m
Funding	£27.1m	£20.2m
Skills and Training Fund	£12m	£8.9m
Employer and industry support funding	£15.1m	£11.3m

OUR FUTURE PLANS

Our Business Plan 2024-25 sets out our detailed plans for the year ahead and outlines those for the next three years as we prioritise investment against improving the skills system, focusing on putting the foundations in place so employers and individuals can access the right training, in the right place and at the right time for them. In essence, the Plan reflects CITB's purpose demonstrating how we will "support the construction industry to have a skilled, competent and inclusive workforce, now and in the future" by:

- Informing and enabling diverse and skilled people into construction
- Developing a training and skills system to meet current and future needs
- Supporting the industry to train and develop its workforce.

These three key priorities will impact on each part of the talent pipeline, from inspiring new people – young and old – to choose construction as their career, through to retaining and upskilling the existing talent in the industry. ●

Our Purpose

"Support the construction industry to have a skilled, competent and inclusive workforce, now and in the future."



SECTION 4

Structure, Management and Governance

Pages 28 to 57

Structure

The Construction Industry Training Board (CITB) is a statutory corporation, an executive Non-Department Public Body (NDPB) sponsored by the Secretary of State for Education and is required to comply with its statutory obligations and functions as set out in the Industrial Training Act 1982. CITB is also a registered charity in England, Wales and Scotland and is regulated respectively by the Charity Commission (in England and Wales) and Office of the Scottish Charity Regulator (in Scotland).

The CITB Board comprises non-executive directors, known as Trustees, to reflect CITB's charitable status. For the period 2023-24, in accordance with statutory requirements, the Board comprised a majority membership of employer Trustees supported by independent Trustees. The Board is also supported by an Executive Team and the following five Board Committees: Audit and Risk; Industry Funding; Nomination, Appointments and Remuneration; Levy Strategy; and National Construction College and Apprenticeships. Additionally, the Board receives strategic insights and feedback from three Nation Councils – Scotland; Cymru Wales; and England.

Trustees make the high-level strategic decisions about the organisation. The CITB has Board Reservations and a Scheme of Delegation in place which sets out the authorities reserved by the Board and the authorities delegated to its committees. All other authorities are delegated to the CEO. The CEO can then determine which of these authorities to retain for themselves, and which to delegate to other officers in the organisation.

The CITB Board complies with the principles and provisions within the Code of Good Practice for Corporate Governance in Central Government Departments as appropriate and in line with CITB's statutory duties. The only departure from this is in respect of CITB and the Department for Education (DfE) having an agreed Framework Document in place, appropriately reflecting the charitable status of CITB. This document is currently being finalised. The CITB Board also adheres to the Charity Governance Code. ●

Trustees

For the period 2023-24, the CITB Board consisted of:



Peter Lauener (CITB Chair)



Tony Elliott (left on 21 June 2024)



Louisa Finlay



Diana Garnham (left on 31 December 2023)



Michael Green



Owain Jones



Kevin McLoughlin



Holly Price



Sophie Seddon

On 1 April 2024, five new Trustees were appointed to the Board of Trustees:



Herman Kok



Rachael Cunningham



Stephen Gray



Julia Heap



Nikki Davis

As specified in Schedule 1 Section 1 of the Industrial Training Act 1982, Board members are appointed by Secretary of State following 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.

<https://apply-for-public-appointment.service.gov.uk/roles>

TRUSTEES

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Whilst the Secretary of State has the discretion to decide upon the length of tenure for Trustees, the usual tenure is four years with the possibility of re-appointment for another four years. By exception, the Secretary of State may decide to reappoint a Trustee for a third consecutive term in office, although there is a strong presumption that no individual should serve in one post for more than 10 years.

The Board is headed by the Chair Peter Lauener, who took up this post on 1 May 2018 and was reappointed on 1 May 2022 to serve a second term of office. All Trustees, apart from the Chair, are unremunerated but reimbursed reasonable expenses. Trustees are required to have relevant senior experience, with the majority of their work within the construction industry, having been recruited for their broad range of industry skills, background, and experience. The other Trustees have been appointed as independents and bring additional and appropriate insight to ensure that there is a good balance of skills, knowledge, and experience across the Board as a whole.

With the addition of a fifth standing Board Committee – the National Construction College and Apprenticeships Committee – it has been agreed with DfE that Board membership be increased from 11 Trustees to 13 during the 2024-25 financial year to support the additional work that has come with this change, and to further enhance the Board's succession management processes.

The advert for new Trustees went live in August 2023, with interviews in December 2023. Appointments were made on 1 April 2024. All incoming Trustees receive a comprehensive induction process, supported by CITB's Governance Team. Further support and training (both formal and informal) is provided to Trustees on an ongoing basis. Trustees liaise regularly with relevant Executive Team members in relation to specific Board, Committee and Nation Council matters. →



Further information relating to the Board of Trustees is available on our website:

www.citb.co.uk/trustees



BOARD PERFORMANCE

The purpose of the Board is to ensure that CITB fulfils its statutory and charitable purposes by setting and maintaining the vision, mission and values of the organisation, to develop and shape its future direction and strategy, whilst adhering to the principles of the Framework Document (currently in draft) negotiated and agreed with DfE, and to ensure good corporate governance. It acts in accordance with the Board's standing orders and delegations, and provides leadership, advice and challenge to the Executive Team on the management and performance of the organisation.

Every three years, we commission an external review of the effectiveness of the Board. The next of these is due in 2024-25. This review cycle is also supplemented by annual internal effectiveness reviews of the Board, its Committees and the Nation Councils. The connectivity between these governance groups continues to strengthen. Over the coming year, there will be an increased focus on offering members relevant training opportunities to help support them to discharge their governance responsibilities, which include holding CITB to account in the delivery of its purpose: "To support the construction industry to have a skilled, competent and inclusive workforce, now and in the future". Additionally, an annual appraisal of the Board Chair is undertaken by DfE, while individual appraisals of Trustees and Nation Council Chairs are conducted by the Board Chair.

The Board met eight times in 2023-24 and considered key issues such as the ITB Review and the development of the new Strategic Plan. With the ITB Review having commenced in June 2023, the Board decided to delay the publication of the then 2024-28 Strategic Plan pending the outputs from the Review. This resulted in the Board seeking a one-year Levy Order for 2025 and delaying the Consensus process for a year. During the 2023-24 financial year, the Board also considered the 2024-25 Business Plan, the development and delivery of the Employer Network pilot scheme and the impact this would have on Training Groups; the introduction of the NEST; the continued delivery and performance of Onsite Hubs; and competency in the industry and CITB's role in this area.

Overall, the Board has been pleased with the quality of data and information provided to support Board discussions and decisions. The establishment of the NCC and Apprenticeships Committee in March 2023 has ensured that the Board have an overview of the NCC and Apprenticeships performance and this has resulted in more robust decision making. ●

Governance

AUDIT AND RISK COMMITTEE (ARC)

The Audit and Risk Committee is a committee of the Board that supports its 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 engages with internal audit, the work of the external auditor, financial reporting issues, and annually reviews key corporate policies for recommendation to the Board for approval. There were five meetings of the Audit and Risk Committee during 2023-24, and the Committee fulfilled its Terms of Reference.

The Committee has three Trustee members: Diana Garnham was the Chair until December 2023; Louisa Finlay and Peter Lauener subsequently chaired one meeting each as interim Chairs; Julia Heap took on the Chair from July 2024. The Committee benefits from the contribution of two external members, who bring additional depth of experience and expertise. In addition, other observers and attendees from our Internal Audit delivery partners (Grant Thornton), Sponsor Department (DfE) and the External Audit team from the National Audit Office (NAO) contribute to the breadth and robustness of scrutiny and discussion.

RISK

A strategic and operational risk management process has operated throughout the year. Strategic Risks were reviewed and updated to reflect those that might impact on the achievement of the updated Strategic Plan, and the process has been strengthened by a formalised assessment of risks against the Board's Risk Appetite, which had been formally defined in February 2023. Regular reports on risks provided the Committee with assurance that risks were being identified, assessed and managed appropriately against the tolerances set by the Board. Where risks were identified as exceeding tolerable levels, related action plans prepared by management were considered, and progress to bring the risk to within tolerance monitored. The Committee also undertook a horizon scan to consider potential upcoming risks.

GOVERNANCE

The Committee supported the work of the Board in reviewing its Risk Management Policy, including its risk appetite. Maintaining its focus on key risks and the implementation of risk mitigation plans, the Committee carried out deep dives into several high-risk areas including HR, IT systems, cyber security, grant claims, countering the risk of fraud, and business continuity. The Committee continued to take a particular interest in the operation of controls for the delivery of apprenticeships and training through NCC and monitored the progress of work to resolve issues and improve governance and processes. The Committee noted that controls in this area had been strengthened significantly over the course of the year providing a foundation for performance enhancements in 2024-25. →



GOVERNANCE

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INTERNAL AUDIT

The Committee approved the internal audit plan for 2023-24, kept the plan under review and approved amendments during the year. The full 2023-24 plan was completed, except for the deferral of a planned audit of Communications because of changes taking place in that function. Internal audit work provided the Committee with assurance across a wide range of areas, including Information Governance, Contract Management, income from Health, Safety and Environment Tests, Health and Safety processes, and controls to counter the risk of fraud. The effectiveness of internal audit activities was monitored through progress reports from the Head of Audit and Risk received at each meeting. These set out the findings from each audit and the actions that management had agreed to undertake in response. The results of internal audit work evidenced that the framework of controls had been maintained during the year and strengthened in certain areas, in particular in relation to delivery of apprenticeships, but also highlighted that in some operational areas internal controls required improvement. These included enhancing business continuity planning and processes for follow-up actions in respect of unpaid Levy. The Committee will continue to monitor the completion of agreed actions in response to audit recommendations and the revised assessment of risk and controls derived from further audits in 2024-25.

The Committee received and endorsed the Head of Audit and Risk's annual opinion that CITB's systems of governance, risk management and financial control are generally satisfactory, but that improvement is required to internal controls in areas other than these. While this opinion was similar to that for 2022-23, it was recognised that there had been significant improvements to controls during 2023-24 and that as audits had not identified any significant new areas requiring improvement, the required further actions were already planned to be taken in 2024-25.

EXTERNAL AUDIT

The statutory external audit of the Annual Report and Accounts was performed by the NAO 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 in 2023-24. An update report was provided for each Committee meeting and an interim audit enabled the Committee to understand progress and pinch points, and to identify issues for further review. The Committee reviewed the Audit Plan in advance of the audit commencement and reviewed the Audit Report and findings. CITB had received an unqualified certification for the 2022-23 year, and the Committee continues to monitor the implementation of the Management Letter recommendations and Management Responses to the audit findings.

The Committee acknowledges the recommendations resulting from the NAO 2022-23 Audit Completion Report and interim update report on the 2023-24 Financial Statement Audit. The recommendations have either been actioned or form part of an ongoing action plan for completion. The Committee supports the delivery of this action plan, which has been closely monitored.

CITB also receives additional assurance from other external bodies on specific activities and/or functions, including from Ofsted for NCC and Apprenticeships, and the BSI where CITB holds accredited standards, e.g. in Health and Safety. →



NOMINATION, APPOINTMENTS AND REMUNERATION COMMITTEE (NARCO)

The Nomination, Appointments and Remuneration Committee (NARCO) supports the Board in the delivery of its responsibilities in respect to proposals regarding organisational-wide remuneration and bonus schemes, CITB's people and culture strategy, pension arrangements, senior appointments, departures, and key HR policy and practice across the organisation. The Committee has three Trustee members. Tony Elliott was the Chair throughout 2023-24. The Committee met five times and provided advice to the Board regarding appropriate pay awards, performance management and the People Strategy.

A major focus for the Committee in 2023-24 was the development and benchmarking of a new pay and grading framework, which was approved by the Board and then implemented.

During the year, NARCO members worked with CITB's Chief Executive Officer to recruit and appoint Nadine Pemberton Jn Baptiste as interim Executive Director for Legal,

Governance and Compliance in December 2023 following the departure of Emma Black in September 2023. Additionally, Deborah Madden was appointed as Executive Director for Nations Engagement in December 2023 and Kirsty Evans as Executive Director and Principal for National Construction College (NCC) in March 2024.

NARCO also recommended to the Board the re-appointment of the England and Scotland Nation Council Chairs for a second term and was involved in the appointment of a new Wales Nation Council Chair from July 2024.

Succession planning for Executive Director and Leadership roles will continue to be a focus for NARCO, as well as the development of CITB's Total Reward Framework. Additionally, NARCO continues to support the Executive Team to embed CITB values and culture, fostering a customer-led, productive and engaged workforce in support of our mission. →

GOVERNANCE

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INDUSTRY FUNDING COMMITTEE (IFC)

The Industry Funding Committee (IFC) is a decision-making body with delegated authority from the Board to authorise industry funding of up to £5m for any one commission or funding scheme. The Committee is tasked with assisting the Board in adopting a funding strategy which supports CITB's strategic aims, then monitoring the delivery and impact of this funding strategy and ultimately making resultant recommendations to the Board as necessary.

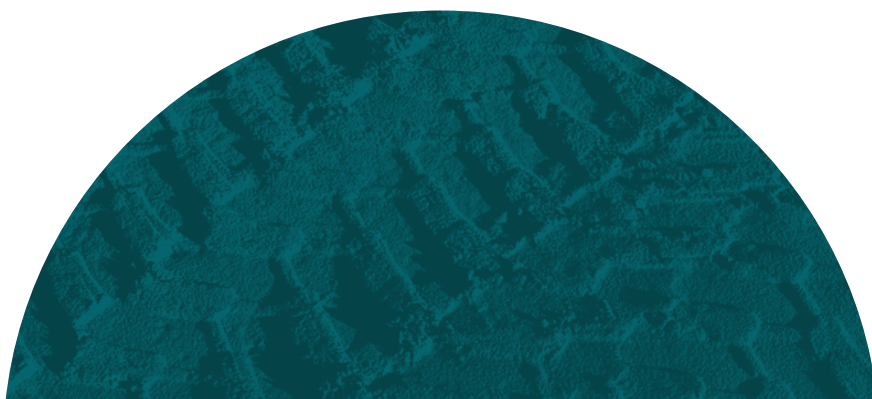
During the 2023-24 financial year, the Committee moved to focus more sharply on reviewing the funding investment proposed as part of the Strategic Plan and annual Business Plan. All budget allocated via funds, the Grants Scheme and commissions were reviewed by the Committee. There was also an increased focus on the alignment of funding against outcomes and greater consideration of the expected impact of investments. Following a series of detailed discussions regarding the relative value of different funding interventions, principles around additionality and an assessment of the return on investment, the Committee agreed and gave recommendation to the Board on the investment priorities for the then 2024-28 Strategic Plan and 2024-25 Business Plan. The Committee's advice shaped the proposals which were signed off by the Board. The Committee took these decisions in the context of the industry's response to a large-scale consultation completed in the summer of 2023, which provided a customer perspective on overarching priorities as well as specific information about views on how much support should be provided for different categories of training.

Throughout the financial year, Committee members worked closely with CITB to use quantitative and qualitative sources of information, including performance dashboards

and deep dives to monitor the performance and impact of CITB's grants and funding schemes, employer funds, commissions and pilots.

The Committee monitored progress against recommendations set out in the Employer Funding Review and provided advice and insight into the ongoing improvement of funds, including expansion of the Industry Impact Fund scope. A member of IFC, Hannah O'Sullivan, was delegated to support the decision-making process for high-value bids coming through the Industry Impact Fund. As well as focusing on funding investments to deliver the Strategic Plan, the Committee also provided enthusiastic support for proposals to simplify funding channels and develop arrangements that will facilitate longer-term investment in training via alternative routes. Views were provided on specific matters such as the development of Employer Networks and the role of Training Groups.

Holly Price has continued as Chair. Collectively, these members of the Committee bring extensive experience and knowledge from construction along with a good spread of industry representation from major contractors, medium-sized employers, SMEs and connections with federations. The mix of the Committee members ensures that the industry investment profile takes account of the needs of different sizes and types of business. →



GOVERNANCE

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LEVY STRATEGY COMMITTEE (LSC)

The Levy Strategy Committee is a sub-committee of the CITB Board that make recommendations to the Board on matters relating to the strategic direction of the Levy system. This includes maintaining a level playing field for all CITB-registered employers.

At the start of the year, the primary focus for the Committee was to develop Levy Proposals for the next three-year Levy Order commencing in 2025. However, the commencement of the Government's regular review into the CITB and ECITB in June 2023 resulted in the Board proposing to delay the Consensus process for a year. The Committee's focus, therefore, turned to Levy Proposals for a Levy Order in 2025 that would provide continuity and stability in the one-year period before a subsequent three-year, consensus-backed Levy Order in 2026.

The resulting Levy Proposals recommended to the Board and subsequently to DfE saw:

- The Levy Rates retained at 0.35% on directly employed workers (PAYE) and 1.25% on taxable sub-contractors (Net CIS)
- The Small Business Levy Exemption threshold increased from £120,000 to £135,000
- The 50% Levy Reduction threshold increased from £400,000 to £450,000.

These rates and thresholds, assuming they are approved by Parliament in early 2025, will be drafted into the one-year Levy Order in 2025 and used for the Levy assessments raised in April 2025.

Committee members have also been exploring:

- The increased use of third parties who provide labour to employers (Labour Suppliers)
- Reducing the time lag between leviable work being undertaken and the Levy due on it being paid (Close the Gap), through a proposal to see the annual Levy Assessment being raised 10 months earlier to form part of the Levy Proposals for the 2026 Levy Order
- The practice of passing on the Levy by some contractors to their sub-contractors; members have considered the wording of a statement setting out CITB's opposition to this, with the intention this will be published in 2024 with other stakeholders as joint signatories.

The Committee currently has nine members including Peter Lauener, the Board Chair, who stepped in to chair the Committee in the interim when Diana Garnham's tenure in office came to an end in December 2023. The Committee is made up of four independent members (including Peter Lauener) and five members representing Levy-registered employers. The mix on the Committee brings extensive skills and diversity of industry intelligence, which has helped shape the Committee's recommendations to the Board. Over the course of the financial year, Andrew Harvey and Diana Garnham (Trustee and Committee Chair) stepped down from the Committee, meaning that three vacancies, including a permanent Chair, are currently being recruited. →

The mix on the Committee brings extensive skills and diversity of industry intelligence, which has helped shape the Committee's recommendations to the Board.

GOVERNANCE

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NATIONAL CONSTRUCTION COLLEGE AND APPRENTICESHIPS COMMITTEE (NCC&AC)

The National Construction College and Apprenticeships Committee was established following the Board's decision to invest to improve the quality of provision at the National Construction College (NCC) and to enhance the quality of apprenticeships. The Committee's inaugural meeting was on 6 March 2023.

The purpose of the National Construction College and Apprenticeships Committee is to:

- Support the Board in the delivery of its responsibility to ensure oversight of the curriculum, the quality and delivery of the training provision, the learner experience, learner safeguarding and wellbeing, health and safety, resourcing, and the funding and regulatory compliance of CITB's National Construction College (NCC) and Apprenticeships provision
- Monitor and review the delivery, quality, and impact of CITB's apprenticeships provision in England, Scotland and Wales, to provide assurance to the Board regarding funding and regulatory compliance activities and to offer recommendations to the Board as to future direction of this provision
- Make decisions and recommendations with regard to all relevant legal and regulatory requirements together with guidance and best practice in skills training, education, and safeguarding.

During the 2023-24 financial year, the Committee oversaw a significant transformation programme for NCC and for apprenticeships, aiming to address areas for improvement highlighted by Ofsted in England (following an inspection on 21 March 2023), and also in Scotland, working closely with Skills Development Scotland and sub-contracted colleges. This has led to significant improvements in performance and better support for apprentices. Ofsted confirmed this to be the case during a monitoring visit in June 2024, which found that three of the themes noted for improvement have seen 'Significant Improvement' with the fourth theme seeing 'Reasonable Progress.' The Committee has also overseen plans to develop the NCC estate and to develop a new NCC Business Plan for 2024-25.

Peter Lauener, the Board Chair, initially chaired the Committee. He handed over the Chair to Michael Green in February 2024. The Committee currently has four Board Trustee members. →

During the 2023-24 financial year, the Committee oversaw a significant transformation programme for NCC and for apprenticeships.



GOVERNANCE

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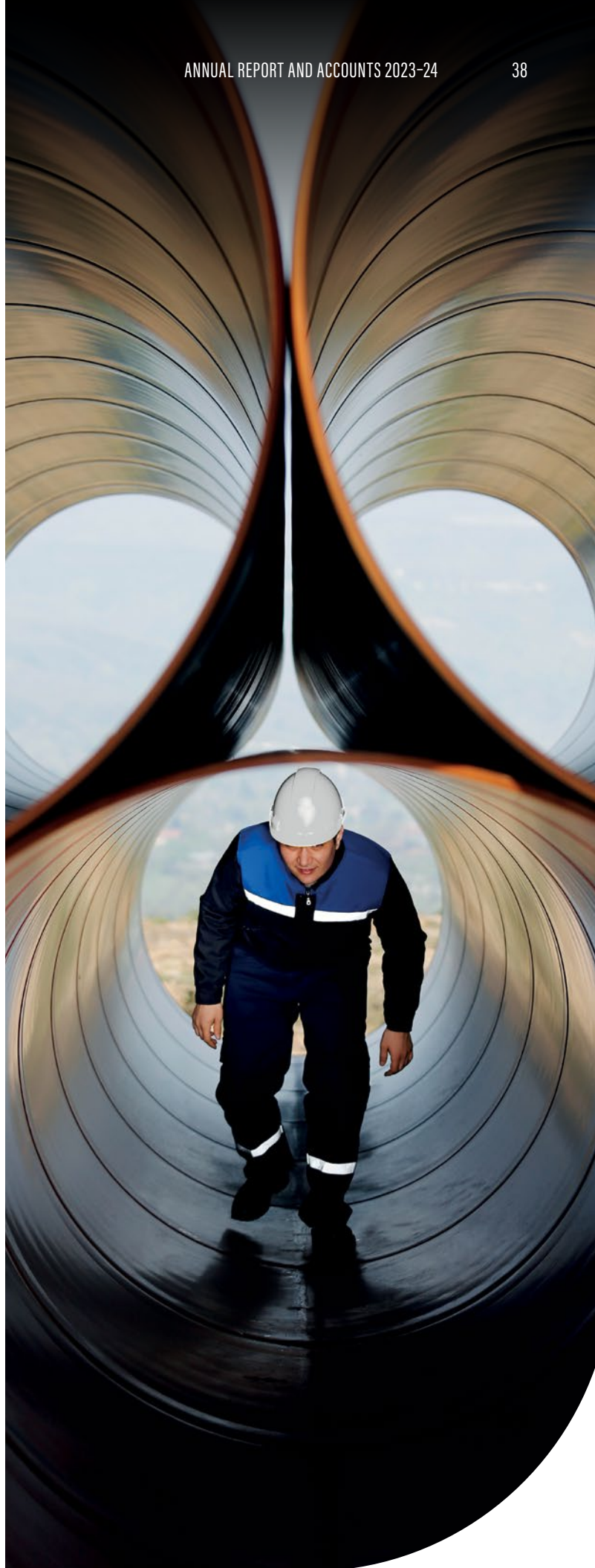
NATION COUNCILS

Nation Councils remain essential in shaping the future of construction throughout Great Britain, offering strategic guidance to the Board to enhance the industry's ability to meet its skills requirements.

The objectives of the three Nation Councils are to:

- Provide insight into the challenges and opportunities for the nation they represent
- Steer and influence the Board on the development and effective delivery of the Strategic Plan, encouraging adjustments to delivery to reflect unforeseen events/changes that impact on the nation/industry more generally
- Debate and offer constructive challenge in relation to the proposed allocation of resources against competing industry priorities across Great Britain
- Provide individual national perspectives on construction skills gaps against agreed forecast needs.

During 2023-24, the Councils were instrumental in the development of the 2024-25 Business Plan and one-year Levy Order for 2025. CITB continues to work closely with the Councils in the development of the new 2025-29 Strategic Plan. →



GOVERNANCE

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ENGLAND NATION COUNCIL

The England Nation Council worked with the CITB Board to inform the Business Plan KPIs and support delivery of the England Nation Plan and KPIs. The Council continued to bring constructive challenges and support to initially shape the priorities in England and offered ongoing insight into the challenges around the delivery of these plans throughout the year.

The Council has supported the continued rollout of NEST and Employer Networks, offering insight and a breadth of experience in helping to shape and inform both successful programmes. The Council also supported the development of the one-year Levy Order for 2025. In addition, the England Council provided insight and feedback on an ongoing basis on the real challenges facing our industry, from micro-organisations through to Tier 1 contractors and this in turn supported our strategic and business planning activities.



Sharon Llewellyn continued as Chair, with Kevin McLoughlin as Deputy Chair. During the 2023-24 financial year, Karen Brookes' tenure ended as a Council member. Currently the Council has four vacancies with a recruitment process underway.

SCOTLAND NATION COUNCIL

The Scotland Nation Council had input into policy and operational matters which were of relevance to CITB's activities in Scotland. This work included the production of the 2024-25 Business Plan, which outlined CITB support in Scotland, and the development of KPIs which reflect GB and national priorities and allow for operational performance reporting at a Scotland-specific level. The Council also advised and supported the one-year Levy Order.

Throughout the year, the Council re-iterated the importance of apprenticeship provision in Scotland and worked with the Board and senior staff members to ensure this was reflected in terms of CITB's operational priorities in Scotland. The Council members were also active in ensuring CITB products and services, such as funding, are suitable and relevant for Scottish employers, and that wherever possible regional areas of Scotland are properly supported. Two examples of this are the emergence of a Scottish NEST as well as Employer Networks which will initially be rolled out in rural and remote areas of Scotland.



Angela Forbes continued in her role as Council Chair with Tony Elliot as Deputy Chair. Currently the Council has four vacancies with a recruitment process underway.

CYMRU WALES NATION COUNCIL

The Cymru Wales Nation Council worked with the CITB Board to support industry with challenges faced during the year. These included labour shortages, skills needs and the cost of living crisis. The Council provided feedback and gave its input to the Nations Plan and Engagement Team priorities.

The Council was supportive of the projects to deliver the Strategic Plan and sought updates on the pilot initiatives and delivery throughout the year. It also provided input around Green Skills, Net Zero and Retrofit, changes to the Welsh apprenticeship frameworks, development of degree level construction apprenticeships, and talent pipeline activity, such as hosting women into construction events, National Apprenticeship Week, and See your Site events. Council Members also supported the three CITB Roadshows held in the Autumn of 2023 and attended a working CITB Board dinner in September 2023.



Leigh Hughes remained the Council Chair, while Owain Jones was the Deputy Chair and sits on the CITB Board of Trustees. The Council currently has four vacancies and is seeking to appoint a new Chair and recruit new Council members in this upcoming financial year.

Risk management

OVERVIEW

Our system of risk management and internal control is designed to: manage risks, including the risk of not making the most of opportunities, to a reasonable level; evaluate and mitigate the likelihood of those risks occurring and the impact should they be realised; and manage risks efficiently, effectively and economically. The system was in place for the financial period ending 31 March 2024 and up to the date of approval of the Annual Report and Accounts. During the year, the Audit and Risk Committee reviewed the operation of the Board's Risk Appetite Statement and the risk management framework. The Executive reviewed the strategic risks facing CITB before they were discussed with the Audit and Risk Committee and with the Board, and an updated set of strategic risks was subsequently adopted reflecting CITB's then Strategic Plan 2024-28.

The framework of risk management is designed to support informed decision-making, helping to ensure that CITB can take opportunities to be more effective in its support of industry while not becoming exposed to unacceptable levels of risk. We manage risk through regular scrutiny at management and team levels, alongside oversight by the Audit and Risk Committee, which reports to the Board. The Board also receives updates on strategic risks and exceptional operating risks at each meeting.

A number of sources contribute to the review of risks and the assessment of risk management, including:

- Reports and recommendations from the Audit and Risk Committee
- Risk reports and the Annual Report and Opinion from the Head of Internal Audit and Risk
- Assessments against the Government's Functional Standards including the "Management of Risk – A Strategic Overview" (commonly known as the "Orange Book")
- Findings and recommendations from NAO
- Annual accountability statements from members of the Executive and senior managers, which outline the governance, risk and control arrangements in their business areas
- External reports on CITB and its processes produced by independent organisations, such as the Education and Skills Funding Agency, Skills Development Scotland and Ofsted
- Legislative and regulatory guidelines, including those relating to charitable status, state aid and tax arrangements. →

RISK MANAGEMENT

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RISK MANAGEMENT PROCESS

As a registered charity, we have a prudent and balanced attitude to risk, placing emphasis on our risk management and control framework to manage risk within the Board's risk appetite, which is set out in the Board's Risk Appetite Statement. The ways in which we managed risks for the year ending 31 March 2024, included:

- A review of our strategic risks performed in November 2023 in light of CITB's then developing Strategic Plan 2024-28, with oversight by the Audit and Risk Committee. Assessments of these risks and the effectiveness of mitigating actions are monitored on an ongoing basis
- Risks were also identified and assessed at an operational level by each team and escalated where appropriate. A process is in place to ensure consistent identification, assessment and monitoring of risks by all teams, facilitated by the Audit and Risk function. In addition to reporting through line management, significant operational risks are reported independently to the Executive and the Audit and Risk Committee
- The Executive holds collective oversight of risks at the strategic level and undertook several deep dive reviews into the management of certain of the more significant risks during the year
- Each meeting of the Audit and Risk Committee received a risk update, including details of the strategic and significant operational risks and the operation of the system of risk management. The Committee also performed its own deep dives into key risks by asking management to provide an update on the risks, current challenges and mitigations. →



STRATEGIC RISKS

The strategic risks that have been the main focus of attention during the year are set out below, together with details of the key mitigations and actions taken to manage them. Each strategic risk is owned by a member of the Executive Team who is responsible for the regular review of the risk and mitigating actions. The extent to which the actions are working to mitigate the risk sufficiently is assessed and where further actions are required to bring a risk to within tolerance, an action plan is agreed.

TABLE 3: RISK MITIGATIONS

RISK:

CITB may be unable to maintain industry’s support for, and engagement with, CITB’s strategy in order to be able to implement the Strategic Plan.

MITIGATION:

1. Strategic decisions are informed by Industry Analysis and Forecasting. Significant consultation at an industry, nation and sector level has been undertaken, including with Prescribed Organisations, Nation Councils and through the Industry Funding Committee (IFC)
2. Opportunities for industry to be involved in decision making, including the allocation of funds, have been increased and IFC’s role strengthened. Employer Networks were introduced, providing an opportunity for Networks to allocate a proportion of CITB funding to local priorities
3. CITB has a programme of developing Sector Skills Plans
4. A Strategic Communications Strategy is being developed, to build on the direction that was shared with stakeholders in the 2023 Autumn Roadshows.

RISK:

That CITB may not be able to make the contribution to addressing the industry skills shortage that it has committed to.

MITIGATION:

1. In setting out our commitment to addressing the skills shortage the aim is to be ambitious whilst also reflecting the contribution that CITB can make and acknowledging where we will need to work with others
2. Partnerships with industry, national Governments and others have been strengthened and designed to achieve a shared, industry-owned approach to addressing the shortage
3. CITB is developing its range of impact measures and related KPIs against which progress, and achievements will be monitored and reported
4. Maintaining flexibility within plans to allow for changed or additional approaches in response to ongoing assessment or new information.

RISK MANAGEMENT

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RISK:

There may be limitations to the extent to which stakeholder behaviour may change, or can be influenced, to adopt training quality as envisaged.

MITIGATION:

1. Development of Competence Frameworks is being undertaken in partnership with the Industry Competence Steering Group
2. We are working to align the skills system behind Competence Frameworks, e.g. through engagement with the Construction Skills Delivery Group and key bodies such as the Institute for Apprenticeships and Technical Education (IfATE).

RISK:

There may not be the level of engagement from training providers to establish a network that provides the range and volume of quality training that the construction industry needs.

MITIGATION:

1. Delivering an ongoing programme of supporting and assuring Approved Training Providers
2. Working to develop a Value Proposition for training providers
3. Improvements being made to our Training Model to improve the experience of, and engagement with, the network of providers.

RISK:

NCC and CITB apprenticeships may not be able to deliver the ambition of providing high quality apprenticeships valued by learners and employers.

MITIGATION:

1. The NCC and Apprenticeships Committee established to strengthen governance arrangements
2. The College transformation project was completed in England and is continuing in Scotland, with a focus on improving quality and the learners' experience. Process, systems and delivery compliance have been significantly enhanced
3. A budget for estate investment was agreed in principle with work ongoing to develop the more detailed Sustainable Estates Strategy

4. Throughout the year the Board, supported by the NCC and Apprenticeships Committee and the Audit and Risk Committee, closely monitored progress towards resolving the issues relating to Apprenticeships funding for 2018/19 and 2019/20 highlighted by the Education and Skills Funding Agency.

RISK:

Skills system and funding changes in Scotland may impact on recruitment into construction.

MITIGATION:

1. Following publication of the "Review of the Skills Landscape" report for Scotland and in light of announced changes to Scottish Government funding of education, CITB has maintained its engagement with the Scottish Government and its agencies and been monitoring developments and the potential impact on apprenticeship numbers and the skills gap in Scotland.

RISK:

Inability to recruit, develop and retain the people and skills that CITB needs.

MITIGATION:

1. A pay benchmarking and grading review was completed to inform the 2023 pay award
2. A new performance management process has been implemented with a stronger focus on development. A new 'Conversations in Leadership' programme and coaching training have been delivered
3. Recruitment processes are being strengthened and CITB also attained accreditation to ISO45003 Psychological Health in the Workplace.

RISK MANAGEMENT

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RISK:

CITB may not have the capacity and capabilities required to implement the changes that are necessary to deliver its Strategic Plan.

MITIGATION:

1. A revised operating model of management oversight groups is being rolled out covering strategy development, investment, delivery, change and corporate operations
2. An established but expanded change management function is in place. Formal programmes and projects have been established to develop and implement the systems and processes required for the future
3. A plan of work is also underway working with our outsourced Enabling Partner to identify and implement potential improvements and to increase the efficiency and effectiveness of their services.

RISK:

Government policy and CITB strategy and plans may not be aligned fully, impacting CITB's ability to implement the industry-led skills system.

MITIGATION:

1. An active programme of engagement with Ministers, their officials and Shadow Ministers across the three nations is in place
2. UK Government Priorities are confirmed through an annual Ministerial Priorities Letter, incorporated into business planning and continually monitored
3. CITB monitors national Governments' forward agendas and policy development to enable us to respond to emerging issues
4. A particular focus in 2023-24 has been the Industrial Training Board Review. A dedicated Project Team was assigned to support the Review and a series of Position Papers was prepared on key topics. Pending the findings from the Review, CITB took the decision to seek a one-year Levy Order for 2025 and to delay Consensus until Spring 2025, which allows an extra year for the actions from the Review to be reflected in our new Strategic Plan 2025-29 and in the proposals for a three-year Levy Order for 2026.

RISK:

Breach of Cyber Security leading to loss or disclosure of sensitive data, or with financial or operational consequences.

MITIGATION:

1. Information Security Policy and National Cyber Security Centre early warning system adopted
2. Mandatory security training is provided to all employees, alongside an active security awareness programme and phishing simulations
3. Penetration testing performed, with firewalls, web filtering and VPN multifactor authentication in place
4. A programme to replace Legacy IT and attain Cyber Essentials Plus accreditation has been running throughout the year. Plans are in place to address the remaining actions to attain full accreditation.

RISK:

Harm arising from a failure of, or weaknesses in, Health and Safety (H&S) arrangements.

MITIGATION:

1. CITB is certified to ISO45001 and has adopted BSi standards for H&S management
2. A comprehensive system of H&S risk identification, assessment and mitigation is in place across the whole organisation
3. All staff are required to undertake mandatory training on H&S and there are two Employee forums to flag and escalate H&S concerns
4. H&S is a standing agenda item at Executive and Board meetings.

RISK MANAGEMENT

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RISK:

Harm arising from a failure of or weaknesses in Safeguarding arrangements.

MITIGATION:

In 2023-24, the risk of Safeguarding was separated from that of Health, Safety and Wellbeing to ensure a focus on the specific actions required.

1. Management refreshed all safeguarding policies and practices in 2023/24 and strengthened resourcing
2. CITB has recently attained the 'Leaders in Safeguarding' Award for England. Work is ongoing to develop arrangements in Scotland
3. A project has been completed to review the compliance with the Safer Recruitment requirements of Keep Children Safe in Education
4. Safeguarding is overseen by a monthly Safeguarding Board, with reporting through to the NCC and Apprenticeships Board sub-committee.

RISK:

An ineffective response to a business continuity incident, results in significant disruption to activities.

MITIGATION:

1. Documented emergency response procedures/ protocols are in place alongside an established approach for responding to issues and incidents
2. Work has been completed during 2023-24 to enhance resilience of our IT infrastructure
3. A dedicated Business Continuity Manager has been appointed to lead further developments in this area.

RISK:

CITB suffers significant financial losses due to fraud.

MITIGATION:

1. The Audit and Risk Committee undertakes a review of the framework to counter the risk of fraud and its effectiveness at least once a year
2. A dedicated team of counter-fraud professionals is employed to undertake investigations and promote action in response to the higher risk areas, e.g. grants and testing
3. A CITB-wide Fraud Risk Assessment is maintained identifying appropriate mitigating controls for the risks, which include:
 - **Grants:** Grants Scheme rules in place; employers must be Levy-registered to claim; grants are paid after the claim is assessed at processing and further eligibility and evidence checks are performed retrospectively as part of a verification process on a sample basis
 - **Testing:** Due diligence is undertaken on applications to become an Internet Test Centre (ITC); all centres are subject to monitoring and Quality Assurance visits; and training is provided to centre staff on signs of fraud to watch out for.

In addition to the risks outlined above, the risk of there being a significant economic downturn in the UK economy impacting construction was monitored throughout the year based on financial insights and analysis. As a result, CITB could, if necessary, respond by amending the scale and the scope of its planned interventions accordingly.

Previously, the risk that CITB might not adequately support the construction industry's needs in relation to sustainability and net zero was identified as a separate risk. However, following reassessment it was concluded that meeting these needs should be considered as part of the wider risk of supporting industry's overarching training needs. Accordingly, these no longer feature as separate strategic risks.

RISK MANAGEMENT

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RISK MANAGEMENT AND THE DELIVERY OF PRIORITIES

Our strategic risks recognise the importance of having impact through the delivery of our strategic objectives. The strategic risks that CITB faces, and the mitigating actions in relation to them, have been subject to ongoing review throughout the year, with the level of risk assessed against the Board's Risk Appetite and remedial action taken where any of the risks exceed tolerable levels.

The process of risk reviews helped to maintain the focus on mitigating the potential impacts of these risks throughout the year and supported actions that ensured that the risks did not have a significant adverse impact on delivery of priority outcomes and achievement of the Business Plan. There was significant focus throughout the year on actions to improve performance in relation to the delivery of apprenticeships and in other areas including Cyber Security and Business Continuity. The risk of CITB's capacity and capability to implement change at the pace required to deliver its strategic objectives has been subject to particular attention by the Executive noting that implementing new systems and ways of working are critical to the delivery of the Strategic Plan 2025-29. Adding to the programme management and oversight of individual activities, the focus on this risk is helping ensure that capacity and capability is considered holistically for the organisation as a whole.

HEAD OF INTERNAL AUDIT'S OPINION

The Internal Audit Team, working to the Public Sector Internal Audit Standards, delivered the 2023-24 programme of reviews approved by the Audit and Risk Committee. The programme covered a wide range of areas within governance, risk management and control, focusing on those where there was the greatest need for assurance or potential benefit from internal audit review. The Head of Internal Audit was satisfied that sufficient work had been completed during the year to enable an annual opinion on governance, risk management and control to be provided.

An annual report, summarising the work undertaken and containing the Head of Internal Audit's opinion, was presented to the Audit and Risk Committee and stated that while the systems of governance, risk management and financial control are generally satisfactory, improvement is required to internal controls in areas other than these. It was noted that, in many of the areas identified as requiring improvement, controls had been enhanced during 2023-24 to strengthen the control environment, in particular in relation to the delivery of apprenticeship contracts. These improvements, however, were not effective throughout 2023-24 and there remain some areas that require attention and where action will be taken in 2024-25 to further strengthen these controls. ●

Sustainability

OVERVIEW

Many organisations, including CITB, are seeking to reduce their greenhouse gas emissions and these are measured and assessed within three different 'scopes.' The three Scopes (Scopes 1, 2 and 3) are a standard way of categorising the different kinds of emissions an organisation creates in its own operations and in its wider 'value chain' (its suppliers and customers) as set out in the Greenhouse Gas (GHG) Protocol.

Our Environmental Policy sets out our ambition to be Net Zero in Scopes 1 and 2 by 2030 and Scope 3 by 2040, ahead of the UK target of 2050 and Scotland's 2045 target. The Board and the Executive Team are committed to this target, and to making the investment required, and our teams have begun making changes to our working practices to bring this about.

To ensure we can transition to a sustainable future and meet our Net Zero emission targets, we know that our workforce must have the knowledge, skills, competencies, and behaviours to undertake this work, known collectively as 'Green Skills.' This requires a mix of technical and essential skills built on a basic understanding of climate change and how it is impacting the planet. To support this development and, as a member of Business in the Community (BITC), we participated in a pilot 'Green Skills Lab' that will help develop a blueprint for businesses to adopt in practice.

As a NDPB, we are deemed 'in-scope' of Central Government's Greening Government Commitments¹⁵ (GGCs) that set out the actions that UK Government departments and their Arms-Length-Bodies (ALB's) will take to reduce their impacts on the environment; and we have applied the HM Treasury annual guidance¹⁶ to provide transparency in our sustainability reporting.

To support greater collaboration with our sponsoring department, DfE, a CITB representative has joined their newly formed DfE ALB Sustainability Roundtable. With their support, we are making a request to Defra to re-baseline our carbon footprint, as little comparison can be made with the baseline year of 2017-18 due to changes made as part of our Vision 2020 divestment programme and the impact of the pandemic. For this reason, only data for the last three years is presented in this report.

CITB delivers skills and training interventions through NCC, which operates from three freehold training establishments. The data presented in this report is collated from these three sites, at Erith, Bircham Newton, and Inchinnan. We are not currently able to include data from our leased Head Office, Sand Martin House in Peterborough as the freeholder is currently unable to provide relevant data. Utilities data directly related to our occupancy within the Sanctuary Building in Westminster, London, is captured by the Government Property Agency's GGC return. →

15. Greening Government Commitments 2021 to 2025 (www.gov.uk)

16. HM Treasury 2023-24 Sustainability Reporting guidance (www.gov.uk)

SUSTAINABILITY

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TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

COMPLIANCE STATEMENT

CITB has reported on climate-related financial disclosures consistent with HM Treasury's TCFD-aligned disclosure application guidance which interprets and adapts the framework for the UK public sector, including central Government department ALBs.

CITB has complied with the TCFD recommendations as follows:

- **Governance** – all recommended disclosures
- **Risk Management** – recommended disclosure (A)
- **Metrics and Targets** – recommended disclosure (B).

This is line with central Government's TCFD-aligned disclosure implementation timetable for Phase 1. CITB plans to make disclosures for Strategy and Metrics and Targets (A) and (C) in future reporting periods.

GOVERNANCE

Disclosure A – Board Oversight of climate-related risks and opportunities

The role of the Board is to set and maintain CITB's vision, mission and values, and ensure its strategy supports the construction industry to have a "skilled, competent and inclusive workforce, now and in the future". It is responsible for monitoring CITB's management and operations and obtaining assurance about the delivery of its strategy through its committees.

The Audit and Risk Committee provides assurance to the Board on the adequacy and effectiveness of CITB's arrangements for risk management, governance, and internal control, and this is extended to climate-related risks and opportunities. The Committee reviews these above its usual risk tolerance level, as identified through the risk management process.

The Board includes two Trustees with a background and experience in climate change and sustainability, including climate-related risks and opportunities.

Holly Price is the Group Sustainability Director at Keltbray Group and accountable for the delivery of its sustainability strategy, which includes environmental sustainability and the achievement of its Net Zero target.

Stephen Gray, in his role as Head of Engineering Development at BAM Nuttall Ltd, and as a reviewer and assessor with the Institution of Civil Engineers (ICE), embeds sustainable development as a core competency and commitment. Stephen joined the Board in April 2024.

Disclosure B – Management's role in assessing and managing climate-related risks and opportunities

Climate-related responsibilities relating to internal operations have been assigned to a newly formed Sustainability Group commencing in 2024-25 that is accountable to the Executive through the CFO as the Executive Sponsor. Membership is made up of relevant Leadership Team members and functional leads.

To help support the development of CITB's Strategic and Business Plans for the benefit of the construction industry, a cross-functional Net Zero Action Group exists. →

TABLE 4: SUSTAINABILITY GOVERNANCE - MANAGEMENT OF CLIMATE-RELATED MATTERS

CITB BOARD LEVEL	EXECUTIVE LEVEL
The Board Audit and Risk Committee	Executive Team Sustainability lead: CFO
MANAGEMENT LEVEL	
Sustainability Group	Net Zero Action Group
Chair: CFO	Chair: Strategy lead for Net Zero
Attended by Leadership Team members and functional leads	Attended by departmental representatives
Remit: Oversight of internal environment, social and governance matters	Remit: To help develop the strategy/plan to support a training and skills system for the construction industry to meet its Net Zero obligations
WORKFORCE LEVEL	
Green Champions Group	
Coordinator: Corporate Social Responsibility (CSR) Manager	
Voluntary membership from across the organisation	

RISK MANAGEMENT

Disclosure A - The organisation's processes for identifying and assessing climate-related risks

Climate-related risks are identified with the input and guidance of the Corporate Social Responsibility (CSR) Manager taking into consideration global trends, the UK's Climate Change Risk Assessment, and the NAO's good practice guidance to identify those direct risks to core operations - and indirect risks via the supply chain or other dependencies - relevant to CITB.

The risks are assessed using the risk management system as described on page 41 and cascaded to the relevant team for including in their operational risk registers, where they will be scored, managed and monitored at the functional level. General CSR risks, including those in relation to reporting, are held centrally by the CSR Manager. Assessment, recording and reporting of the risks is facilitated by the Audit and Risk function.

An impact and likelihood assessment supports the prioritisation of the risks and of the risk management activities to mitigate and respond to them. The impact criteria consider financial and non-financial factors, such as compliance (regulatory impact), people, and technology, and are used for assessing all risks, including climate-related risks, providing a consistent basis for assessment, prioritisation, and reporting across CITB.

The Audit and Risk Committee receives updates at each meeting on the risk management process, specifically on those risks that fall outside of tolerance. The Committee also undertakes a programme of deep dives into key risks, although no climate-related risks were deemed to require this during 2023-24. The Board also reviews strategic risks at each meeting. →

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METRICS AND TARGETS

Disclosure B - The organisation's Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks

The CITB is guided by the GGC reduction targets and has not set its own material targets. These will be developed in its Sustainability Strategy for 2026-29, until then, it is actively investigating and implementing solutions to drive down its emissions.

TABLE 5: GREENHOUSE GAS (GHG) EMISSIONS

			2023-24	2022-23 RESTATED	2021-22
Non-financial indicators (tCO ₂ e)	Scope 1	Fuel combustion ¹	937	1,050	783
	Scope 1	Owned transport ²	444	319	126
	Scope 1	Fugitive emissions	22	18	0
	Scope 2	Purchased electricity	388	381 ^{3*}	519
	Scope 3	Business travel ⁴	197	91	31
	Scope 3	Use of purchased materials (paper) ^{5, 6}	190	192	3
	Scope 3	Waste disposal ⁷	5	5	4
	Scope 3	Homeworking ⁸	350	331 [*]	Not collected
	Scope 3	T&D purchased electricity ⁹	34	Not collected	Not collected
Financial indicators (£)		Business travel	817,179	529,426	166,841
		Purchased offsets ¹⁰	0	0	0
	Per FTE ¹¹		3.24	3.35	2.3

The Defra GHG conversion factors (condensed set) for 2023 have been applied, unless otherwise stated and rounded to the nearest metric tonne. **1.** Includes white diesel used for training vehicles from 2022-23. **2.** Car engine size and fuel type conversion factors have now been applied rather than the conversion factor for a medium car unknown fuel, as used in 2021-22, giving greater accuracy on emissions. **3.*** Data entry error reported in 2022-23 - figure corrected from 387 to 381. **4.** Includes personal car mileage, air, rail, and, as of 2022-23, hotel stays. No mileage was available for buses, taxis, underground, and hire cars, to enable tCO₂e to be calculated. The tCO₂e applied for rail and air travel was calculated and supplied by CTM, the travel management company used by the CITB. **5.** The conversion factor applied relates to the primary source. Some paper products are from recycled sources, although it is not possible to evidence that they are from a Closed Loop supply. **6.** The data includes material printed by the CITB's third-party printing company and includes the Levy Return and guidance note products as of 2022-23. **7.** The data excludes emissions from ICT waste as they are unknown; Conversions are applied per waste stream rather than an overall combustion factor of 21.280, as applied before 2023-24, to improve data accuracy **8.** Calculated based on an FTE working 35 contracted hours per week. **9.** Additional Scope 3 data added from 2023-24 onwards. **10.** CITB see the purchase of accredited offsets as a last resort and aims to reduce its carbon emissions as much as possible before any purchases are made. **11.** The number of staff directly and temporarily employed by CITB as an average over the year (expressed in full-time equivalents) was 763 in 2023-24, (was 666 in 2022-23) with the majority either contractually or flexibly still working from home.

TABLE 6: WASTE

WASTE		2023-24	2022-23	2021-22
Non-financial indicators (tonnes)	Total waste arisings (not including ICT waste)	385	257	183
	ICT waste recycled	0.35	2.56	2
	ICT waste reused	0.9	1.03	3
	ICT hazardous waste	1.02	1.27	2
	Waste recycled	157	87	116
	Waste composted / food waste	3.6	4.3	3.4
	Waste incinerated with energy recovery	179	133	57
	Waste incinerated without energy recovery	0	0	0
	Waste to landfill	49	11	13
	Other non-ICT WEEE waste ¹	3.2	Not collected	Not collected
Financial indicators (£)	Main contract ²	76,922	57,550	42,973
	ICT waste	216	0	0
	Confidential waste service ³	8,566	2,228	2,546

1. Previously collected and included in ICT hazardous waste tonnage.
2. The performance data does not currently enable us to breakdown the costs per waste category.
3. The contract cost for confidential paper waste also includes the collection for plastics and WEEE.

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MITIGATING CLIMATE CHANGE: WORKING TOWARDS NET ZERO GHG EMISSIONS – SCOPE 1 (DIRECT)

EXPANSION OF THE ONSITE ENERGY CENTRE AT NCC BIRCHAM NEWTON

The training establishment at Bircham Newton is not connected to mains gas. Energy is provided instead by bringing fuel (mostly kerosene) onto site, together with some onsite energy generation by a biomass boiler fuelled by woodchips.

Kerosene is non-renewable and has a high carbon footprint. To help the environment and reduce our carbon footprint, a new second biomass boiler has been installed within the onsite energy centre, as the centre's original design allowed for such expansion. This will provide a backup to the existing boiler and allow for the extension of the existing heating and hot water network to a further five buildings during the first phase in 2024-25. A second external woodchip fuel store has been installed so that larger quantities can be delivered to site on a less frequent basis, helping to reduce the associated transportation emissions.

INCREASED USE OF ELECTRIC HEATING AND COOLING

Also, at the Bircham Newton training establishment, we have replaced the use of kerosene with aircon heating and cooling on two different buildings onsite, including the new gymnasium, as well as converting to an air source heat pump at our Plant Training Tea Room.

REDUCING ENERGY CONSUMPTION

LED lights with PIR sensors have also been installed in the Access and Construction Hangars this year at Bircham Newton to help reduce energy consumption and associated costs, where health and safety is not compromised.

Triple glazed windows and doors have also been installed in four buildings at Bircham Newton, providing better insulation and thermal efficiency.

COMPANY LEASED PASSENGER VEHICLES AND OWNED CARS

As part of our transition to phase out petrol and diesel cars from our fleet, company car allowances were enhanced to incentivise staff to transition to electric vehicles (EVs) through our partner, LEX Autolease, with greater availability of EVs compared to the year before. This has encouraged more staff to switch to fully electric or hybrid cars, with the number of Ultra Low Emission Vehicles (ULEVs), i.e. those producing less than 50g/CO₂ per km, representing 19% of the fleet, up from 15% the year before.

CITB currently has 27 owned vehicles of which 23 are in use and 11 (48%) are now electric. The fleet's 16-seater mini-buses and 4x4's will be replaced when suitable electric versions are available. →



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TABLE 7: SCOPE 1 – COMPANY LEASED PASSENGER VEHICLES¹

ENGINE SIZE	MILES (2023-24)	MILES (2022-23)	KGCO ₂ E (2023-24)	KGCO ₂ E (2022-23)	GROSS SPEND (2023-24)	GROSS SPEND (2022-23)
Electric	36,565	22,990	0	1,902	3,421	1,151
LPG ² 1400cc or less	72	1,148	0 ³	365	6	436
LPG 1400cc to 2000cc	6,793	Not collected	1,196	Not collected	796	Not collected
Diesel 1600cc or less	434,244	259,246	97,358	58,367	63,970	34,336
Diesel 1601cc to 2000cc	386,029	273,416	103,850	73,929	63,259	44,747
Diesel Over 2000cc	101,683	45,379	34,135	15,303	19,924	9,469
Petrol 1400cc or less	416,791	228,951	94,445	53,987	59,033	33,461
Petrol 1401cc to 2000cc	332,900	341,647	95,462	101,551	54,022	59,570

1. Data for 2023-24 uses the date of travel rather than payment transaction date used in 2022-23.
2. LPG is now reportable within two categories by engine size rather than as a fuel source only, as in 2022-23.
3. No emissions data is listed in the GHG conversion factors.

PLANT, COMMERCIAL FLEET AND MACHINERY

We have adapted the role profile of our Plant, Fleet and Equipment Manager to help us review options for replacing diesel fuelled commercial fleet, plant and machinery with other low-emission fuel alternatives, such as electric, hydrogen and biofuel. The role holder will lead our activities to achieve zero emissions by tailpipe and towards meeting our commitments in the Supply Chain Sustainability School's Plant Charter.

FUGITIVE EMISSIONS

All air con units at our training establishments have a carbon loading of less than 30 tonnes and are fully serviced and visually inspected once a year. Some units at Bircham Newton are no longer in use and have been made safe and decommissioned. During the reporting period, 10.66kg of R410A was used to 'top-up' two air con units at Bircham Newton, while none were required at Erith and Inchinnan.

100% RENEWABLE MAINS GAS FROM OCTOBER 2023

We currently use a mains gas supply at Inchinnan and Erith. From 1 April until 30 September 2023, our gas supply came from fossil fuels. As of 1 October 2023, we started purchasing units from an environmentally friendly renewable energy source, namely biogas, significantly reducing our natural gas carbon emissions. →

GHG EMISSIONS – SCOPE 2 (ENERGY INDIRECT)

100% ZERO CARBON ELECTRICITY FROM APRIL 2024

Our procured electricity is currently a mix of renewable and fossil fuels sources.

To become net zero in Scope 2 by 2030, the contract has been reviewed, and as of April 2024, we shall begin to procure only electricity that generates zero emissions.

In our 2024-25 Environmental Action Plan, we plan to conduct an energy audit that will help us identify actions we can take to reduce our energy consumption and costs as part of our Sustainable Estates Strategy.

GHG EMISSIONS – SCOPE 3 (OFFICIAL BUSINESS TRAVEL)

TABLE 8: SCOPE 3 – OFFICIAL BUSINESS TRAVEL (DOMESTIC ONLY)

MODE OF TRANSPORT ¹	2023-24			2022-23		
	tCO ₂ e	GROSS SPEND	KILOMETRES	tCO ₂ e	GROSS SPEND	KILOMETRES
Domestic air travel	97	£35,289	155,867	23	£19,748	99,598
Rail	30	£227,685	837,578	18	£131,602	516,447
Hotel stays	50	£521,376	N/A	30	£344,237	N/A
Private vehicle – owned by staff	20	£32,829	116,887	19	£33,839	111,704

1. Data set for 2023-24 uses departure date not the invoice date as used in 2022-23.

All modes of business travel have increased over the reporting period as colleagues return to pre-pandemic levels of face-to-face meetings.

In February 2024, changes were made to the CITB Expenses Policy to encourage colleagues to lift share when travelling to meetings or events, and to receive the HMRC payment rate of five pence per mile per passenger. A cycle rate of twenty pence per mile was also added. →



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WASTE MANAGEMENT

Overall waste arisings and the tonnage sent to landfill have both increased due to an increase in line with the upturn in training delivered post-pandemic, from 11% of total waste arisings in 2022-23 to 14% in 2023-24. This is also due to the redevelopment of our training establishments. As a result, CITB will miss the GGC target of less than 5% waste to landfill in the short term. Despite the increase in waste arisings, associated emissions remain the same as 2022-23 due to more accurate reporting through applying GHG conversions per individual waste stream.

Our overall recycling rate is currently 35%, well below the GCC 70% target. This is, in part, driven by the nature of waste derived from construction training activities. The main waste contract for NCC was re-tendered and future opportunities to increase the overall recycling rate will be discussed with the supplier and focus on the introduction of additional facilities for further on-site segregation e.g. mixed recycling, PPE and vapes. This will be supported by an awareness campaign.

CITB's catering partner (Sodexo) has been actively working towards a food reduction target of 50% at the Bircham Newton site, which serves fully-catered learner accommodation, and the amount of food waste has since decreased. Sodexo is reviewing opportunities for further reducing cup waste. Paper cups are used at the onsite water coolers and for takeaway drinks from the canteen, whilst eco cups (made from reused recyclable plastics) are used at the vending machines, with plastic recycling containers available for their collection. Opportunities to introduce new reuse schemes continue to be assessed.

We continue to explore opportunities to move more products and services from a print to a digital footprint.

PAPER USE

Although we have actively encouraged employers to switch to online Levy Returns, our paper usage has remained largely the same, due to an increase in materials printed in connection with our publication schemes and purchased office paper. The latter can be attributed to colleagues returning to the office post-pandemic and an increase in workforce numbers.

We continue to explore opportunities to move more products and services from a print to a digital footprint.

WATER

The volume of water consumed was recorded as significantly increasing over the reporting period, but this was later attributed to a major water leak at Bircham Newton. This took several weeks to detect and repair, partly due to the nature of the site, an old WWII RAF airbase. The volume reported below is net of the 'leak allowance' calculated by the water company. CITB has no indirect water use.

Through our Sustainable Estates Strategy redevelopment programme, we will look at the potential opportunities for reducing water consumption, and increasing water recovery and reuse, particularly at non-office locations. We will also set a reduction target that will be measured against our new baseline to be agreed with Defra. →

TABLE 9: FINITE RESOURCE CONSUMPTION

			2023-24	2022-23	2021-22
Non-financial indicators	Energy	Total purchased electricity (kWh) ¹	1,875,538	1,971,380	2,443,197
		Natural gas (kWh)	167,505	520,154	326,704
		Biogas (kWh) ²	477,699	Not collected	Not collected
		LPG (litres)	13,759	14,037	7,392
		Oil Kerosene (litres)	307,237	352,909	291,000
		Biomass (tonnes)	716	743	567
		Diesel (for Plant vehicles (litres) ³	41,385	Not collected	Not collected
Financial indicators (£)	Finite	Water from third parties (m ³) ⁴	13,929	23,736	20,504
		Paper (reams) ⁵	83,144	83,655	1,277
	Energy	Electricity	608,338	581,786	486,650
		Gas (natural and LPG)	19,609	40,892	21,594
		Biogas	44,771	Not collected	Not collected
		Kerosene	231,770	327,607	175,256
		Diesel	57,736	Not collected	Not collected
		Biomass	28,582	32,183	21,123
	Finite	Water ⁶	168,997	83,337	68,984
		Paper ⁷	9,509	6,511	4,235

1. Purchased electricity is on a 100% standard tariff. The EDF Energy fuel mix for 2023-24 is 20% renewable with 54% zero emissions from nuclear supply. **2.** As of 1 October 2023, we switched our tariff from natural gas to biogas. **3.** Diesel figures were previously included in kerosene invoices and the data is now logged separately. **4.** CITB does not extract water (Scope 1) nor collect any water (Scope 3). A leak allowance credit of 27,843m³ was granted against sewage for the period 22/12/23 and 18/03/24 for a major water leak. **5.** The volume of paper used has seen a sharp increase since 2021-22 due to the inclusion of printed material by the CITB's third-party printing company that includes the Levy Return and guidance notes. **6.** As a result of a water leak at Bircham Newton, a credit is due. **7.** The costs reflect purchases made through the CITB's stationary provider and does not include costs related to item 4 above. We hope to be able to extract the cost to purchase the paper from the printing, and to report this in future years.

PROCURING SUSTAINABLE PRODUCTS AND SERVICES

As an ALB, we have a mandatory requirement to adhere to UK Government Public Procurement Notices (PPNs) on various sustainability topics: including 'PPN 06/20 - Taking account of Social Value in the award of Central Government contracts'; and if applicable 'PPN 06/21 - Taking account of Carbon Reduction Plans' in the procurement of major Government contracts.

Where a procurement has a relevant and proportionate impact on the environment, tender questions are required and weighted appropriately. With the introduction of the Procurement Act 2023, and the Transforming Public Procurement (TPP) programme, we are updating our procurement policies and processes, and we see this strengthening our approach to sustainability.

NATURE RECOVERY AND BIODIVERSITY ACTION PLANNING

We do not hold significant natural capital. However, we are looking at what opportunities there are to achieve Net Biodiversity Gain across the CITB estate. With priority given to the redevelopment of the Erith training establishment, initial ecological surveys will be conducted together with an assessment on how biodiversity can be enhanced as we prioritise the redevelopment of all our sites. The greatest potential will come at Bircham Newton, where there are wide expanses of open land owing to its former use as an RAF airbase.

ADAPTING TO CLIMATE CHANGE

We have identified climate-related risks, and the process is outlined in the TCFD Risk Management section on page 48.

REDUCING ENVIRONMENTAL IMPACTS FROM ICT AND DIGITAL

We continue to pursue a programme focussed on the removal of older systems and applications that are no longer fit for purpose, and the migration of services to platforms that offer a lower running cost and environmental impact. This mature programme is now entering its third phase and has adopted a more proactive approach to identifying services that are in scope.

This includes reviewing the remaining on-premises legacy servers across the CITB estate, decommissioning where possible, and migrating to a cloud platform.

We recently completed the migration of our on-premises virtual desktop infrastructure to Microsoft Azure, reducing our physical hosting requirements for this service to zero. Furthermore, a recently completed review of legacy database servers and infrastructure has resulted in over 80% of these being decommissioned, while those retained are now cloud hosted.

We have replaced our site-based printing capabilities and multifunctional devices to match the downsizing of our estate and to replace aging equipment. Through the new service, we now have access to granular reporting that will allow us to look at where further reductions in print may be made.

Desktop equipment (such as laptops and desktops) has been reprovisioned where possible, to get the most life from existing assets and reduce the need for new purchases. Where new laptops or desktops are required, these are now sourced from a supplier providing repurposed hardware, thereby further reducing the environmental impact of manufacture.

Equipment that is no longer in service is disposed of in line with the waste hierarchy.

CITB procures its cloud services through the UK Government's 'G-Cloud' and Crown Commercial Service (CCS) frameworks. The services they provide are approved by CCS as being aligned to central Government procurement policies for eliminating/reducing their environmental impact.

SUSTAINABLE CONSTRUCTION

To support the greening of our estate, Mott MacDonald has been selected as our design and engineering partner. The firm shares our belief that sustainability should be embedded at the heart of what we do and will support us in developing the plans we need to achieve our net zero targets, through a combination of new build and retrofit, factoring in embodied carbon. The training establishment at Erith has been prioritised for redevelopment and planning approval is to be sought from the Local Authority so that work can commence in 2024-25. ●

SECTION 5

Statement by Accounting Officer

Pages 58 to 65

Statement by Accounting Officer



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.

We comply with our legal obligations in relation to personal data, and any serious data-related incidents are published and reported to the Information Commissioner's Office (ICO). This year, no incidents were reported to the ICO.

As CITB's outsourced IT Service Provider, Shared Services Connected Limited (SSCL) is committed to protecting the security and access to the data of our customers. SSCL follows ISO 27001-compliant practices in relation to information security and CITB has obtained certification for Cyber Essentials+, initially for Welsh Apprenticeships, to be followed by the whole IT estate.

SSCL investigates all security incidents relating to its service to CITB to identify suitable improvements in processes, staff education, and technical security measures. There were no high severity incidents reported in 2023-24.

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. We have arrangements for reporting concerns relating to Modern Slavery, Safeguarding and the Prevent Duty. Our arrangements for whistleblowing were reviewed and approved by the Audit and Risk Committee during the year. There were no whistleblowing incidents reported during the year.

REGISTER OF INTERESTS

As an ALB of DfE, CITB must abide by the principles of regularity and propriety, ensuring that its work is not adversely impacted by conflicts of interest. Trustees, Committee members and Executive Team are required to complete a declaration of interests annually. We have a process in place which allows potential conflicts of interest to be identified and, where identified, ensures that appropriate safeguards are put in place to prevent actual conflicts from arising.

In addition, all staff are required to complete a declaration of interest return annually, including those who have no interests to declare, and to also 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 the three national Governments (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 partake in various stakeholder surveys.

CONCLUSION

As Accounting Officer, I am satisfied that the governance arrangements that were in place during the year to 31 March 2024 are sufficient to continue managing risks effectively. This is informed by the work of Executive Team, who are responsible for developing and maintaining the governance structures and internal control framework. I acknowledge the comments made by NAO in its management letter and other reports (refer to External audit on page 33). 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. •



Tim Balcon

Accounting Officer

11 December 2024

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 HM 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 comply with the requirements of the Charities Statement of Recommended Practice (FRS 102) and 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 Charities Statement of Recommended Practice (SORP) and 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 DfE 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. The Annual Report and Accounts are fair, balanced and understandable, and as Accounting Officer I take responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable. ●

Tim Balcon
Accounting Officer

11 December 2024

Approved by the Board on and signed on its behalf by:

Peter Lauener
Chair

11 December 2024

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

OPINION ON FINANCIAL STATEMENTS

I certify that I have audited the financial statements of the Construction Industry Training Board for the year ending 31 March 2024 under the Industrial Training Act 1982.

The financial statements comprise: the Construction Industry Training Board's:

- Balance Sheet as at 31 March 2024;
- Statement of Financial Activities and Cash Flow Statement for the year then ended; and
- The related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom accounting standards including Financial Reporting Standards (FRS) 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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 2024 and its net expenditure for the year then ended
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- Have been properly prepared in accordance with the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 and the Charities Act 2011.

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 FOR OPINIONS

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs (UK)), applicable law and Practice Note 10 *Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2022)*. 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 2019*. I am independent of the Construction Industry Training Board in accordance with the ethical requirements that are relevant to my audit of 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

In auditing the financial statements, I have concluded that the Construction Industry Training Board's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Construction Industry Training Board's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Board and Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

OTHER INFORMATION

The other information comprises the information included in the Annual Report but does not include the financial statements nor my auditor's certificate and report. The Board and Accounting Officer are responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon. →

REPORT OF THE COMPTROLLER AND AUDITOR GENERAL

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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 I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 part of the Remuneration Report to be audited has been properly prepared in accordance with Secretary of State directions issued under the Industrial Training Act 1982.

In my opinion, based on the work undertaken in the course of the audit the information given in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

MATTERS ON WHICH I REPORT BY EXCEPTION

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 material misstatements in the Annual Report.

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 by the Construction Industry Training Board or returns adequate for my audit have not been received from branches not visited by my staff; or
- I have not received all of the information and explanations I require for my audit; or
- The financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of remuneration specified by the Charities Act 2011, Charities and Trustee Investment (Scotland) Act 2005 and section 8 of the Charities Accounts (Scotland) Regulations 2006 have not been made or parts of the Remuneration Report to be audited is not in agreement with the accounting records and returns; or
- The Governance Statement does not reflect compliance with HM Treasury's guidance.

RESPONSIBILITIES OF THE BOARD AND ACCOUNTING OFFICER FOR THE FINANCIAL STATEMENTS

As explained more fully in the Statement of the Board and Accounting Officer's Responsibilities, the Board and the Accounting Officer is responsible for:

- Maintaining proper accounting records;
- Providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- Providing the C&AG with additional information and explanations needed for his audit;
- Providing the C&AG with unrestricted access to persons within the Construction Industry Training Board from whom the auditor determines it necessary to obtain audit evidence;
- Ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error;
- Preparing financial statements which give a true and fair view and are in accordance with the Charities and Trustee Investment (Scotland) Act 2005 and regulations 8 of the Charities Accounts (Scotland) Regulations 2006 and the Charities Act 2011;
- Preparing the Annual Report, which includes the Remuneration Report, in accordance with Secretary of State directions issued under the Industrial Training Act 1982; and
- Assessing the Construction Industry Training Board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board and the Accounting Officer either intend to liquidate the entity or to cease operations, or have no realistic alternative but to do so. →

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, section 144 of the Charities Act 2011 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. 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.

EXTENT TO WHICH THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING NON-COMPLIANCE WITH LAWS AND REGULATIONS INCLUDING FRAUD

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

IDENTIFYING AND ASSESSING POTENTIAL RISKS RELATED TO NON-COMPLIANCE WITH LAWS AND REGULATIONS, INCLUDING FRAUD

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I:

- Considered the nature of the sector, control environment and operational performance including the design of the Construction Industry Training Board's accounting policies and performance incentives
- Inquired of management, the Construction Industry Training Board's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Construction Industry Training Board's policies and procedures on:
 - Identifying, evaluating and complying with laws and regulations;
 - Detecting and responding to the risks of fraud; and
 - The internal controls established to mitigate risks related to fraud or non-compliance with laws

and regulations including the Construction Industry Training Board's controls relating to the Construction Industry Training Board's compliance with the Industrial Training Act 1982, the Industrial Training Levy (Construction Industry Training Board) Orders 2022 and 2023, the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005, section 8 of the Charities Accounts (Scotland) Regulations 2006, and Managing Public Money

- Inquired of management, the Construction Industry Training Board's head of internal audit and those charged with governance whether:
 - They were aware of any instances of non-compliance with laws and regulations; and
 - They had knowledge of any actual, suspected, or alleged fraud
- Discussed with the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the Construction Industry Training Board for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions, and bias in management estimates. In common with all audits under ISAs (UK), I am required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of the Construction Industry Training Board's framework of authority and other legal and regulatory frameworks in which the Construction Industry Training Board operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the Construction Industry Training Board. The key laws and regulations I considered in this context included the Industrial Training Act 1982, the Industrial Training Levy (Construction Industry Training Board) Orders 2022 and 2023, the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005, section 8 of the Charities Accounts (Scotland) Regulations 2006, Managing Public Money and relevant employment, pension and tax legislation.

In addition, I considered the fraud and regularity risks associated with grant expenditure. →

REPORT OF THE COMPTROLLER AND AUDITOR GENERAL

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AUDIT RESPONSE TO IDENTIFIED RISK

To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management, the Audit and Risk Committee and in-house legal counsel concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board and internal audit reports; and
- I addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements on estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website. This description forms part of my certificate.

www.frc.org.uk/auditorsresponsibilities

OTHER AUDITOR'S RESPONSIBILITIES

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

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 I identify during my audit.

REPORT

I have no observations to make on these financial statements. ●

Gareth Davies

Comptroller and Auditor General

11 December 2024

National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

SECTION 6

Financial Performance

Pages 66 to 90

Financial statements

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDING 31 MARCH 2024

In the current financial year, income and expenditure for the previous year have been restated* to align with the current reporting year's strategic priorities.

INCOME	NOTES	2023-24 (£'000) RESTRICTED	2023-24 (£'000) UNRESTRICTED	2023-24 (£'000) TOTAL	2022-23 (£'000) TOTAL RESTATED*
Income from charitable activities					
Levy income	2	0	202,008	202,008	170,608
Non-Levy income					
Delivering an efficient training supply		12,123	34,496	46,619	43,379*
Clawback of ESFA Funding		3,902	0	3,902	(10,915)
Improving construction's people pipeline		0	0	0	55*
Creating defined training pathways		0	99	99	120*
Total Non-Levy income		16,025	34,595	50,620	32,639*
Income from trading activities					
Investment income		0	5,111	5,111	883*
Other income		0	52	52	207*
Total income		16,025	241,766	257,791	204,337
EXPENDITURE	NOTES	2023-24 (£'000) RESTRICTED	2023-24 (£'000) UNRESTRICTED	2023-24 (£'000) TOTAL	2022-23 (£'000) TOTAL
Expenditure on raising funds		0	2,415	2,415	2,232*
Expenditure on charitable activities					
Delivering an efficient training supply	4	22,056	229,693	251,749	184,545*
Improving construction's people pipeline	4	0	5,859	5,859	3,511*
Creating defined training pathways	4	0	7,692	7,692	6,094*
Total Expenditure on charitable activities		22,056	243,244	265,300	194,150*
Expenditure from trading activities					
Other expenditure		0	299	299	(242)
Total expenditure		22,056	245,958	268,014	196,140
Net income/(expenditure)		(6,031)	(4,192)	(10,223)	8,197
Net movement in funds - transfer from unrestricted fund		6,031	(6,031)	0	0
		0	(10,223)	(10,223)	8,197
Other gains and losses					
Gain on revaluation of freehold property, plant and machinery		0	2,724	2,724	204
Net movement in funds		0	(7,499)	(7,499)	8,401
Reconciliation of funds					
Total accumulated funds at period start	13	0	102,654	102,654	94,253
Total accumulated funds at period end		0	95,155	95,155	102,654

The above results include all recognised gains and losses and are derived from continuing activities.
The Notes 1 to 23 on pages 70 to 90 form an integral part of these accounts.

BALANCE SHEET AS AT 31 MARCH 2024

BALANCE SHEET	NOTES	2024 (£'000)	2023 (£'000)
Fixed assets			
Tangible assets	7	16,939	12,023
Intangible assets	8	2,467	0
Total fixed assets		19,406	12,023
Current assets			
Stock		338	480
Debtors	9	22,976	29,322
Cash at bank		114,915	114,945
Total current assets		138,229	144,747
Liabilities			
Creditors: Amounts falling due within one year	10	(25,470)	(18,399)
Net current assets		112,759	126,348
Total assets less current liabilities		132,165	138,371
Provisions for liabilities	11	(37,010)	(35,717)
Total net assets		95,155	102,654
Unrestricted funds	13	95,155	102,654
Total Charity Funds	13	95,155	102,654

The Notes 1 to 23 on pages 70 to 90 form an integral part of these accounts.

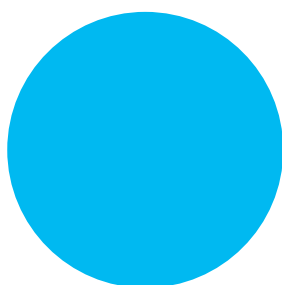


Tim Balcon
Accounting Officer

Approved by the Board on and
signed on its behalf by:



Peter Lauener
Chair



CASH FLOW STATEMENT AS AT 31 MARCH 2024

	NOTES	2023-24 (£'000)	2022-23 (£'000) RESTATED*
Cash flows from operating activities	See below		
Net income/(expenditure) per the SoCF		(15,392)	7,314*
Depreciation charges	7	972	588
Loss/(Profit) on sale of tangible fixed assets	6	(222)	(229)
Net effect of revaluation of fixed assets	7	300	(242)
Decrease/(increase) in debtors and stock	9	6,488	(19,665)
(Decrease)/increase in creditors and provisions	10	8,364	9,404
Net cash inflow/(outflow) from operating activities		510	(2,830)*
Cash flows from investing activities			
Interest received		5,111	883*
Receipts from sales of tangible fixed assets		257	229
Payments to acquire tangible fixed assets	7	(3,441)	(596)
Payments to acquire intangible assets	8	(2,467)	0
Net cash inflow/(outflow) from investing activities		(540)	516*
Increase/(decrease) in cash and cash equivalents		(30)	(2,314)
Cash and cash equivalents at period start		114,945	117,259
Cash and cash equivalents at period end		114,915	114,945

The Notes 1 to 23 on pages 70 to 90 form an integral part of these accounts.

*The previous year's cashflow has been restated to reclassify interest received from operating activities to investing activities.

RECONCILIATION OF NET INCOME/(EXPENDITURE) PER THE SOFA TO NET INCOME/(EXPENDITURE) PER THE SoCF

	2023-24 (£'000)	2022-23 (£'000)
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	(10,223)	8,197
VAT adjustments	(25)	0
Car grant	(20)	0
Interest received	(5,111)	(883)
Non-cash adjustments	(13)	0
Net income/(expenditure) per the SoCF	(15,392)	7,314



Notes to the accounts

1. ACCOUNTING POLICIES

PUBLIC BENEFIT ENTITY

As a charity, CITB 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

The financial statements for the year ending 31 March 2024 have been prepared on a ‘going concern’ basis. The use of the going concern basis of accounting is appropriate as there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of CITB to continue as a going concern.

CITB has ended 2023-24 in a strong financial position with a healthy level of reserves and cash. Collection of the Levy during the second year of the current three-year Levy Order has been in line with forecasts and we are confident of collecting sufficient cash in the remaining year to enable us to fund all our plans and meet all other commitments. A one-year Levy Order has been applied for to bridge the gap in 2025-26, whilst the outcome of the ITB Review is determined by ministers. This should further secure our funding in the near term.

The Board has considered the ongoing impact of the current economic conditions on the activities of CITB and the construction industry. It has determined to keep income expectations for the foreseeable future flat, placing no further burden on Levy payers, and aims to maximise its potential commercial income generation and the return on its investments.

Grant and funding applications have risen during the year to pre-pandemic levels, as the construction industry returns to investing in the skills and training of its workforce. This is good news for the industry, but also for CITB, where accumulated reserves will be released over the next three years to enable us to fund the Strategic Plan in line with an increase in demand from industry. CITB aims to reduce its liquid reserves to target levels by 2026-27, acknowledging its planned investment in assets over this period will keep total reserves close to current levels.

Accordingly, the Board properly prepares and submits the 2023-24 Annual Report and Accounts on a ‘going concern’ basis.

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. The accounts also have regard to the disclosure requirements of the 2023-24 Government Financial Reporting Manual, providing additional disclosures where (See Note 22 and 23) this goes beyond the requirements of the Charities SORP (FRS 102). These accounts are prepared under the historical cost convention, as modified to reflect the revaluation of fixed assets and investments.

As an executive NDPB sponsored by the Secretary of State for Education, CITB’s accounts are consolidated into the accounts of DfE (the Government department responsible for education and skills in the UK), a copy of which can be obtained from their office in Sanctuary Buildings, Great Smith Street, London, SW1P 3PT.

RESTRICTED FUNDS

Restricted funds relate to apprenticeship activity funded by Education and Skills Funding Agency (ESFA) and Skills Development Scotland (SDS) and their associated expenditure, in which contractual agreements state that funds should only be used for the provision of apprenticeships.

Expenditure for apprenticeship activities is apportioned between restricted and unrestricted based on the proportion of direct and grant expenditure relating to apprenticeships, as staff may be working on both.

No surplus is made on restricted funds and, therefore, any loss is covered by unrestricted funds.

INCOME

Income is recognised when CITB can demonstrate entitlement to the income, receipt is probable, and the amount can be quantified with reasonable accuracy. The following specific policies apply to the following material categories of income:

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. Levy income is recognised in line with the requirements of the Levy Order.

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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 and prior years' experience is also applied against Levy debts, and both the movement in the provision during the financial year 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.

Non-Levy income

Training, development and publications

Registration fee income is recognised on the date the test is taken by the candidate. Publications income is recognised upon dispatch to customers of the items sold. Course fees and other product income is recognised on the start date of the course being delivered.

Apprenticeships

SDS income is recognised upon cash receipt from the funder, less any clawbacks which are disclosed separately, in line with the funding rules of the funder's contract.

ESFA income is recognised on an accruals basis, based on the outstanding amount of the progress of the Apprenticeship at the time, adjusted by the actual cash received.

Other income

This represents the interest earned on CITB's surplus cash balances and is brought into account in the year it is due.

EXPENDITURE

Grant 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.

CITB considers the recognition point for achievement grants to be when the official certification has been achieved and received by CITB. Grant provision is based on the evidence being submitted for certification but not authorised.

The recognition point for attendance grants is over the period that the trainee attends the course. In the cases of other grants, CITB considers the recognition point to be

the point at which the employer has provided the training (or incurred the cost of providing the training), as at this point, they can claim a grant.

Lower value funded training grants for small and micro employers are issued with no specified funding conditions and are paid in advance where the intended training is yet to commence.

The clawback of grant claims verified as not meeting grant conditions is recognised when the grant is repaid by either the offset of other grant owed, or cash repayment received. An estimate for the value of identified grants to yet be recovered is included in other debtors.

Charitable activities

The charges in the Statement of Financial Activities are recognised on an accrual 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 staff numbers 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-based full-time equivalent basis.

ASSETS

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.

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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 of 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, either individually or for a group of similar assets.

Freehold land is not depreciated. All other tangible fixed assets are depreciated evenly to write off their value 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 (four to twenty years)
- Office equipment (ten years)
- Computer equipment (two to five years).

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

Intangible fixed assets

Intangible fixed assets are measured at cost less accumulated amortisation and any accumulated impairment losses. Expenditure, including own staff costs, incurred by CITB in relation to the development and implementation of internally generated assets, such as online services have been capitalised at cost. These costs relate to the development stage of the project and are deemed to have a future economic benefit of more than a year. Once an asset is put into use, the amortisation of such expenditure will be charged on a straight-line basis over the estimated useful life of the asset up to a maximum of seven years.

Based on the Levy consensus cycle and employer engagement feedback, intangible assets are amortized over a seven-year period, accounting for identified improvements and the decommissioning of existing working methods.

Cash and cash equivalents

Cash is represented by amounts held at bank.

LIABILITIES

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.

Income from Health and Safety Tests and Course fees is deferred where payment is received in advance for contracted services that have yet to be provided.

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. College fee creditors are recognised within non-grant accruals.

Trade 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.

Provisions

CITB funds training relevant to the construction industry. There is naturally a gap between the funding being earned and the claim being paid by CITB. Claims are submitted with evidence of completion, which have to be verified and processed. At year end, therefore, we make an assessment for the amount of provision that is required to account for funding earned in line with the grant recognition policy, but yet not paid.

Grant claims not yet received are largely provided for on the basis of historical payment patterns adjusted for any known changes in circumstances, although some parts of the provision relating to apprentices are based on the number of new entrant trainees known to have enrolled on the scheme.

A provision of £15.2m was included in the 2022-23 accounts with respect to non-compliance with the Education and Skills Funding Agency's (ESFA) funding rules for apprenticeship delivery in England and Wales for

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the academic years 2018/19, 2019/20. That provision reflected the likelihood that, following audits carried out on behalf of the ESFA, some level of ESFA funding would need to be clawed back due to issues with records management. At the time, this was our best assessment of the most likely outcome of amounts due, following detailed investigation by CITB into the ESFA audit results.

We have successfully worked with the ESFA to provide additional assurance and resolve potential errors on most of the points raised through their initial audit work, in areas which we acknowledge record keeping was not at the level we expect. A final position has been agreed with the ESFA of £12.3m against which they will clawback funds related to these matters. This is reflected in these accounts. Through this work, the ESFA have also recognised the £1.6m claw back for 2020/21 is to be reduced and we estimate this to be by approximately £1m.

We have taken steps to transform this part of the organisation, improving processes and introducing new technology, and are confident that we will not experience similar issues for 2023/24 or future academic years.

Significant judgements

The financial statements include three significant judgements.

The key estimate required is how much of the £150m Levy debt outstanding at the year-end will be collected in the fullness of time. We have followed our normal methodology, which is based on age, but adjusted it to reflect the cash collection experience in 2023-24. We have used our experience of cash collection over the past year, against all prior Levy Assessments, to judge how much we can expect to collect in the fullness of time. The total provision is then split between bad debt (money that is owed but not expected to be paid) and reassessment (money that has been invoiced on an estimated assessment and is likely to be adjusted downwards when the Levy Return is received). The split is intended to help the reader understand the difference between the bulk assessment and the net income received. It should be noted that although this is a judgement, the split itself does not have any net impact on our financial statements.

The second significant judgement is regarding the provision for training grants. At the year end, we make an assessment for the amount of provision that is required to account for apprenticeship, qualification and short duration training grants earned, but as yet not claimed. Our methodology is largely based on historical cash payments, which we have judged to be the most appropriate, relevant and reliable

predictor of future cash payment requirements. However, because grant demand patterns have fluctuated over the last few years due to the pandemic and its after-effects, this estimate contains a significant level of uncertainty, and the actual outcome will not be known until sometime after these accounts are certified.

The third significant judgement involves valuing CITB's freehold properties, plant and machinery, which requires judgements to be made regarding which valuation methodology, data and assumptions to be used and there are inherent risks in the valuation around estimation uncertainty. To mitigate those risks, CITB uses an external third party with local knowledge and expertise to perform an annual desktop valuation. A full valuation is performed every five years.

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 2016 and operates a defined contribution section (See Note 14).



2. INCOME FROM CHARITABLE ACTIVITIES

LEVY INCOME	2023-24 (£'000)	2022-23 (£'000)
Current year's Levy Assessment receivable	244,873	205,507
Less: provision for bad debts and debt write-offs	(43,055)	(36,445)
Net value current year's Levy Assessments	201,818	169,062
Reassessment of previous years' Levy receipts	190	1,546
Net Levy income for the year	202,008	170,608

The reassessment of previous years' Levy relates to the prior year Levy Assessment that has been reassessed this year. It is, therefore, an uncertain estimation refined in 2023-24.

The increase in Levy income in 2023-24 is because of 4.6% wage growth in the construction industry due to high competition for staff and higher bonuses, and the post-pandemic boom.

The 2022 Levy Bulk Assessment was issued in April 2023 with a base collection period up to March 2024. The resulting total expected income is in line with the higher Bulk Assessment outcome.

The provision for bad debts and debt write-offs has increased by £6.6m compared to 2022-23. We have followed a more thorough write-off process against uncollectable debt. This is offset by debt from the new Levy year.



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3. MATERIAL CASH SUPPORT PAYMENTS IN RESPECT OF TRAINING

Accounting and Reporting by Charities: Statement of Recommended Practice (FRS 102) requires material grants made, to be disclosed. Disclosure must include the name of the recipient, and the aggregate amount of grants made to that recipient. The material payments for 2023-24 are disclosed below:

For comparative purposes, the material payments for 2022-23 were:

RECIPIENT	2023-24 (£'000)
OHOB Group Ltd	2,146
Barratt Developments Plc	1,796
Kier Group Plc	1,742
O'Rourke Investments Plc	1,700
The Skills Centre London Ltd	1,645
Persimmon Plc	1,612
Royal BAM Group Nv	1,475
Balfour Beatty Plc	1,330
M Group Services Ltd	1,203
Morgan Sindall Group Plc	910
VGC Group	876
Taylor Wimpey Plc	870
Cyfle Building Skills Ltd	851
Bell Group UK Ltd	814
Willmott Dixon Construction Ltd	808
Other recipients	135,950
Total paid or offset during the year	155,728

RECIPIENT	2022-23 (£'000)
O'Rourke Investments Plc	1,542
Royal BAM Group Nv	1,354
Kier Group Plc	1,242
Barratt Developments Plc	1,197
Taylor Wimpey Plc	1,115
Cyfle Building Skills Ltd	1,057
OHOB Group Ltd	1,043
Persimmon Plc	977
Procure Plus Holdings Ltd	801
Bell Group UK Ltd	636
Balfour Beatty Plc	642
M Group Services Ltd	539
The Supply Chain School	522
Morgan Sindall Group Plc	478
Advance Construction Personnel Ltd	477
Other recipients	91,899
Total paid or offset during the year	105,521

In 2023-24 £6.8m (2023-23 £5.2m) in grants were paid directly to, or on behalf of, individuals (Travel to Train is paid on behalf of individual apprentices), £137.5m to employers (2022-23 £91.9m) and £11.4m (2022-23 £8.4m) to other institutions.

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4. EXPENDITURE ON CHARITABLE ACTIVITIES

In the current financial year, the expenditure on charitable activities for the previous year have been restated* to align with the reporting year's strategic priorities.

ACTIVITY	ACTIVITIES DIRECTLY UNDERTAKEN (£'000)	GRANT FUNDING ACTIVITIES (£'000)	SUPPORT COSTS (£'000)	2023-24 TOTAL (£'000)	2022-23 TOTAL (£'000) *RESTATED
Delivering an efficient Training Supply	56,171	154,535	41,043	251,749	184,545
Improving construction's people pipeline	3,076	1,193	1,590	5,859	3,511
Creating defined training pathways	3,259	0	4,433	7,692	6,094
Total	62,506	155,728	47,066	265,300	194,150

Grant funding of £155.7m (2022-23: £105.5m) is split into two elements (also referenced on page 26):

- Main Grants Scheme – £128.6m (2022-23: £85.3m)
- Funding (incorporating structured and flexible funding) – £27.1m (2022-23: £20.2m).

5. SUPPORT COSTS

In the current financial year, the Support Costs for the previous year have been re-presented to align with the reporting year's strategic priorities.

*To correct a prior year mapping error, £356k has been reallocated from Legal, Governance, and Compliance to expenses on raising funds. Additionally, £1.7m in costs, previously categorised as direct costs, are now included under Strategy and Policy.

SUPPORT COST	DELIVERING AN EFFICIENT TRAINING SUPPLY (£'000)	IMPROVING CONSTRUCTION'S PEOPLE PIPELINE (£'000)	CREATING DEFINED TRAINING PATHWAYS (£'000)	2023-24 TOTAL (£'000)	2022-23 TOTAL (£'000) *RESTATED
Legal, Governance and Compliance	1,650	58	169	1,877	1,807*
Communications and marketing	3,331	116	343	3,790	3,168
Finance	2,556	89	263	2,908	3,192
Human Resources	2,635	92	271	2,998	3,052
Technology	10,382	363	1,068	11,813	8,597
Change	2,266	79	233	2,578	2,319
Commissioning	590	21	60	671	674
Estates	7,938	526	1,382	9,846	6,351
Other corporate costs	2,400	84	247	2,731	1,126
Strategy and Policy	3,857	135	397	4,389	3,285*
Grant Support Costs	3,438	27	0	3,465	2,985
Total	41,043	1,590	4,433	47,066	36,556*

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6. EXPENDITURE

ACTIVITY	2023-24 (£'000)	2022-23 (£'000)
The net movement in funds for the year was arrived at after charging/(crediting)		
Profit on disposal of fixed assets	(222)	(229)
Depreciation on owned assets	972	588
Hire of plant and machinery	275	197
Other operating leases	644	1,119
Indemnity insurance	100	101
Statutory external auditor fee	230	210
Other assurances (internal audit)	251	380

7. TANGIBLE FIXED ASSETS

(A) SUMMARY

	FREEHOLD PROPERTY (£'000)	PLANT AND MACHINERY (£'000)	VEHICLES (£'000)	COMPUTER AND OFFICE EQUIPMENT (£'000)	TOTAL (£'000)
Cost or Valuation					
1 April 2023	10,880	7,666	201	3,332	22,079
Additions	0	2,180	892	392	3,464
Disposals	0	(559)	(144)	(559)	(1,262)
Revaluation	1,180	1,562	0	0	2,742
31 March 2024	12,060	10,849	949	3,165	27,023
Depreciation					
1 April 2023	0	6,531	195	3,330	10,056
Charges during year	229	568	61	114	972
Disposals	0	(557)	(144)	(560)	(1,261)
Revaluation	(229)	546	0	0	317
31 March 2024	0	7,088	112	2,884	10,084
Net book value					
31 March 2024	12,060	3,761	837	281	16,939
31 March 2023	10,880	1,135	6	2	12,023

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(B) HISTORICAL COST INFORMATION

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

	2023-24 (£'000)	2022-23 (£'000)
Cost	18,855	19,302
Prior year adjustment to cost	0	(447)
Accumulated depreciation	(5,831)	(5,602)
Total	13,024	13,253

(C) FREEHOLD PROPERTY

	2023-24 (£'000)	2022-23 (£'000)
Freehold land valuation	3,800	3,430
Freehold property valuation	8,260	7,450
Accumulated depreciation freehold property valuation only	0	0
Total	12,060	10,880

(D) HISTORICAL COST INFORMATION OF PLANT AND MACHINERY

If the valuations had not been included, then plant and machinery would have been included at the following amounts:

	2023-24 (£'000)	2022-23 (£'000)
Cost	7,667	7,667
Additions	2,180	0
Disposals	(557)	0
Total	9,290	7,667
Accumulated depreciation	(6,473)	(6,531)
Net book value	2,817	1,136



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(E) REVALUATION

Land and Buildings

An independent valuation of all CITB freehold property was carried out by Montagu Evans LLP. The valuation as at 31 March 2024 was based on the principles of fair value and prepared using the existing use method of valuation.

Freehold property includes both land and buildings.

The assumptions applied within the valuation of CITB's properties this financial year include:

- Rental Values – £1.00-£5.75 per sq.ft
(£0.50 - £5.50 per sq.ft in 2022-23)
- Yield – 9% - 20% (Yield – 8.75% - 20% in 2022-23)
- Land values per acre – £4,500 per acre - £7,500 per acre (£4,250 per acre - £7,000* per acre in 2022-23)*.

*During the reporting year, it was identified that the land values per acre reported in the previous year's financial statements was incorrect. The error was due to incorrect data provided.

The valuation assumes that each property is occupied and/or operated in accordance with a valid planning permission and that there are no matters that would affect value.

Plant and Machinery

Included in the cost of plant and machinery is £2.8m of assets that have reached the end of their estimated useful life and therefore are fully depreciated. However, those assets are still being used and are providing some economic benefit.

The valuation of plant and machinery has been carried out by an independent external valuer Cheffins in February 2024. The valuation has been undertaken on the basis of Market Value as defined in the RICS Valuation - Global Standard 2022.

The plant and machinery at CITB are somewhat unique in its existence. Most of the items are in excellent condition and have a low recorded hours and mileage. This in turn makes it challenging to value, as most of the comparable evidence is of lesser quality and has recorded more hours and mileage.

(F) CAPITAL COMMITMENTS

There were £Nil capital commitments as at 31 March 2024 (2022-23: £Nil).

(G) TANGIBLE FIXED ASSETS 2022-23 (COMPARATIVE TABLE)

	FREEHOLD PROPERTY (£'000)	PLANT AND MACHINERY (£'000)	VEHICLES (£'000)	COMPUTER AND OFFICE EQUIPMENT (£'000)	TOTAL (£'000)
Cost or Valuation					
1 April 2022	10,650	7,887	253	3,962	22,752
Additions	0	590	6	0	596
Disposals	0	(811)	(58)	(630)	(1,499)
Revaluation	230	0	0	0	230
31 March 2023	10,880	7,666	201	3,332	22,079
Depreciation					
1 April 2022	0	6,980	253	3,950	11,183
Charges during year	216	362	0	10	588
Disposals	0	(811)	(58)	(630)	(1,499)
Revaluation	(216)	0	0	0	(216)
31 March 2023	0	6,531	195	3,330	10,056
Net book value					
31 March 2023	10,880	1,135	6	2	12,023
31 March 2022	10,650	907	0	12	11,569

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8. INTANGIBLE ASSETS

	ASSETS UNDER CONSTRUCTION (£'000)	TOTAL (£'000)
Cost	0	0
Opening balance	0	0
Additions	2,467	2,467
Disposals	0	0
Impairment	0	0
As at 31 March 2024	2,467	2,467
Amortisation		
Amortisation Opening Balance	0	0
Amortisation charges during period	0	0
Disposals	0	0
Impairment	0	0
As at 31 March 2024	0	0
Net Book Value at 01 April 2023	0	0
Net Book Value at 31 March 2024	2,467	2,467

9. DEBTORS

	2024 (£'000)	2024 (£'000)	2023 (£'000) *RESTATED	2023 (£'000)
Levy debtors	149,998		149,274*	
Less: provision for bad debts	(132,467)		(126,024)	
Total Levy debtors		17,531		23,250*
Trade debtors	4,615		3,438*	
Other debtors	134		265	
Less: provision for bad debts	(1,530)		(66)	
Total trade and other debtors		3,219		3,637
Accrued income		958		1,105
Prepayments		1,268		1,330
Total debtors		22,976		29,322
Debtors due within one year		22,976		29,322

*£1.2m of Levy debtors for 22-23 were restated to trade debtors to correct last year's figures due to the incorrect allocation of overpaid grants.

As stated in the Accounting Policies (See Note 1), CITB writes-off Levy debts only 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.

Generally, collection of the Levy has been slightly better than anticipated, while grant and funding claims have

been higher than expected, therefore we have had sufficient funds to enable us to operate as normal. The key estimate required is how much of the £150m bona fide and estimated Levy debt outstanding at the year-end will be collected in the fullness of time. We have followed our normal methodology, which is based on age, but adjusted it to reflect the cash collection experience in 2023-24.

Levy debtors and income are stated net of a provision for reassessment of £42.9m (2022-23: £34.2m). →

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The smaller increase in debt compared to the previous financial year reflects the fact that the main collection period for the 2022 Levy Assessment (raised in April 2023) runs until March 2024, whereas in 2022-23 the collection period finished after the year end, as the Levy was raised

in June 2022, rather than April 2022. Levy collection is returning to being in line with pre-pandemic levels.

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2024 (£'000)	2023 (£'000)
Trade creditors	6,234	1,602
Taxation and social security	1,009	798
Deferred income	1,562	1,949
Accruals		
Grant funding	4,221	4,722
Other	12,444	9,328
Total creditors	25,470	18,399

DEFERRED INCOME ANALYSIS

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

	2024 (£'000)	2023 (£'000)
Balance brought forward at start of year	1,949	1,674
Deferred income in current year	1,562	1,949
Prior year released	(1,949)	(1,674)
Closing balance	1,562	1,949

11. PROVISIONS FOR LIABILITIES AND CHARGES

	GRANT PROVISION 2024 (£'000)	ESFA REPAYMENT PROVISION 2024 (£'000)	OTHER PROVISIONS 2024 (£'000)	TOTAL PROVISIONS 2024 (£'000)	TOTAL PROVISIONS 2023 (£'000)
Balance as at period start	18,003	15,202	2,512	35,717	28,834
Utilised	(18,003)	0	(1,833)	(19,836)	(24,236)
Released	0	(3,902)	(267)	(4,169)	(373)
Additions	22,675	0	2,623	25,298	31,492
Balance as at period end	22,675	11,300	3,035	37,010	35,717

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GRANT AND FUNDING PROVISIONS

CITB pays out grants to employers to fund relevant training. There is naturally a gap between the grant being earned (the learner has had their training) and the claim being received by CITB. At the year-end, therefore, we make an assessment for provision that is required to account for grants earned but as yet not claimed.

- Apprenticeship Grant provisions are based on expected claims for known named apprentices with confirmed start dates and this is used as a basis to provide for those not yet known about (received) at year-end
- Short duration Grant and Qualification Grant provisions are based on recent historical experience payment values. The pandemic initially created delays in claims of these grants, and we have observed that these interventions remain volatile year-on-year. This has meant the provisions for Short Duration Grants has increased compared to last year and Qualification Grants has decreased.

REDUNDANCY PROVISION

In 2023-24, a restructuring provision of £116,707 was made to account for the expected redundancy costs related to the Communications and Marketing function.

OTHER PROVISIONS

Included within the provisions is a value of £511,744 for the payment of interest and compensation for late payments, in accordance with the obligations under the Late Payment of Commercial Debt (Interest) Act 1998 and Regulations 2013.

The more minor funding provisions relates to the Skills and Training Fund for Small- and Micro-Sized businesses and the Skills and Training Fund for Medium-Sized businesses.

Other provisions also include small dilapidation provisions.

ESFA REPAYMENT PROVISION

A provision of £11.3m has been included in these accounts with respect to the risk of non-compliance with the Education and Skills Funding Agency's (ESFA) funding rules for apprenticeship delivery in England and Wales for the academic years 2018/19 and 2019/20. Following productive work with the ESFA, a reduction in the clawback with respect to 2020/21 of £1.6m is expected and we estimate that to be by approximately £1m.

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12. 2022-2023 RESTRICTED AND UNRESTRICTED FUNDS

INCOME	2022-23 (£'000) RESTRICTED	2022-23 (£'000) UNRESTRICTED	2022-23 (£'000) TOTAL
Income from charitable activities			
Levy income	0	170,608	170,608
Non-Levy income			
Training and Development	10,208	33,324	43,532
Clawback of ESFA Funding	(10,915)	0	(10,915)
Careers	0	55	55
Standards and Qualifications	0	120	120
Engagement and Evidence Base	0	27	27
Other	0	27	27
Total non-Levy income	(707)	33,553	32,846
Income from Government grants			
Other income	0	883	883
Total income	(707)	205,044	204,337
EXPENDITURE	2022-23 (£'000) RESTRICTED	2022-23 (£'000) UNRESTRICTED	2022-23 (£'000) TOTAL
Expenditure on raising funds	0	1,876	1,876
Expenditure on charitable activities			
Training and Development	16,067	166,766	182,833
Careers	0	3,076	3,076
Standards and Qualifications	0	6,070	6,070
Engagement and Evidence Base	0	2,527	2,527
Total expenditure on charitable activities	16,067	178,439	194,506
Other expenditure	0	(242)	(242)
Total expenditure	16,067	180,073	196,140
Net income/(expenditure)	(16,774)	24,971	8,197
Transfer from unrestricted fund	16,774	(16,774)	0
Other gains and losses			
Gain on revaluation of freehold property	0	204	204
Net movement in funds	0	8,401	8,401

NOTES TO THE ACCOUNTS

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13. ACCUMULATED FUNDS

	GENERAL RESERVE 2023-24 (£'000)	FIXED ASSET REVALUATION RESERVE 2023-24 (£'000)	TOTAL UNRESTRICTED FUNDS 2023-24 (£'000)	TOTAL UNRESTRICTED FUNDS 2022-23 (£'000)
Opening balance	102,450	204	102,654	94,253
Net movement in funds	(10,223)	2,724	(7,499)	8,401
Closing balance	92,227	2,928	95,155	102,654

ACCUMULATED FUNDS 2022-23 (COMPARATIVE TABLE)

	GENERAL RESERVE 2022-23 (£'000)	FIXED ASSET REVALUATION RESERVE 2022-23 (£'000)	TOTAL UNRESTRICTED FUNDS 2022-23 (£'000)	TOTAL UNRESTRICTED FUNDS 2021-22 (£'000)
Opening balance	94,253	0	94,253	120,733
Net movement in funds	8,197	204	8,401	(26,480)
Closing balance	102,450	204	102,654	94,253

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

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14. ITB PENSION FUND

CITB is a participating employer in the ITB Pension Funds, which comprises two funds: The Open Fund and the Closed Fund.

- The Closed Fund has no participating employers paying contributions.
- The Open Fund consists of four separate sections:
 - the original section of the Open Fund, known as the 'Old Section'
 - the 'New Section', which was introduced on 1 September 2003
 - the '2007 Section', which was introduced on 1 January 2007, and
 - the 'DC Section', which was introduced on 1 April 2012.

The Old, New and 2007 Sections provide DB (defined benefit) benefits, and the DC section provides DC (defined contribution) benefits.

As the '2007 Section' is a multi-employer scheme for which CITB's proportion of assets and funding/ liabilities cannot be separately identified, the Charity SORP (FRS 102) requires it to be accounted for as a defined contribution plan.

CITB's current and former employees will have benefits accrued in all four sections. However, from 1 April 2017 CITB elected not to offer further DB benefits and since that date the DC section has been the only section open for CITB and its employees to pay contributions into.

The most recent triennial valuation of the scheme was performed as at 31 March 2022.

The principal future assumptions used are:

● **Discount rate for determining the technical provisions (or, equivalently, the expected return on the assets)**

The overall discount rate assumed for the valuation is based on consideration of the expected rates of return on the Fund's assets and the yields available, at the valuation date, on Government bonds (gilts). The expected nominal return on the assets is assumed to be the redemption yields on gilts plus a prudent margin of 0.15% a year to allow for expected returns on the Fund's assets exceeding those from gilts. An inflation risk premium of 0.25% is also deducted

● **Future Retail Price Inflation (RPI)**

An implied RPI curve for future RPI is determined by comparing the annually compounded redemption yield from nominal gilt yield curves minus 0.25% for an inflation risk premium, and index-linked gilt yield curves

● **Future Consumer Price Inflation (CPI)**

CPI increases are assumed to be 0.9% a year less than RPI increases up to 2030 and in line with RPI from 2030

● **Pension increases**

These are assumed to be in line with the provisions under the Fund's rules, with the assumption for future CPI or RPI as appropriate, allowing for any caps and floors

● **Mortality (post-retirement)**

Assumed to be in line with 85% of the S3NMA, S3NFA_H and S3DFA tables published by the UK actuarial profession. Ill health pensioners are assumed to experience the same rates of mortality as under the unadjusted S3IM/FA tables

● **Mortality improvements**

Longevity improvements are assumed to be in line with the 2021 Continuous Mortality Investigation (CMI) projection model using a smoothing factor of 7.5 and a 1.5% long term improvement per year.

The 2022 triennial valuation indicated that the actuarial value of the assets held by the Scheme in total showed a surplus of £24.8m against the scheme liabilities on a statutory funding basis. There were no deficit funding contributions paid to the Scheme in the 12-month period (2022-23: £Nil).

The range for standard employee contributions is 4%-7% (2022-23: 4%-7%), although employees can elect to contribute more at their discretion, and the employer contributions will match the employee contribution plus 2% but are capped at 9% (2022-23: 9%). 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. These expenses are funded from unrestricted reserves.

As shown in Note 17, employer's pension contributions totalled £2.6m for 2023-24 (2022-23: £2m). The operating cost of CITB's defined contribution pension scheme for 2023-24 was £44,906 (2022-23 £16,683).

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15. LEASE COMMITMENTS

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

	LAND AND BUILDINGS 2023-24 (£'000)	OTHER (£'000)	LAND AND BUILDINGS 2022-23 (£'000)	OTHER (£'000)
Operating leases				
Leases expiring within 1 year	1	341	44	286
Leases expiring within 2-5 years	0	296	1	343
Leases expiring after 5 years	0	0	0	0
As at 31 March	1	637	45	629

16. BOARD MEMBERS' REMUNERATION

Remuneration of Board members was as follows:

	2023-24 £	2022-23 £
Chair – Peter Lauener	21,673	23,102

The authority under which payments were made to the Chair is contained within Schedule 1 Sections 4 and 5 of the Industrial Training Act 1982. Expenses paid to Board members during 2023-24 amounted to £6,255 (2022-23: £1,626) in respect of travel and subsistence. The total number of recipients was six (2022-23: five). No material expenses were waived by Board members during this period.



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17. 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 STAFF	2023-24 TOTAL	2022-23 TOTAL
Total	748	15	763	666

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

	2023-24 (£'000)	2022-23 (£'000)
Salaries of directly employed staff	36,491	29,951
Temporary and agency staff costs	2,512	1,915
Redundancy cost	308	(145)
Social security costs	4,058	3,315
Pension costs	2,571	1,989
Total	45,940	37,025

The remuneration and pension entitlements of CITB's Executive directors can be found in the Remuneration Report on pages 92 to 97.

Redundancy costs in 2022-23 represents the net release of the provision following a reassessment of the estimated redundancy costs of restructuring.

The number of employees whose emoluments exceeded £60,000, including benefits in kind but excluding pension contributions, are outlined within the ranges shown below:

	2023-24	2022-23
£60,001-£70,000	114	45
£70,001-£80,000	24	12
£80,001-£90,000	23	14
£90,001-£100,000	7	2
£100,001-£110,000	1	1
£110,001-£120,000	1	2
£120,001-£130,000	3	1
£130,001-£140,000	0	1
£150,001-£160,000	1	0
£170,001-£180,000	0	1
£180,001-£190,000	1	0

NOTES TO THE ACCOUNTS

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The total employer contributions paid in 2023-24 to the defined contribution section of the ITB Pension Fund in respect of those employees earning over £60,000 was £788,437 (2022-23: £392,963). Details of staff headcount by grade and gender as at period end are:

***The Grading for 2022-23 has been re-presented based on the current grading structure.**

GRADE (2023-24)	FEMALE	MALE	TOTAL
Chief Executive	0	1	1
Leader L3	1	1	2
Leader L2	2	2	4
Leader L1	8	14	22
Specialist Lead SL3	12	8	20
Specialist Lead SL2	22	29	51
Specialist Lead SL1	42	36	78
Specialist Contributor SC4	22	32	54
Specialist Contributor SC3	45	92	137
Specialist Contributor SC2	113	78	191
Specialist Contributor SC1	42	32	74
People Manager PM3	3	3	6
People Manager PM2	6	4	10
People Manager PM1	2	1	3
Team Leader TL3	13	3	16
Team Leader TL2	3	1	4
Team Leader TL1	3	1	4
Team Member TM3	44	20	64
Team Member TM2	27	12	39
Team Member TM1	4	3	7
APP 18 Plus	1	2	3
Total	415	375	790

GRADE (2022-23)	FEMALE	MALE	TOTAL
Chief Executive	0	1	1
Leader L3	1	0	1
Leader L2	2	2	4
Leader L1	11	14	25
Specialist Lead SL3	10	8	18
Specialist Lead SL2	19	28	47
Specialist Lead SL1	43	37	80
Specialist Contributor SC4	17	31	48
Specialist Contributor SC3	45	83	128
Specialist Contributor SC2	98	60	158
Specialist Contributor SC1	33	28	61
People Manager PM3	3	3	6
People Manager PM2	10	4	14
People Manager PM1	2	0	2
Team Leader TL3	13	3	16
Team Leader TL2	3	1	4
Team Leader TL1	3	0	3
Team Member TM3	36	14	50
Team Member TM2	29	11	40
Team Member TM1	4	1	5
Total	382	329	711

Details of staff sickness absence and off-payroll engagements are shown in the Remuneration Report (pages 96 to 97).

Details of staff leaving the organisation during 2023-24 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	
	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23
<£10,000	0	4	5	0	5	4
£10,001-£25,000	0	6	3	1	3	7
£25,001-£50,000	0	6	2	0	2	6
£50,001-£100,000	0	3	1	0	1	3
Total number of exit packages	0	19	11	1	11	20
Total cost £	0	558,233	186,621	15,875	186,621	574,108

NOTES TO THE ACCOUNTS

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18. 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 £Nil (2022-23: loss of £Nil). This has given rise to a corporation tax liability of £Nil (2022-23: £Nil).

19. RELATED PARTY TRANSACTIONS

The sponsoring department for CITB is DfE. On 1 April 2022, the contract held with ESFA regarding apprenticeships funding has now novated to DfE.

	INCOME RECOGNISED BY CITB (£'000)		OWING TO CITB (£'000)	
	2023-24	2022-23	2023-24	2022-23
ESFA	6,182	(10,915)	252	0
DfE	0	2,523	0	518

	EXPENDITURE RECOGNISED BY CITB (£'000)		OWED BY CITB (£'000)	
	2023-24	2022-23	2023-24	2022-23
ESFA	0	49	11,300	16,199
DfE	0	0	0	0

In addition, 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 (pages 99 to 102) shows the register of interests of Board members
- Appendix B (pages 103 to 104) shows Board and Committee attendance

- Appendix C (pages 105 to 106) lists the members of the Board and its Committees, also giving the names of their employers.

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 (£'000)		AMOUNTS OWING TO CITB AT PERIOD END (£'000)	
	2023-24	2022-23	2023-24	2022-23
Levy	3,767	1,079	137	326
Sale of training-related products and services	51	48	6	2
Overpaid grants	0	0	137	0
Total	3,818	1,127	280	328

	EXPENDITURE RECOGNISED BY CITB (£'000)		AMOUNTS OWED BY CITB AT PERIOD END (£'000)	
	2023-24	2022-23	2023-24	2022-23
Payment of grants	3,260	2,215	20	11
Purchase of materials and services	279	262	0	0
Total	3,539	2,477	20	11

NOTES TO THE ACCOUNTS

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It is the Board which sets out CITB's vision, mission and values and therefore transactions with parties related to Board members only are considered related party transactions and included in the tables on page 89.

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 these transactions were under normal terms and carried out at arm's length. No funds were held as an agent.

20. FINANCIAL INSTRUMENTS

CITB only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

A significant amount of CITB's reserves are held as cash. As well as instant access accounts CITB utilises a short-term deposit account and loans excess balances overnight on its current accounts to benefit from a higher interest rate. These are low risk and sufficient to meet CITB's liquidity requirements.

21. LOSSES AND SPECIAL PAYMENTS

Following audits and settlement negotiations with the Education and Skills Funding Agency (ESFA), a reduction of approximately £1m has been estimated by CITB with respect to the clawback of £1.6m disclosed in 2022-23 for non-compliance against funding rules for apprenticeship delivery in England and Wales for the academic year 2020/21. The provision of £15.2m for the possible clawback in respect of 2018/19 and 2019/20 has now been agreed and reduced to £12.3m, by agreement with the ESFA, resulting in a net loss of £11.3m.

For the current year, we made two payments totalling £10,000 (one of £4,608 in 2022/23) in respect of severance cases. The severance payment made in 2022-23 was omitted from last year's accounts and has been included and restated this year.

The total Levy bad debts written off, principally related to insolvent employers, amounted to £34.6m, from 6,171 individual items (2022-23: £8.5m, from 1,405 items). A total of £623,210 in overpaid grants has been written off, involving 167 employers.

No interest was paid under the Late Payments of Commercial Debts (Interest) Act 1998 (2021-22: Nil).

During the year, CITB ceased to invest in its Training Model Improvement project, as it had failed to deliver to CITB's expectation on cost, quality, and time. This was despite repeated attempts to recover the project and to secure its intended benefits. CITB had invested £1.5m (ex. VAT) with Shared Services Connected Ltd (SSCL) to deliver this project through our Partnering Agreement. Recovery of the costs incurred to date are being sought through formal contractual dispute proceedings, the outcome of which remains uncertain at this time.

22. 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 2024, in the event that CITB were to cancel the contract, there would be a maximum liability of £1.9m to compensate SSCL for investment in systems and people due to be used over the life of the contract to January 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.

23. EVENTS AFTER THE BALANCE SHEET DATE

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



SECTION 7

Remuneration Report

Pages 91 to 97

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, their remuneration policy, the succession planning of the Executive and Leadership Team members, and the monitoring of people-based KPIs.

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

Policy on the remuneration of directors

The individual remuneration for Executive 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 Executive Directors. All employees, including Executive Directors, are eligible for membership of the ITB Pension Fund Scheme.

Policy on contracts, notice periods and termination payments

All the Executive 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 insurance are part of the standard terms and conditions of employment for senior grades of staff. As an alternative, a car allowance may be paid in place of a company car being provided.

Salary and pension entitlements

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

Board members' remuneration

The Nomination, Appointments and Remuneration Committee is not responsible for considering Board members' remuneration. Payments to the Chair are approved by the Secretary of State with the approval of HM Treasury under Schedule 1 section 4 of the Industrial Training Act 1982. Note 16 – Board members' remuneration provides details of the Chair's remuneration as well as Board members' expenses.



TIM BALCON
CHIEF EXECUTIVE

Tim joined CITB as CEO in September 2021, bringing with him a strong track record in developing skills, training and organisations. Tim hails from a construction background and has extensive experience in leading professional and membership bodies, as well as widespread knowledge of the education sector. Tim is driven to create a skills system that better recognises individuals' capabilities and personal strengths, whilst giving employers the competencies and capabilities when and where they need them.



ADRIAN BECKINGHAM
STRATEGY AND POLICY DIRECTOR

Adrian became CITB's Strategy and Policy Director in June 2022. Adrian has enjoyed a variety of senior roles during his 22 years at CITB. Posts include Head of IT; Head of Business Improvement; Change Director; and most recently, Corporate Performance Director. Adrian now leads the Strategy, Industry Analysis and Forecasting, Policy and Government Relations, and product development functions. His key aim is to ensure we have visibility of the current and future skills needs, guaranteeing the skills solutions and infrastructure capable of meeting that demand.



NICHOLAS PAYNE
CHIEF FINANCIAL OFFICER

Nick worked in a variety of finance, commercial and operational roles across Government, policing and the private sector, before joining CITB in November 2022. As Chief Financial Officer, his role includes estates management, business planning and performance, finance, and change and technology, as well as having responsibility for sustainability, business continuity and health and safety management. Nick's priorities are creating an environment for CITB to succeed in, and to demonstrate our value and impact for the industry.



DEBORAH MADDEN
EXECUTIVE DIRECTOR - NATIONS ENGAGEMENT

Since joining CITB in 1997, Deb has played a pivotal role in customer-facing positions within apprenticeships, careers and employer engagement. Prior to joining CITB, she gained experience in the apprenticeships and workforce training sectors, working as a tutor, assessor, verifier, and training provider manager. In 2023, Deb became Executive Director for Nations Engagement. Her portfolio includes customer engagement, commissioning, strategic engagement, marketing and customer experience.



NADINE PEMBERTON JN BAPTISTE
INTERIM LEGAL, GOVERNANCE, AND
COMPLIANCE EXECUTIVE DIRECTOR

Nadine joined CITB in December 2023. Her portfolio includes legal, information risk, ITA compliance, corporate governance, audit and risk, and procurement and contract management. Prior to joining CITB, some of the roles Nadine held were as an Executive Director and General Counsel at the Gambling Commission, Executive Director at Social Work England, and Head of Governance and Legal Services at the Care Quality Commission. Qualified as a lawyer for more than 20 years, Nadine has a proven track record advising and transforming complex organisations and delivering on major UK Government projects. She is also a change and transformation specialist and has a proven commitment to equity and inclusion in all areas of her work.



KIRSTY EVANS
EXECUTIVE PRINCIPAL - NCC AND CITB
APPRENTICESHIPS SCOTLAND

Kirsty joined CITB in March 2024, and she is responsible for the delivery of apprenticeships and training across the NCC sites in England and Scotland, as well as the delivery of Modern Apprenticeships across Scotland in partnership with colleges. Previously, Kirsty served as Director of Regions and Providers at DfE, where she supervised the financial health and performance of FE colleges and training providers. She also worked in senior positions within the Education and Skills Funding Agency, responsible for funding, regulation and oversight of post-16 education and skills programmes. Kirsty is passionate about ensuring education and training benefits learners, employers and the wider economy.



EMMA BLACK
LEGAL, GOVERNANCE AND
COMPLIANCE DIRECTOR

Emma left CITB in September 2023.



JACKIE DUCKER
CUSTOMER AND PRODUCT DIRECTOR

Jackie left CITB on 21 April 2023.

The aggregate total of employee benefits received by Trustees and the Executive Directors for their services to CITB during the year was £796,284.

2023-24 Remuneration (audited)

BOARD MEMBER	SALARY AND ALLOWANCES (£'000)	BENEFITS IN KIND TO NEAREST £100	BONUS (£'000)	PENSION BENEFITS (£'000)	2023-24 TOTAL (£'000)
Tim Balcon Chief Executive	175-180	1,000	5-10	15.0	200-205
Adrian Beckingham Strategy and Policy Director	115-120	1,900	5-10	10.5	135-140
Deborah Madden Executive Director, Nations Engagement	115-120	800	0	9.6	125-130
Nadine Pemberton Jn Baptiste Interim Legal, Governance, and Compliance Executive Director	40-45	500	0	2.5	45-50
Nicholas Payne Chief Financial Officer	150-155	1,000	0-5	12.8	165-170
Jackie Ducker Customer and Product Director	10-15	100	0	0.7	10-15
Emma Black Legal, Governance and Compliance Director	65-70	900	5-10	4.5	80-85
Kirsty Evans Executive Principal, National Construction College (NCC) and CITB Apprenticeships Scotland	0-5	0	0	0.2	0-5

The full-year equivalent annual salary bandings (£'000) of those who left during 2023-24 were: Jackie Ducker: 125-130, Emma Black: 115-120. The full year equivalent annual salary bandings (£'000) of those who joined during 2023-24 were: Nadine Pemberton Jn Baptiste: 130-135, Kirsty Evans: 130-135.

2022-23 Remuneration (audited)

BOARD MEMBER	SALARY AND ALLOWANCES (£'000)	BENEFITS IN KIND TO NEAREST £100	BONUS (£'000)	PENSION BENEFITS (£'000)	2022-23 TOTAL (£'000)
Tim Balcon Chief Executive	165-170	1,100	0-5	9.5	180-185
Adrian Beckingham Strategy and Policy Director	110-115	100	0	10	120-125
Emma Black Legal, Governance and Compliance Director	115-120	900	5-10	9.6	130-135
Jackie Ducker Customer and Product Director	125-130	1,200	5-10	10.6	145-150
Nicholas Payne Chief Financial Officer	55-60	300	0	3.4	60-65
Deborah Madden* Executive Director, Nations Engagement	0-5	0	0	0-5	0-5

*The above table has been restated to include Deborah Madden. The full-year equivalent annual salary bandings (£'000) of those who joined during 2022-23 were: Nicholas Payne: 140-145, Deborah Madden: 105-110.

Fair pay disclosures (audited)

HIGHEST-PAID DIRECTOR RATIOS COMPARED TO THE ORGANISATION'S WORKFORCE

CITB is required to disclose the relationship between the remuneration of its highest-paid Executive Director and the lower quartile, median and upper quartile remuneration of the organisation's workforce (based on full-time equivalents).

	2023-24	2022-23
Highest-earning Executive Director's total remuneration (£'000)	185-190	170-175
Median total remuneration (£)	46,122	41,500
Ratio of remuneration of highest-earning Executive Director to remuneration of employee on lower quartile	4.7: 1	4.7: 1
Ratio of remuneration of highest-earning Executive Director to median remuneration	4.1: 1	4.2: 1
Ratio of remuneration of highest-earning Executive Director to remuneration of employee on upper quartile	3.4: 1	3.5: 1

The percentage increase from the previous financial year for salary and allowances of the highest paid Executive Director was 6%.

The percentage increase from the previous financial year for performance pay and bonus of the highest paid Executive Director was 200%.

The percentage increase from the previous financial year for average salary and allowances for all FTE employees was 15%. The increase was due to the implementation of a new benchmarked pay and grading framework.

The change in the average performance pay and bonus for FTE employees in 2023-24 was a decrease of 95%. This was principally due to the cessation of performance bonus payments to employees other than Executive Directors, aligned to the new benchmarked pay and grading framework.

In 2023-24, no employees received remuneration in excess of the highest-paid Executive Director (2022-23: £Nil).

Note: In line with fair pay guidance, the remuneration stated above excludes pension benefits.

EMPLOYEES REPRESENTING EACH QUARTILE OF PAY

QUARTILE	TOTAL PAY AND BENEFITS 2023-24 (£'000)	SALARY AND ALLOWANCES 2023-24 (£'000)	TOTAL PAY AND BENEFITS 2022-23 (£'000)	SALARY AND ALLOWANCES 2022-23 (£'000)
Lower quartile	40	40	37	34
Median	46	46	42	36
Upper quartile	56	56	50	44

Total pay and benefits year-on-year have increased due to the new implementation of the new benchmarked pay and grading framework.

Full-time equivalent remuneration ranged from £20k to £185k (2022-23: £18k to £172k).

Details of staff sickness absence (unaudited)

YEAR	DAYS LOST	ABSENCE RATE
2023-24	6,884	3.67%
2022-23	6,074	3.67%

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

STAFF TURNOVER

As shown in the below table, turnover has decreased during the reporting period compared to 2022-23.

YEAR	STAFF TURNOVER
2023 - 24	12.2%
2022 - 23	12.6%

EMPLOYMENT POLICIES

We have a range of employment policies to support our staff in line with our ambition to be an employer of choice.

In addition, we have a Colleague Ambassador Forum that focuses on positive engagement with colleagues across the business to encourage feedback and share best practice about business improvements. The Forum also takes an active role in facilitating positive and sustainable change in the workplace. It has set up a recognition scheme, where anyone within the business can nominate a colleague for their contribution to making CITB a better place to work. Members of the forum have been involved

in work to review and update people focused policies to ensure they reflect the needs of the CITB workforce. CITB is working with our trade unions to help us shape and develop a range of support products for line managers and staff.

HEALTH, SAFETY AND WELLBEING SUPPORT

During 2023-24, there have been a total of 118 Health & Safety incidents recorded. 67 were at NCC East (Bircham Newton), two at Head Office (Peterborough), 26 were at NCC Scotland (Inchinnan), 18 at NCC South (Erith), one at home, and four reported by our mobile teams.

These incidents consisted of 32 minors, 17 near misses, 67 unsafe acts and two RIDDOR reportable incidents.

CITB retained its BSI 45001 certification for health and safety and gained certification to the BSI 45003 for wellbeing.

EQUALITY, DIVERSITY AND INCLUSION

The CITB Fairness, Inclusion & Respect (FIR) strategy ensures that we raise awareness, challenge stigma and bias, and drives change in creating the right environment for colleagues to flourish and to be their 'authentic and best selves' at work.

The FIR strategy focuses on how we engage, enable and empower colleagues in achieving the delivery of these outcomes, not just the processes or transactions required to support these.

OFF-PAYROLL ENGAGEMENTS AS AT 31 MARCH 2024, FOR MORE THAN £245 PER DAY

NUMBER OF EXISTING ENGAGEMENTS AS AT 31 MARCH 2024 OF WHICH:	2023-24
less than one year at time of reporting	0
between one and two years at time of reporting	0

OFF-PAYROLL WORKERS ENGAGED AT ANY POINT DURING THE YEAR ENDED 31 MARCH 2024 AND EARNING AT LEAST £245 PER DAY

NUMBER OF OFF-PAYROLL WORKERS ENGAGED DURING THE YEAR ENDED 31 MARCH 2024 OF WHICH:	2023-24
number determined as in-scope of IR35	0
number determined as out-of-scope of IR35	0

FOR ANY OFF-PAYROLL ENGAGEMENTS OF BOARD MEMBERS, AND/OR, SENIOR STAFF WITH SIGNIFICANT FINANCIAL RESPONSIBILITY, DURING THE YEAR ENDING 31 MARCH 2024

NUMBER OF OFF-PAYROLL WORKERS ENGAGED DURING THE YEAR ENDING 31 MARCH 2024 OF WHICH:	2023-24
Number of off-payroll engagements of Board members, and/or, senior staff with significant financial responsibility, during the financial year	0
Total number of individuals on payroll and off-payroll that have been deemed "Board members and/or senior staff with significant financial responsibility", during the financial year	3



Tim Balcon
Accounting Officer



Peter Lauener
Chair

Professional Advisers

Bankers

Barclays Bank Plc
17 Market Place
Fakenham
Norfolk
NR21 9BE

Legal advisers

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

Auditors

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

Principal office

See Appendix E (page 107)
for details of principal and
registered offices.



Appendix A: 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. With the exception of the independent members, therefore, 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 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 sector, having previously held the roles of Chief Executive of the Education and Skills Funding Agency (ESFA) and interim Chief Executive of the Institute for Apprenticeships (IfA), now the Institute for Apprenticeships and Technical Education.

Along with his work on the CITB Board, Peter has also been Chair of the Student Loans Company (SLC), since April 2020. SLC is a government-owned non-profit-making company, which is also an executive NDPB. This organisation administers loans and grants to students in universities and colleges in the UK.

Peter is also the Chair of Orchard Hill College, an independent special needs college based in South and West London. This college is a sponsor of a special needs' academy trust with several academies in the same area.

In addition, Peter is a trustee of Educators International, a small charity helping developing countries to improve their teaching technology and administration.

TONY ELLIOTT

Executive Director of People, Robertson Group (tenure ended 21 June 2024)

Tony Elliott has over 30 years of experience in the fields of talent, people and learning, and is part of the executive team at Robertson, one of the UK's largest privately owned construction and infrastructure services companies. Tony feels strongly about the development of people and the growing of internal talent, the attraction of new talent, and ensuring skillsets are enhanced and future-proofed within construction.

KEVIN MCLOUGHLIN

Managing Director, McLoughlin Group Holdings Ltd

Kevin McLoughlin MBE is the founder and Managing Director of London-based SME McLoughlin Group Holdings Ltd. The company is an avid supporter of apprenticeships.

Kevin was awarded an MBE in 2014 for his services to skills and apprenticeships and is a Fellow of the Chartered Institute of Building (CIOB). Kevin is a member of GMB, Liveryman of Painters and Stainers, Freeman of the City of London, and a member of the Federation of Master Builders Training Group.

He is also a partner of Maxine and Kevin Property Business Partnership.

HOLLY PRICE

Group Sustainability Director, Keltbray Group

Holly Price was the Training and Development Director at Keltbray Group from 2007 until 2022, 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 aged just 17, when she began training to be an engineer. She went on to become Europe's only female explosives engineer in the sector. Throughout her time at Keltbray, Holly also took the lead on Social Value delivery and played an active role in industry partnerships with trade associations and other educational establishments promoting skills in the construction sector.

In early 2022 Holly was appointed as Group Sustainability Director and her collaborative leadership approach has best placed her to take responsibility for the implementation of Keltbray's published targets for environmental, social and economic sustainability.

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. Holly is also an Honorary Life Vice President of the National Federation of Demolition Contractors, which has financial management of the National Demolition Training Group, and benefits from CITB funding. She is also a Trustee of Construction Youth Trust, which receives CITB funds to support disadvantaged youth into construction jobs through training and mentoring. →

APPENDIX A

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SOPHIE SEDDON**Non-Executive Director, Novus Property Solutions**

Sophie Seddon has worked in construction for more than 10 years, having joined her family business after graduating in Business Management. Starting her career at Seddon Property Services, Sophie was instrumental in the company's rebrand to Novus. Since then, she was appointed as the Head of Client Engagement and Communication in 2018, before becoming People and Culture Director in 2020 and then a Non-Executive Director in 2022. Sophie understands the importance of nurturing young talent, as Novus offers numerous routes into construction for young people. She is passionate about the use of new technology, improving sustainability issues, and encouraging inclusivity within the industry.

Sophie is also a shareholder of JSSH Ltd, the group holdings of Novus Property Solutions Ltd and a Director and a shareholder of Hall Estates Ltd, a property development company. In addition, Sophie is a Board member of WISH Women in Social Housing (NW), a body empowered to mentor, inspire and provide opportunities for women in social housing through networking and events.

LOUISA FINLAY**Chief People Officer, Kier Construction Ltd**

Louisa Finlay was appointed Chief People Officer at Kier Group in March 2023, following more than 30 years of continual service with the business. In this role, Louisa has responsibility for HR, environmental and social sustainability, health, safety and wellbeing as well as asset management and business assurance.

Before becoming Chief People Officer, Louisa worked in various national, regional and sector roles across its Construction business, including as Managing Director of the southern business and most recently as Managing Director of the clients and markets function.

Louisa started her career as a trainee engineer on a sandwich degree. She is passionate about delivering the next generation of infrastructure across the UK and is committed to having a culture at Kier where everyone feels they belong, are supported and able to thrive.

Louisa is a member of both the Chartered Institute of Building (CIOB) and the Construction and Property Industry Mentoring Circle.

OWAIN JONES**Director, T. Richard Jones (Betws) Ltd**

Owain Jones has more than 30 years' experience in the construction industry having joined the family SME business after graduating initially in Business and Finance and latterly in Construction Management. Based in Southwest Wales, TRJ was recognized in 2015 as CITB Apprentice Employer of the Year for both Wales and Great Britain.

Owain is a founding trustee and Chairperson of Cyfle Building Skills, a charity which operates the largest Construction Shared Apprenticeship Scheme in the UK. Cyfle's achievements were recognised with two Queen's Awards, for innovation and for promoting opportunity in respect to social mobility. Owain has been an Executive Director of Carmarthenshire Construction Training Association Ltd since its inception and is passionate about upskilling the local workforce.

Owain is a Trustee of the Jac Lewis Foundation, a mental health and wellbeing charity. A fluent Welsh speaker, Owain is a passionate supporter of the Welsh language and culture.

MICHAEL GREEN**Managing Director, RED Systems Ltd**

Michael Green has risen through the ranks, from his initial CITB Technicians Youth Training Scheme placement with Alfred McAlpine at Bircham Newton in 1989, to now, running his own, rapidly expanding glazing and curtain walling company, RED Systems.

Founded in 2003, the company has grown to become a £20m+ turnover business and is now one of the industry's most respected specialist glazing contractors. A passionate advocate for training, development and professional advancement, with over 60% of his own team studying for some kind of qualification, he is committed to nurturing skills and attracting new talent to the industry. Now, with more than 35 years' experience in the industry, and having recently completed the most challenging step on his own educational journey, an MBA, Michael is now a member of the Chartered Management Institute.

Michael is also the Managing Director of RED Optimal Ltd and RED Open Ltd following recent acquisitions, Managing Director of M&A Property Ltd, and a Director of Peninsula Multi Academy Trust. →

APPENDIX A

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HERMAN KOK (APPOINTED 1 APRIL 2024)**Company Secretary, Lindum Group Ltd**

Herman Kok is the Company Secretary at Lindum Group, where he has been instrumental in driving organisational strategy and governance. He joined Lindum in 1987, having previously been Finance Director for Almet Aluminium and Head of Treasury for Pechiney Ugine Kuhlmann in the UK. He was born and educated in Holland where he read Economics and Literature at the University of Amsterdam. As Company Secretary for Lindum, he leads the training and community involvement activities.

Herman is Chairman of Investors in Lincoln Ltd, a public/private sector partnership dedicated to the regeneration of Greater Lincoln and a Director of Lincoln City Football Club. He has held directorships of Greater Lincolnshire LEP (GLLEP), the Lincolnshire Chamber of Commerce and was Chairman of the Employment and Skills Board for Lincolnshire.

RACHAEL CUNNINGHAM (APPOINTED 1 APRIL 2024)**Bid Lead, Laing O'Rourke**

Rachael Cunningham is a Bid Lead at Laing O'Rourke. Her role combines all aspects of major project work winning within the Clients and Markets team, from bid management through to preconstruction project delivery.

During a 17-year career in the construction industry, Rachael has been responsible for winning many distinguished projects across the public and private sectors, as varied as swimming pools, high-rise residential, schools and universities, laboratories and defence estates portfolio projects. Rachael is passionate about showcasing the construction sector as much more than bricks and mortar – it is an industry that delivers social change through building assets that shape how we live and work. Supporting the development of talent through CITB will ensure that individuals have a chance to be part of that social change to future-proof the industry.

Rachael is also sole Director of Sebmil Trading Limited.

STEPHEN GRAY (APPOINTED 1 APRIL 2024)**Head of Engineering Development, BAM Nuttall Ltd**

Stephen Gray was appointed Head of Engineering Development at BAM Nuttall Ltd in 2023, following an operational career in the construction industry of more than 35 years.

Stephen started his career in 1988, as an assistant engineer with Edmund Nuttall Ltd and has held various engineering and project management roles throughout more than 30 years of service with BAM in southeast England and within the Major Projects business unit.

In his current role, Stephen is heavily involved with Early Careers technical apprentices, undergraduates and graduates, particularly civil engineers. He provides guidance on their technical and managerial careers as well as professional development routes within the Institution of Civil Engineers.

Throughout his career, Stephen has been passionate about training the workforce and staff members alike. With the current skills shortages, it is even more important to diversify talent pools which will also increase the need for more specific training. Stephen has acted as a mentor to many staff throughout his career and more recently plays an active role within BAM to support and improve the Mental Health and Wellbeing of employees.

Stephen is a Chartered Civil Engineer and member of the Institution of Civil Engineers where he plays an active role in reviewing Chartered and Incorporated Engineers as well as being an approved Assessor for accredited Apprenticeship End Point Assessments. →

APPENDIX A

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INDEPENDENT BOARD TRUSTEES**DIANA GARNHAM (TENURE ENDED DECEMBER 2023)**

Diana Garnham is Chair of Skills East Sussex, a member of The South East Local Enterprise Partnership Skills Advisory Panel, a Council Member of Christ's Hospital School, President of King's College London Alumni Association, Chair of King's College London Alumni Advisory Group, and Director of Tavern Quay RTM Company. Previously, she was Chief Executive of the Science Council and a Governor of the East Sussex College Group. 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.

JULIA HEAP (APPOINTED 1 APRIL 2024)**Principal and CEO, Hopwood Hall College and University Centre**

Julia is the Principal and Chief Executive Officer of Hopwood Hall College and University Centre. In her role heading a further education college Julia leads a vibrant, inclusive college that offers high-quality broad offer of technical, vocational, apprenticeships and higher education in Rochdale and North East Greater Manchester. Hopwood Hall College is an anchor institution in Rochdale and Julia works in partnership across Rochdale and Greater Manchester, with responsibility for strategic liaison with key public and industry stakeholders such as the Government, Greater Manchester Combined Authority, Rochdale Council and GM Colleges Group.

Before joining Hopwood Hall College in 2015 and being appointed Principal and CEO in 2019, Julia was an Assistant Finance Director for Oldham Council. With more than 25 years of financial experience in the public sector including Local Authorities and NHS, Julia has a wealth of experience in delivering multi-million complex revenue and capital programmes and supporting transformation projects working in multi-disciplinary teams.

Julia is a Fellow of the Chartered Institute of Public Finance Accountants (FCPFA), a board member of the Rochdale Development Agency, an advisor on skills to Atom Valley Board, a director of The Rochdale Pioneers Trust and is the lead for Careers for the GM Colleges Group.

NIKKI DAVIS (APPOINTED 1 APRIL 2024)**Principal and CEO, Leeds College of Building**

Nikki is the Principal and CEO at Leeds College of Building. Her role at Leeds College of Building is to ensure high-quality delivery of education programmes to support the construction and built environment sector, with a particular focus on apprenticeships. The College is working to improve diversity in its student population and ensure that everyone can access career opportunities within the construction sector.

Before joining Leeds College of Building, Nikki worked at York College as Vice Principal of Technical and Professional Education and preceding that has worked in further education for over 20 years, across several colleges in West Yorkshire. Nikki started her career in the hospitality sector before training to teach in further education and is passionate about providing opportunities for all students.

Nikki is also a trustee of Leeds Art University and Leeds Learning Alliance, an education partnership focused on developing inclusive practice. ●

APPENDIX B

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Appendix B: Board and Committee attendance

BOARD ATTENDANCE 2023-24

Peter Lauener (Chair)	8/8
Tony Elliott (tenure ended 21 June 2024)	7/8
Diana Garnham (tenure ended 31 December 2023)	5/6
Kevin McLoughlin	7/8
Holly Price	5/8
Sophie Seddon	4/8
Owain Jones	6/8
Michael Green	5/8
Louisa Finlay	5/8
Total	52/70

AUDIT AND RISK COMMITTEE ATTENDANCE 2023-24

Diana Garnham (Chair) (tenure ended 31 December 2023)	4/4
Lee Jones	4/5
Richard Plumb	5/5
Sophie Seddon	1/5
Louisa Finlay	2/5
Total	16/24

NOMINATION, APPOINTMENTS AND REMUNERATION COMMITTEE ATTENDANCE 2023-24

Tony Elliott (Chair) (tenure ended 21 June 2024)	5/5
Diana Garnham (tenure ended 31 December 2023)	3/4
Sophie Seddon	5/5
Total	13/14

INDUSTRY FUNDING COMMITTEE ATTENDANCE 2023-24

Holly Price (Chair)	4/4
Steve Drury	4/4
Kacey O'Driscoll	4/4
Hannah O'Sullivan	4/4
Rupert Perkins	3/4
Claire Smithson	3/4
Total	22/24

LEVY STRATEGY COMMITTEE ATTENDANCE 2023-24

Peter Lauener	1/1
Diana Garnham (Chair) (tenure ended 31 December 2023)	4/4
Gareth Davies	5/5
Andrew Harvey (resigned 27 June 2023)	2/2
Neil Rogers	5/5
Vikki Skene	4/5
Rob Tansey	4/5
Annette Jones	4/5
Ken Miller	3/5
James Butcher	4/5
Steve Anderson	5/5
Total	41/47

APPENDIX B

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CYMRU WALES NATION
COUNCIL ATTENDANCE

2023-24

Leigh Hughes (Chair)	2/4
Gareth Davies	4/4
Terry Edwards	4/4
Andrea Green (resigned 31 May 2023)	3/4
Owain Jones (Deputy Chair)	4/4
Paul Tedder	4/4
Monique Jones	1/4
Andrew Dobbs	4/4
Total	26/32

ENGLAND NATION
COUNCIL ATTENDANCE

2023-24

Sharon Llewellyn (Chair)	4/4
Kevin McLoughlin (Deputy Chair)	3/4
Bola Abisogun	3/4
Chris Carr (resigned 20 June 2023)	0/1
Ian Dickerson	4/4
James Flannery	1/4
Dave Sargent	2/4
Maria Seabright	2/4
Annette Jones	3/4
Total	22/33

SCOTLAND NATION COUNCIL ATTENDANCE

2023-24

Angela Forbes (Chair)	4/4
Tony Elliott (Deputy Chair) (tenure ended 21 June 2024)	2/4
Craig Bruce	3/4
Marion Forbes	3/4
Karen McGahan	2/4
Kevin Urquhart	3/4
Ken Millar	4/4
Total	21/28

NATIONAL CONSTRUCTION COLLEGE AND CITB
APPRENTICESHIPS COMMITTEE ATTENDANCE

2022-23

Peter Lauener (Chair)	4/4
Michael Green (Deputy Chair)	4/4
Tony Elliott (tenure ended 21 June 2024)	4/4
Owain Jones (joined September 2023)	1/2
Total	13/14

APPENDIX C

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Appendix C: Membership of the Board and its Committees

This table shows all membership during the 12-month period between 1 April 2023 and 31 March 2024.

KEY

CB	CITB Board	ICF	Industry Funding Committee	CWNC	Cymru Wales Nation Council
ARC	Audit and Risk Committee	LSC	Levy Strategy Committee	ENC	England Nation Council
NARC	Nomination, Appointments and Remuneration Committee	NAC	NCC and Apprenticeships Committee	SNC	Scotland Nation Council

NAME	EMPLOYER	CB	ARC	NARC	ICF	LSC	NAC	CWNC	ENC	SNC
Bola Abisogun	Diverse City Surveyors								Yes	
Steve Anderson	Construction Skills People					Yes				
Craig Bruce	Pert Bruce Construction									Yes
James Butcher	National Federation of Builders					Yes				
Chris Carr	Carr and Carr (Builders) Ltd								Resigned June 2023	
Gareth Davies	Knox and Wells Ltd					Yes		Yes		
Ian Dickerson	Kier Group Plc								Yes	
Andrew Dobbs	Willmott Dixon Construction Ltd							Yes		
Steve Drury	Rooff Limited and Rooff Residential Ltd				Yes					
Terry Edwards	John Weaver Construction							Yes		
Tony Elliott	Robertson Group	Yes		Chair			Yes			Deputy Chair
Louisa Finlay	Kier Group Plc	Yes	Yes							
Angela Forbes	BuildForce									Chair
Marion Forbes	Mactaggart and Mickel Homes Ltd									Yes
Diana Garnham	Consultant	Tenure ended Dec 2023	Tenure ended Dec 2023	Tenure ended Dec 2023		Tenure ended Dec 2023				
Andrea Green	Alstom							Yes		
Michael Green	RED Systems Ltd	Yes					Yes			
Andrew Harvey	Harvey Shopfitters Ltd					Resigned June 2023				
Leigh Hughes	Bouygues UK							Chair		
Annette Jones	Foundation Developments Ltd					Yes			Yes	
Lee Jones	Keir Group Plc		Yes							

Appendix D: Prescribed Organisations

During 2023-24, CITB maintained close contact with the following Prescribed Organisations:

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

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

Appendix F: Glossary

ABBREVIATION	MEANING
ALB	Arm's-length body
CCS	Crown Commercial Service
CIOB	Chartered Institute of Building
CIS	Construction Industry Scheme
CPI	Consumer Prices Index
DfE	Department for Education
ESFA	Education and Skills Funding Agency
ICO	Information Commissioner's Office
IfATE	Institute for Apprenticeships and Technical Education
ISAs	International Standards on Auditing
ITB	Industry Training Board
KPI	Key performance indicator
LSC	Levy Strategy Committee
NAO	National Audit Office
NCC	National Construction College
NDPB	Non-Departmental public body
NEST	New Entrant Support Team
OCPA	Office for the Commissioner of Public Appointments
SDS	Skills Development Scotland
SME	Small and medium-sized enterprise
SORP	Statement of Recommended Practice
SSCL	Shared Services Connected Limited
STEM	Science, technology, engineering and mathematics



National Audit Office

Construction Industry Training Board

**Audit completion report (including
management letter) on the 2023-2024
financial statements audit**

Report to those charged with governance
December 2024

This report presents our findings from the audit of 2023-24 financial statements

Dear Audit and Risk Committee Members:

We anticipate recommending to the Comptroller and Auditor General (C&AG) that he should certify the 2023-24 financial statements with an unqualified audit opinion, without modification in respect of both regularity and the true and fair view on the financial statements. The draft audit certificate is presented in Appendix 1. The draft letter of representation is presented in Appendix 2.

At the date of this report our audit of the financial statements is finalised, subject to completion of final quality control procedures as outlined on slide 6.

The total audit fee estimated in our planning report was £230,000. We will need to raise an additional fee of £20,000 in respect of additional costs related to: ongoing higher costs in relation to the protracted nature of the audit, responding to emerging and ongoing issues related to the ESFA provision, the application of Cabinet Office Controls, impairment related to the SSCL contract, additional work over property plant and equipment, and adjustments to the accounts. There are no contingent fees in respect of the Construction Industry Training Board.

Update 11 December 2024 – The final checks of the audit file, identified that we had not fully captured all of the adjustments made in the account in this report. We have updated pages 4, 13 and 15. The changes are highlighted in red. The net effect of audit adjustments was £351k, whilst the total value of audit and client adjustments had a net effect of £4,144k which increased net assets and decreased net expenditure.

We have prepared this report for the Construction Industry Training Board's sole use although you may also share it with the Department for Education. You must not disclose it to any other third party, quote or refer to it, without our written consent and we assume no responsibility to any other person.

Actions for the Audit and Risk Committee

We would like to invite Audit and Risk Committee members to:

- Review the findings set out in this report, including the audit certificate and draft letter of representation at Appendices 1 and 2 respectively; and
- Consider whether the unadjusted misstatements, set out in the identified misstatements section (page 17) should be corrected. The Audit and Risk Committee minutes should provide written endorsement of management's reasons for not adjusting misstatements.

We would like to thank the Chief Financial Officer and his staff for their assistance during the audit process.

Yours Sincerely,

Khadija Qidwai

Engagement Director

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2. Key audit findings

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4. Other audit findings	17-18
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5. Our recommendations

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Follow up to recommendations made in the previous years	21-27

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Audit risks (pages 6-9)

Management override of controls

Work on journals, significant unusual transactions, and estimates is complete, and we have concluded that no instances of management override of controls have been identified during the 2023-24 audit.

Levy impairment

Work on the levy debtor impairment is complete, and we have concluded that the levy debtor impairment is fairly stated and related disclosures are materially complete and accurate.

Grant entitlement and regularity

Work on grant expenditure is complete, and we have concluded that grant expenditure is fairly stated and related disclosures are materially complete and accurate. We have not identified material irregularity in grant expenditure.

Grant provision

Work on the grant provision is complete, and we have concluded that the grant provision is fairly stated and related disclosures are materially complete and accurate.

Materiality

£5,256k

- We have reported all misstatements above £105k

Audit adjustments (pages 13-15)

£351k

The net effect of audit adjustments on the Statement of Financial Activities and the Balance Sheet

Unadjusted misstatements (page 16)

£578k

The net effect of unadjusted misstatements on the Statement of Financial Activities and the Balance Sheet

At the date of this report our audit of the financial statements is substantially complete subject to completion of the areas detailed below. The following items must be resolved prior to completion of the audit:

Name	Actions to resolve	Owner of action	Status
Review of final version of CITB’s annual report and accounts	CITB provided a final version of the Annual Report and accounts on 19 November. Our final checks on this and internal quality control procedures are currently in progress. Update 11 December 2024 – now complete.	CITB	

Following resolution of the issues listed above, the Accounting Officer will sign the annual report and accounts together with a letter of representation, the proposed wording of which is included in Appendix 2.

- Status
-  Likely to result in material adjustment or significant change to disclosures within the financial statements
 -  Potential to result in material adjustment or significant change to disclosures within the financial statements
 -  Not considered likely to result in material adjustment or change to disclosures within the financial statement

Presumed risk of management override of controls

Why we identified this as a risk

Management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records and prepare fraudulent financial statements by using its position to override controls that otherwise appear to be operating effectively.

This is a presumed risk for all audited bodies under International Standards on Auditing (ISA 240) (UK).

While opportunities exist through manipulation of journals, estimates and significant unusual transactions, we have not identified any heightened risk in respect of management override of controls within CITB, only theoretical incentives to manipulate the accounts, and no particular rationalisation of risk factors was identified.

Audit response and conclusion

We have reviewed controls relevant to the audit, including those over manual accounting journals, segregation of duties, year-end controls over the preparation of financial statements, monthly management accounts, and changes in accounting policies and those relating to significant estimates. We continue to note weaknesses, particularly around the level of scrutiny by CITB Finance of work conducted by SSCL personnel. We also continue to note a very large number and value of journals that appear to us to have no or limited financial statement impact where it is hard to see the business rationale for these. We understand management have plans to revise the financial reporting processing model which should improve efficiency and oversight.

We have completed our risk-based analysis of journals and tested a selection of high-risk journals, which is complete. Testing of significant unusual transactions is also complete, and did not highlight any transactions for detailed scrutiny.

Work to identify and assess significant and unusual transactions is complete, with no indications of management override of controls in these. Our testing of significant estimates for management bias (for example, in the choice and application of data, assumptions, method, and model) is complete, with no indications of management override of controls noted.

We have considered whether there are other areas where management could manipulate the accounts, for example, through the accounts preparation process and late adjustments. Our testing has not identified any issues in this respect.

Overall, we have not identified any instances of management override of controls during the 2023-24 audit in our work.

Grant provision

Why we identified this as a risk

CITB recognises a provision of £22.7m for grants expected to be paid for training undertaken but which have not yet been claimed for or authorised. The provision is highly material and by its nature there is high estimation uncertainty and requires significant management judgement with assumptions about future events. This may potentially be used to manipulate the financial statements, for example, to inflate grant expenditure to demonstrate to the industry that the levy collected is being used efficiently. In prior years, we have noted that estimates required significant adjustments after the accounts were presented for audit due to additional data being received and some overlays to the model. Clear and comprehensive management documentation of all judgements and assumptions is essential to enable appropriate audit testing to be completed in a timely and efficient manner.

Audit response and conclusion

In response to this risk, we have:

- Updated our assessment of the design and implementation of relevant controls
- Confirmed that the estimation method is compliant with the requirements of the financial reporting framework
- Confirmed the logical integrity of the model and that it correctly applies the data, assumptions and method chosen by management
- Reviewed and assessed significant assumptions, including consideration of alternatives and sensitivity analysis
- Performed substantive testing of input data driving the model outputs
- Reconciled the model outputs to the financial statements
- Confirmed that post-year end cash received data support the assumptions applied by management as at year end
- Reviewed and assessed the adequacy of accounts disclosures, including those on estimation uncertainty.

Based on our work, we can conclude that the grant provision is fairly stated and related disclosures are materially complete and accurate.

Levy impairment

Why we identified this as a risk

The levy debtor is impaired to reflect the likelihood of future levy receipts and reassessments of previously calculated estimated levy income. The impairment is highly material and by its nature is highly uncertain and requires significant management judgement. While the underlying workings of the model are not particularly complex, it has been developed internally with adjustments made to reconcile the model with the accounts.

Audit response and conclusion

In response to this risk, we have:

- Updated our assessment of the design and implementation of relevant controls
- Confirmed that the estimation method is compliant with the requirements of the financial reporting framework
- Confirmed the logical integrity of the model and that it correctly applies the data, assumptions, and method chosen by management
- Reviewed and assessed significant assumptions, including consideration of alternatives and sensitivity analysis
- Performed substantive testing of input data driving the model outputs
- Confirmed that post-year end cash received data supports the assumptions applied by management as at year end
- Reconciled the model outputs to the financial statements
- Reviewed and assessed the adequacy of accounts disclosures, including those on estimation uncertainty.

The data flows between CITB's two finance systems and the impairment model are complex. In terms of reconciling the model outputs to the financial statements, management has made significant post year-end adjustments, but we note there remains a residual trivial balance of £212,000 which management has been unable to adjust for, due to the different way in which data is sourced and captured for the financial statements and levy impairment model, giving rise timing differences between the two systems. We understand that management is planning on consolidating its finance systems in the future. This should provide greater clarity over financial data and enable a closer alignment between the output of the levy impairment model with the accounts.

The levy debtor impairment is fairly stated and related disclosures are materially complete and accurate.

Grant expenditure entitlement and regularity

Why we identified this as a risk

The apprenticeship attendance grant does not require evidence of continued employment/training to be validated before payment, and there is a risk of apprentices dropping out, either of employment or of training, before completing the full course. In these cases where CITB is not managing the apprenticeship itself, it relies on employers to notify it of dropouts in a timely manner, and on its risk-based verification process to detect these retrospectively. Our prior year testing found a high incidence of error in this grant population that had not been identified or corrected by CITB's own processes. There is thus a risk that a level of fraud/error exists.

Grants paid out under the Skills and Training Fund are paid in advance of the training taking place, except where the business has a high and above credit risk rating in which case payments are made in arrears. In respect of the advance payments, CITB allows recipients a full calendar year to complete the training activity and provide evidence of it, before assessing whether any clawback is required. If the grant is not spent in line with the CITB's conditions. This means that by design, CITB will not have assurance over how S&T grants paid out in the second half of the year have been utilised by recipients until after the accounts are certified. CITB does, in-time gain direct assurance over the use of all S&T grant payments (and will initiate appropriate recovery action if not); the issue here is solely that the grant assurance cycle is lagged compared to the annual reporting cycle.

Audit response and conclusion

Skills and Training Fund (S&T). For S&T grants, grant funding is provided in advance of the training, and grant recipients have 12 months to spend and provide evidence of the training to CITB. For some of the grants sampled, the evidence of the grant being spent in accordance with the grant terms has not been received as it is not yet due. As such, we have not been able to definitively confirm whether these items of funding have been (or will be) used in line with the terms and conditions, resulting in some uncertainty. In order to obtain assurance over these grants, we adopted a lagged assurance approach. This involved revisiting S&T grants which had come up in our 2022-23 sample, for which no evidence of use of funds was available before the conclusion of last year's audit. Where evidence of use of funds was still not available in 2024, we recorded this as a potential irregularity and extrapolated the potential error in the 2023-24 population. Based on this extrapolation, our estimate of the mostly likely overpayment of 2023-24 grant expenditure is £865k, which is not material.

Training Groups and VAT. During 2023-24, CITB spent £3.1m on Training Group grants. These are grants to regional associations of employers in the construction industry to support the costs of skills training. In February 2023, RSM provided tax advice to CITB stating that the terms of agreement between CITB and the Training Groups constituted a contract for services and so should be subject to VAT. However, CITB has accounted for these invoices as grant expenditure, and grants are generally outside the scope of VAT. From our review of the memorandum of understanding between CITB and Training Groups, it is not clear whether they are grants or contracts for services and so the tax position is unclear. We recommend that CITB consults HMRC to confirm what the correct VAT treatment should be for these arrangements.

Overall, we can conclude that grant expenditure is fairly stated and related disclosures are materially complete and accurate.

The following are other matters which we wish to bring to the attention of those charged with governance in relation to the audit of the financial statements.

Title	Description	Audit findings and conclusion
ESFA apprenticeship contract compliance	Following the completion of the 2022-23 audit, we expected the live ESFA case to be resolved ahead of 2023-24 completion. In the prior year, we noted that while the case was live it had a range of potential material outcomes (high estimation uncertainty and management choice of point estimates). As such, this is an area on which we have focused.	CITB has disclosed its funding repayment provision on the basis of a draft funding audit report issued by ESFA in October 2024 identifying a £12.4m error which it expects to claw back from CITB. CITB's provision has been reduced to £11.3m, which we understand represents management's best estimate, allowing for some rebate. However, we have not seen any firm evidence to support the application of a rebate and have reported this difference as an unadjusted error. We have concluded that the repayment provision recorded in the accounts is fairly stated.
Completeness and accuracy of disclosures	Last year, we challenged management over the adequacy of disclosures and presentation within the financial statements, including restricted expenditure, related party transactions (including trustee payments), grant making disclosures required by the Charities SORP, accounting policies and estimation uncertainty.	The current year review of disclosures identified the following: • Support costs – in the first draft of the accounts, prior year support costs had been re-presented and then the changed presentation was reversed out. • The Cash flow statement did not show interest income as a separate line item. • Disclosure errors were identified in Trustee remuneration and expenses and losses and special payments. • Incorrect land valuation ranges stated in note 7 • Related parties and sustainability disclosures have improved. We recommend that management adopts a more systematic approach to assessing disclosure requirements arising from changes to the financial statements.
Going concern	Management's going concern assessment should reflect the outcome of the recent arms-length body review.	We have reviewed CITB's going concern assessment and we are satisfied that it meets the relevant requirements. We will continue to monitor any subsequent events which may impact the assessment.

The following are other matters which we wish to bring to the attention of those charged with governance in relation to the audit of the financial statements.

Title	Description	Audit findings and conclusion
Cabinet Office Controls and DfE Framework Document	CITB has not yet obtained an exemption from the Cabinet Office spending controls. At planning, we identified a need to consider any expenditure which requires approval under this regime to be considered for potential irregularity. CITB is currently in discussion regarding the Framework Agreement.	Based on discussion with management, we have concluded that Cabinet Office spending controls do not yet apply to CITB. Given that CITB is a registered charity, with the primacy of charity law and the role of trustees, and the lack of statutory authority for the Secretary of State to require CITB to comply with these controls, the controls do not apply in 2023-24. It is only once there is a signed Framework Agreement in place that these controls will apply.
Assurances over SSCL and the complexity of CITB's IT environment	As in previous years, the lack of assurance mechanisms in place at CITB over key controls for which it is reliant on SSCL, including those over the IT environment (which is complex and is subject to change in the current and future years) results in an ongoing risk that a control, system or data failure at SSCL will result in significant misstatement within CITB's accounts. We plan a fully substantive audit approach, and the level of audit effort is expected to remain high compared with organisations of a similar size and complexity.	We have implemented our planned approach adopting a fully substantive approach to the audit, with no reliance internal controls operated by SSCL over CITB's accounting systems (Oracle and SAP). Our testing has not identified any significant errors within the financial statements, except for those reported as having been adjusted. We were informed that CITB is reviewing its contract arrangements with SSCL. We reviewed the draft disclosures of Losses and Special Payments in respect of aborted costs which CITB has incurred to date on the project for which no value has been received. We recommended that fuller disclosure was included of the value of the project, which has now been included in the account.

The following are other matters which we wish to bring to the attention of those charged with governance in relation to the audit of the financial statements.

Title	Description	Audit findings and conclusion
Property & Plant and Equipment valuations	CITB uses external experts to value its property portfolio. At planning we considered the need to consult our internal property experts to challenge management's experts' assumptions.	Our work on property is complete. We detected an error relating to CITB's property revaluation whereby an upwards revaluation was incorrectly posted to the Statement of Financial Activities rather than the revaluation reserve. Management has agreed to adjust the error (£2.2m), which is not material.
	Due to plant and equipment additions in the year being higher in year than previously we have scoped in additional testing in this area since audit planning.	We have verified a sample of plant and equipment through physical inspection. We noted some areas of weakness in plant and equipment records in that serial numbers are not recorded in the fixed asset register.
Introduction of new IT systems	A new learner management system, APTEM, is initially in parallel running from February 2024 to replace the MAYTAS system for managing English apprenticeships. This is not expected to have a significant impact on the overall risk of the audit as MAYTAS has been retained for payments during this period, however we may require consultation with IT experts to determine the precise impact on the audit.	We have not needed to test APTEM as part of our 2023-24 audit. However, it will need to be reviewed as part of the 2024-25 audit.

Key audit findings

List of adjusted misstatements identified to date

Adjusted misstatements

Misstatements that we have identified, have been adjusted and are above our clearly trivial threshold of £105k. The net effect of these adjustments on the Statement of Financial Activities and the Balance sheet was **£351k, decreasing net assets and increasing net expenditure.**

In addition, CITB identified and made four adjustments to the accounts model submitted for audit covering **30** different entries, with a net impact of **£593k, increasing net assets and decreasing net expenditure.** Once ESFA had updated the clawback figure, CITB revalued the clawback provision by **£3,902k** to agree to the updated amount, which also increased net assets and decreased net expenditure.

The total impact of audit and client adjustments had a net effect of increasing net assets and decreasing net expenditure by **£4,144k.**

Adjusted misstatements		SoFA DR £000	SoFA CR £000	BS DR £000	BS CR £000
Property revaluation gain was incorrectly recognised as income instead of being credited to the revaluation reserve.	Other expenditure	2,461			
	Revaluation reserve movement				2,461
Receivable relating to grant overpayments incorrectly mapped to levy receivables.	Debtors – Other debtors			2,466	
	Debtors – Levy debtors				2,466
Incorrect presentation of grants relating to construction pipeline charitable activities.	Expenditure on charitable activities – Construction people's pipeline	1,193			
	Expenditure on charitable activities – Efficient training supply		1,193		
CITB recognized costs related to the development of the Customer IT platform as an asset under construction within Intangibles	Expenditure on charitable activities – support costs		2,467		
	Intangible assets – assets under construction			2,467	

Key audit findings

List of adjusted misstatements identified to date

Adjusted misstatements

		SoFA DR £000	SoFA CR £000	BS DR £000	BS CR £000
Adjustment of support costs mapping to align with the requirements of the Charities SORP	Change	5,045			
	Technology (IT)	11,813			
	Communications and marketing	3,790			
	Estates	9,847			
	Strategy and policy	2,375			
	Finance	2,953			
	Human resources	2,998			
	Commissioning	671			
	Grant support costs	4,688			
	Legal and governance	1,877			
	Other corporate costs	2,728			
	Corporate performance		30,023		
	CEO Teams		3,680		
	Customer engagement and operations		4,461		
	Strategy and policy		7,063		
	Legal, governance and compliance		3,302		
	Other corporate costs		256		

Key audit findings

List of adjusted misstatements identified to date

Financial **Audit** Completion

Adjusted misstatements

		SoFA DR £000	SoFA CR £000	BS DR £000	BS CR £000
Employers NIC costs on Benefits in Kind from 2023-24 were not accrued but paid after the year end.	Expenditure on charitable activities – Direct costs	100			
	Expenditure on charitable activities – Support costs	8			108
	Accruals				
Error in the presentation of the provision for late payments.	Provisions (no longer written back) – Other provisions			267	
	Provisions (new provision) – Other provisions				267
Adjustments to align the accounts more closely with the output of the levy provision model	Levy debtors			1,678	
	Provision for bad debts				1,678
	Levy income	1,223			
	Expenditure on charitable activities		1,223		
Review of the PBF provision model revealed a formula error whereby not all relevant data is being brought into the provision calculation, leading to an understatement of £249k	Expenditure on charitable activities	249			
	Provisions				249
Total		56,031	55,680	6,878	7,229
Net Total		351			351

Key audit findings

List of unadjusted misstatements identified to date

Unadjusted misstatements

Uncorrected misstatements would Increase net expenditure and reduce net assets by **£578k**. The table below lists unadjusted misstatements, including extrapolated values, which exceed our clearly trivial threshold of £105k.

Unadjusted misstatements		SoFA DR £000	SoFA CR £000	BS DR £000	BS CR £000
Extrapolated error based on grant scheme grant expenditure overpayments as a result of processing errors	Expenditure on charitable activities (Grant funding)		422		
	Trade debtors			422	
In the absence of independent evidence to corroborate CITB's assertion that ESFA are offsetting a previous payment of £1m against the notified ESFA clawback value, we consider the provision to be understated by £1m.	Expenditure on Charitable Activities	1,000			1,000
	ESFA Provision				
Total		1,000	422	422	1,000
Net Total		578			578

Financial statement disclosures

We have challenged management over the adequacy of disclosures in the financial statements in the following areas:

- Completeness of losses and special payments disclosures;
- Compliance of support costs disclosures with the requirements of the Charity SORP;
- Consistency of figures disclosed in the Annual Report with their equivalents in the financial statements;
- Completeness and accuracy of disclosures around trustee and senior executive remuneration and expenses, including fair pay disclosures;
- Completeness of accounting policies for material income streams, removal of disclosures relating only to immaterial items, and clarity of wording;
- Accuracy of the grant-making disclosures required by the Charity SORP.
- Completeness of disclosures around the revaluation of plant and machinery
- Accuracy of disclosures around provisions.

We have made a number of suggestions to improve narrative disclosures and to ensure completeness of the disclosures required under the Charities SORP and other relevant guidance.

We are content with the overall neutrality, consistency and clarity of the disclosures in the financial statements as well as judgments made in formulating particularly sensitive financial statement disclosures.

Accounting policies and financial reporting

We have performed procedures with regards to the appropriateness of the judgements made by the entity on accounting policies, particularly new or changed policies, including the new policy for intangible assets.

We are content that the accounting policies are complete, accurate and compliant with the relevant standards and have been appropriately applied.

Regularity, propriety and losses

Losses are adequately disclosed in the accounts.

Risk of Fraud

We shall communicate, unless prohibited by law or regulation, with those charged with governance any other matters related to fraud that are, in our auditor's judgment, relevant to their responsibilities. It is our responsibility as auditors to report to those charged with governance:

- Any risks of material misstatement identified due to fraud
- Any matters we think are relevant to those charged with governance regarding management's process for identifying and responding to the risks of fraud in the entity

The risks of material misstatement due to fraud identified and reported at planning were limited to the presumed risk of management override of controls relating to journals, estimates or significant unusual transactions, where we noted theoretical incentives and opportunities, but no rationalisation risk factors identified.

Since we last reported to you, we have been informed by management of an internal investigation which has taken place in relation to two members of staff at the National Construction College who subsequently resigned. We have considered these matters and did not identify material risk to the financial statements due to fraud in connection with CITB's investigation.

We have nothing to report in respect of management's processes for identifying and responding to the risks of fraud.

During the course of our audit, we identified the following internal control issues relevant to the preparation of the financial statements and regularity. The primary purpose of the audit was to express an opinion on the financial statements rather than to identify issues but during the course of the audit, we identified and have assessed these as of sufficient importance to be reported to those charged with governance.

Recovery of grant expenditure

Low risk

Finding

In 2022-23, a grant payment (£7,305) was made to Adamson Construction Group from the Skills and Training Fund. When the company subsequently went into liquidation, it had not yet provided evidence of spend. After being informed that the company had gone into administration. CITB did not make any further attempt to reclaim to the grant funding.

Our recommendation

When grant recipients go into administration without satisfying the terms of funding by providing evidence of how the funding has been spent, CITB should apply to the liquidator to recover unspent funds.

Management response

The funding provided by CITB is unlikely to be shown as owed to CITB in the recipient's accounts, so a liquidator may not immediately identify CITB as a creditor. However, the terms of the funding agreement should allow for recovery in the event of non-compliance or liquidation, and this documentation should be used as evidence when lodging a claim with the liquidator. This will be reviewed and any required changes to process made.

VAT on grants

Low risk

Finding

In our testing of grant expenditure, we found that CITB advised training groups that it could apply VAT on invoiced for training group grants. This was based on tax advice received from RSM. In general, HMRC does not consider grants to be taxable for VAT purposes as there is no taxable supply.

Our recommendation

CITB should seek guidance from HMRC on the tax status of its training group grants.

Recommendation update: When management sought advice from the Tax Centre of Expertise (as stated in the management response), the advice was caveated with "we have not seen any supporting documents or contracts and our opinion is purely based on what we discussed during our call". We recommend that you share relevant contracts and documents with them, so that they can provide definitive evidence-based advice on this matter.

Management response

Management has sought the advice of HMRC's Tax Centre of Excellence. The advice received confirmed the advice given previously by RSM. The nature of the transactions are more services than grant. The VAT treatment is therefore correct, with potentially an improvement in disclosure within the accounts as these items are currently included within the grant expenditure section.

Support costs mapping

Medium risk

Finding

Several errors were identified relating to CITB's attempts to update how it presents its support costs in the accounts. This led to instances of non-compliance with the Charities SORP. See page 14 for the adjusted errors.

Our recommendation

CITB should ensure they have reviewed and understood the Charities SORP requirements in respect of how costs are disclosed and presented in the financial statements, before making any changes to its account preparation process.

Management response

Management intends to further improve the accounts preparation process for 2024-25 by drafting a template ARA document, reviewing all disclosure requirements from the Charities SORP and the DfE's FReM. Financial figures will then be populated with updates to disclosure details as required prior to the final audit starting.

Levy impairment model

Medium risk

Finding

The model used to calculate CITB's Levy impairment model, although simple in theory, is complex in practice, making it difficult to trace data flows and the application of assumptions. As a result, management is unable to fully reconcile the output of the model with the accounts. This is in part due to the use of two separate finance systems to record different transactions, and the complexity of data flows between them.

Our recommendation

CITB should consider how it can refine, simplify, and represent the model to ensure a higher level of accuracy and a clearer audit trail.

Management response

The model and the accompanying documentation will be reviewed and any simplification identified will be applied to the model and the documentation updated. Work is currently underway to remove the complexity added by the current Levy process interacting with SAP.

Fixed asset register

Low risk

Finding

CITB's fixed asset register has a column for serial numbers, but serial numbers have not been recorded for most assets. This created some difficulty identifying assets for the purpose of testing the accuracy and sufficiency of disclosures and matching them to items in the external valuer's report.

Our recommendation

CITB should record serial numbers for all the assets on its fixed asset register. This will help to ensure completeness and transparency of its accounting records, which will be especially important as the Charities SORP accounting treatment of leased assets converges with IFRS 16 in the coming years.

Management response

Management is aware of the forthcoming changes in lease account, applicable to CITB from 1 April 2026, and is preparing to implement the required changes. Management also recognises the benefit of ensuring asset serial numbers are recorded against relevant items and is working with colleagues to improve the recording of serial numbers.

Follow up to recommendations made in the previous year

In 2022-23 we made the below recommendations to CITB and throughout this year's audit we have followed up with management on progress in implementing the accepted recommendations. Below is an update on the status of these recommendations.

Apprenticeship attendance grants -adequacy of grant fraud/error risk assessments and mitigations		High risk
Finding	Our recommendation 2022-23	Management response & status
2022 -23:Our audit testing found some cases of attendance grants which remained in payment after the apprentice had dropped out of the course they had been enrolled on. The upper bound of our statistical extrapolation was material at £5.1m, although the most likely error was not material. Apprenticeship attendance grants do not require evidence of continued employment/training to be validated before payment, so there is a risk of incorrect continued payment. CITB relies on employers to notify it of drop-outs in a timely manner, and on its risk-based verification approach to detect these retrospectively. Our testing found a high incidence of error in this grant population which had not been detected by CITB's processes, and our extrapolated error level was higher than the results of CITB's own work implies is present within the population. There is thus a risk that a baseline level of fraud and/or error exists in the population that is not prevented or detected/corrected through the current CITB verification regime. CITB's verification regime is targeted rather than including a random sampling approach and as such is not produce an estimate across the whole population.	CITB should include a statistically valid sampling approach, in addition to the current risk-based approach to estimate an error rate that can be applied to the whole population of grants paid out each year to assess whether a material level of fraud/error exists in the untested part of the population. We also recommend that the scenario where employers have claimed a full complement of attendance grants but have not claimed an achievement grant be added to the risk-based sampling strategy.	We will generate a quarterly report to show Attendance Grant payments made in the previous quarter. A random sample (2 per month initially) will be selected to enable verification activity to be completed. This new process will be rolled out from 1st April 2024. Initially, the quarterly report will show employers where they have claimed Attendance Grant, but not gone on to apply for an Achievement Grant. The report will be based on the 52 week application window and will compare the number of apprentices with employer vs number where Achievement Grant has not been applied for therefore a risk-based sampling measure to be applied. Target date for implementation of this report is May 2024. NOW CLOSED

Follow up to recommendations made in the previous year

In 2022-23 we made the below recommendations to CITB and throughout this year's audit we have followed up with management on progress in implementing the accepted recommendations. Below is an update on the status of these recommendations.

Regularity		Medium risk
Finding	Our recommendation 2022-23	Management response & status
2022-23: Assurance for the Skills and Training fund grant stream is by design not available until up to a year after the training has been completed. CITB does not undertake analysis of error rates in prior year funding and apply that to estimate error in current year funding	Management should perform analysis to quantify the level of error in previous year's expenditure and use that to estimate the level of irregularity in current year grant expenditure to support the AO's sign off of the annual report and accounts. It should also perform risk assessments to confirm that using historical error rates as a proxy for current year rates is appropriate i.e. nothing has changed in the risk profile of the grants or their recipients.	We currently conduct a rolling review to calculate the annual error rate. We will increase the frequency to a 6 - month review to identify any change in current year's rate, and use this as the combined basis for assuring the estimated level of irregularity. We will also conduct a risk assessment in parallel. NOW CLOSED

Follow up to recommendations made in the previous year

In 2022-23 we made the below recommendations to CITB and throughout this year's audit we have followed up with management on progress in implementing the accepted recommendations. Below is an update on the status of these recommendations.

Offsetting levy debtors and grant payable		Medium risk
Finding	Our recommendation 2022-23	Management response & status
In 2022-23 we found that CITB had offset £1.6m levy debtors with grants payable, which is not permitted by the SORP.	Levy receivables and grant payables should not be offset in future.	We will implement processes to ensure this does not recur in future. NOW CLOSED
Processing transactions		Medium risk
Finding	Our recommendation	Management response & status
CITB finance have implemented a set of financial delegations for journals requested by CITB personnel and have also requested that any journals over £500k that SSCL wish to post are sent to CITB finance for review first. However, CITB had not checked that the delegations had been followed in 2022-23	We recommend that the delegations process is reviewed to require review and approval by separate individuals where journals are initiated by CITB personnel. We also recommend a regular review of journals above the delegation limits to check these are being followed as planned, and a regular review of the SSCL report of journal preparers and authorisers to confirm that segregation of duties in journal processing has taken place within SOP.	2022-23 Response – We will implement new processes to ensure such reviews are undertaken going forward. 2023-24 Response – These changes have been implemented but due to the timing of the recommendations being made in April / May 2024, they were not implemented in time for 2023-24 accounts year being audited. These checks are conducted monthly and are ready for audit during the 2024-25 audit. OPEN – in progress

Our recommendations

Follow up to recommendations made in the previous year

Financial **Audit** Completion

Significant estimates

Medium risk

Finding

2022-23: Documentation and review of significant accounting estimates

Our recommendation

Estimates documentation should accurately and completely describe all the methods and assumptions applied for each section of each provision.

Management review should confirm the methodology and assumptions actually applied are as expected from the documentation and that they have been applied logically and consistently across the different sections of the provisions. It should ensure the outputs of the model are accurately reflected in the financial statements (and should be able to demonstrate this).

Management response & status

We will implement new processes to produce the relevant documentation and to ensure management reviews of the assumptions and methodology are undertaken going forward for each provision.

THE DOCUMENTATION HAS IMPROVED - CLOSED

Significant estimates

Low risk

Finding

2022-23: Disclosure of significant accounting estimates

Our recommendation

Sufficient disclosure should be made in the accounts of where and why the estimates are inherently uncertain and provide quantification of the level of estimation uncertainty in the estimate, particularly where the subsequent outcome could be materially different than the estimated value.

Disclosures describing the methodology and assumptions should be reviewed to ensure they reflect the actual methodology used.

Management response & status

We will review the completeness and transparency of our disclosures, including the quantification of estimates, going forward.

THE DISCLOSURES HAVE IMPROVED - CLOSED

Our recommendations

Follow up to recommendations made in the previous year

Financial **Audit** Completion

Accounts preparation

Medium risk

Finding	Our recommendation	Management response & status
2022-23: Financial statement disclosures: We made a number of suggestions to improve narrative disclosures and ensure completeness of disclosures required by the SORP and relevant guidance.	Management should review the requirements of the reporting framework regularly to ensure it has reflected all changes both in the requirements and in its own circumstances (in case disclosures that were not previously relevant to CITB now are). Policies and processes for accounts disclosures should be documented clearly and precisely. They, along with supporting working papers, should be reviewed regularly with updates made as appropriate for new circumstances (e.g. new grants, new trustees). All standard disclosures brought forward should be reviewed each year, well before submission for audit. Review should involve persons with drafting skills (to ensure clarity and readability of narrative disclosures) and persons with sufficient knowledge of the underlying business areas.	2022-23 Response – To improve the current informal practice, we will undertake a formal and documented annual review of reporting requirements, as recommended. 2023-24 Response – improvements were made, but management acknowledge that further improvements are required. The Finance Director and Financial Controller have agreed an improved approach to the preparation of the accounts for the 2024-25 and subsequent accounts years. DISCLOSURES WERE IMPROVED BUT WE CONTINUE TO IDENTIFY ERRORS – OPEN.

Follow up to recommendations made in the 2019-20 year

Accounts preparation

High risk

Finding

CITB relies on a number of partner organisations to manage parts of their business, most notably SSCL and Pearsons. Findings over the course of our work since 2019-20 have indicated that CITB does not have sufficient oversight of its partner organisations and the data being provided to ensure a robust system of financial control is in place across all processes relevant to its financial statements.

End-to-end business processes were not mapped out to reflect the change in control environment following the migration to SSCL in 2019-20, and there is no contractual requirement for an ISAE 3402 controls report to be provided covering the control operated by SSCL on CITB's behalf (although we note that Pearsons do provide CITB with such a report).

Our recommendation

We continue to recommend that CITB maps out its end-to-end business processes, including inter-relationships with SSCL and other third-party service providers, to identify any potential gaps in the current control environment.

We continue to recommend that options for obtaining an ISAE 3402 controls report for SSCL be explored or equivalent assurance is provided by SSCL.

Management response & status

In principle, we agree with the recommendation, but have to balance the risk and reward of investing in such process assurance, which has not demonstrated to be an issue to date and is not considered a high risk by management. The implementation of ISAE 3402 has been demonstrated to be cost prohibitive, but we will continue to work with SSCL to determine whether there is an alternative assurance process which represents value for money.

NOT YET IMPLEMENTED - OPEN

Follow up to recommendations made in the 2019-20 year

Framework agreement and regularity controls		High risk
Finding Over the course of the 2019-20 audit, we identified instances where CITB had engaged in new activities without first ensuring that the appropriate approvals had been obtained. Retrospective approval was obtained and as such no irregularities crystallised. However, the range of issues identified highlighted the need for more robust processes, controls and training to prevent similar potential irregularities occurring in the future. The issue was complicated by the fact that CITB and DfE had not agreed a framework agreement, so CITB's framework of authorities (what it did and did not have authority to do without seeking approval) appeared unclear. This remained outstanding during 2022-23.	Our recommendation CITB should pursue the framework agreement with the Department and formally confirm exemptions to controls over public money where these apply. Once the framework of authorities is agreed, appropriate training should be provided to all relevant staff, to ensure any matters requiring approvals are identified.	Management response & status In principle, we agree with the recommendation, but continue to face obstacles with DfE accepting the legal order of precedence for the governance of CITB. We accept that these arrangements are somewhat unique, and differ substantially from those generally encountered by DfE, especially the implications of CITB being a Registered vs Exempt Charity, and the judgement from the Court of Appeal in 1973. Progress has been made over the last year on finalising a Framework Document continuing areas where we can agree, and now broader engagement with CO and HMT is being sort on spending controls and delegated authorities, but ultimately this may require determination in the High Court. We aim to conclude negotiations and resolve matters in 2024-25. Superseded – see page 11 for current position.

Appendices

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT AND THE SCOTTISH 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 2024 under the Industrial Training Act 1982.

The financial statements comprise the Construction Industry Training Board's:

- Balance Sheet as at 31 March 2024;
- Statement of Financial Activities and Cash Flow Statement for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom accounting standards including Financial Reporting Standards (FRS) 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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 2024 and its net expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 and the Charities Act 2011.

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 for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs (UK)), applicable law and Practice Note 10 *Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom* (2022). 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 2019*. I am independent of the Construction Industry Training Board in accordance with the ethical requirements that are relevant to my audit of 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

In auditing the financial statements, I have concluded that the Construction Industry Training Board's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Construction Industry Training Board's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Board and Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

Other information

The other information comprises information included in the Annual Report, but does not include the financial statements and my auditor's certificate and report. The Board and Accounting Officer are responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon.

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 I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 part of the Remuneration Report to be audited has been properly prepared in accordance with Secretary of State directions issued under the Industrial Training Act 1982.

In my opinion, based on the work undertaken in the course of the audit the information given in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

Matters on which I report by exception

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 material misstatements in the Annual Report.

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 by the Construction Industry Training Board or returns adequate for my audit have not been received from branches not visited by my staff; or
- I have not received all of the information and explanations I require for my audit; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland)

Regulations 2006 have not been made or parts of the Remuneration Report to be audited is not in agreement with the accounting records and returns; or

- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Responsibilities of the Board and Accounting Officer for the financial statements

As explained more fully in the Statement of the Board and Accounting Officer's Responsibilities, the Board and the Accounting Officer are responsible for:

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within the Construction Industry Training Board from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error; and
- preparing financial statements which give a true and fair view and are in accordance with the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 and the Charities Act 2011;
- preparing the Annual Report, which includes the Remuneration Report, in accordance with Secretary of State directions issued under the Industrial Training Act 1982; and
- assessing the Construction Industry Training Board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board and the Accounting Officer either intend to liquidate the entity or to cease operations, or have no realistic alternative but to do so.

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, section 144 of the Charities Act 2011 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. 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.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I:

- considered the nature of the sector, control environment and operational performance including the design of the Construction Industry Training Board's accounting policies and performance incentives.
- inquired of management, the Construction Industry Training Board's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Construction Industry Training Board's policies and procedures on:
 - identifying, evaluating and complying with laws and regulations;
 - detecting and responding to the risks of fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Construction Industry Training Board's controls relating to the Construction Industry Training Board's compliance with the Industrial Training Act 1982, the Industrial Training Levy (Construction Industry Training Board) Orders 2022 and 2023, the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005, regulation 8 of the Charities Accounts (Scotland) Regulations 2006, and Managing Public Money;
- inquired of management, the Construction Industry Training Board's head of internal audit and those charged with governance whether:
 - they were aware of any instances of non-compliance with laws and regulations;
 - they had knowledge of any actual, suspected, or alleged fraud;
- discussed with the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the Construction Industry Training Board for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions, and bias in management estimates. In common with all audits under ISAs (UK), I am required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of the Construction Industry Training Board's framework of authority and other legal and regulatory frameworks in which the Construction Industry Training Board operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the Construction Industry Training Board. The key laws and regulations I considered in this context included the Industrial Training Act 1982, the Industrial Training Levy (Construction Industry Training Board) Orders 2022 and 2023, the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005, regulation 8 of the Charities Accounts (Scotland) Regulations 2006, Managing Public Money and relevant employment, pension and tax legislation.

In addition, I considered the fraud and regularity risks associated with grant expenditure.

Audit response to identified risk

To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management, the Audit and Risk Committee and in-house legal counsel concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board and internal audit reports; and
- I addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements on

estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of my certificate.

Other auditor's responsibilities

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

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 I identify during my audit.

Report

I have no observations to make on these financial statements.

Gareth Davies

Date

Comptroller and Auditor General

National Audit Office

157-197 Buckingham Palace Road

Victoria

London

SW1W 9SP

[CITB letterhead]

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

LETTER OF REPRESENTATION: CONSTRUCTION INDUSTRY TRAINING BOARD 2023-24

I acknowledge as Accounting Officer of the Construction Industry Training Board my responsibility for preparing accounts that give a true and fair view of the ~~state of affairs~~, net income, and cash and cash flows of the Construction Industry Training Board for the year ended 31 March 2024.
In preparing the accounts, I was required to:

- observe the accounts direction issued by the Secretary of State, including the relevant accounting and disclosure requirements and apply appropriate accounting policies on a consistent basis in accordance with UK GAAP, as interpreted by the Charities SORP, in force at the reporting date;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards have been followed and disclosed and explain any material departures in the accounts; and
- make an assessment that the Construction Industry Training Board is a going concern and will continue to be in operation throughout the next year; and ensure that this has been appropriately disclosed in the financial statements.

I confirm that for the financial year ended 31 March 2024:

- neither I nor my staff authorised a course of action, the financial impact of which is that transactions infringe the requirements of regularity as set out in Managing Public Money;
- having considered and enquired as to the Construction Industry Training Board's compliance with law and regulations, I have disclosed to you any actual or potential non-compliance that could have a material effect on the ability of the Construction Industry Training Board to conduct its business or whose effects should be considered when preparing financial statements;
- all accounting records have been provided to you for the purpose of your audit. All other records and related information, including minutes of all management meetings which you have requested have been supplied to you;
- all transactions undertaken by the Construction Industry Training Board have been recorded in the accounting records and are properly reflected in the financial statements;
- all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements have been disclosed to the auditor; and
- the information provided regarding the identification of related parties is complete; and the related party disclosures in the financial statements are adequate.

All material accounting policies as adopted are detailed in note 1 to the financial statements.

INTERNAL CONTROL

I acknowledge as Accounting Officer my responsibility for the design and implementation of internal controls to prevent and detect fraud and error and I have disclosed to you the results of my assessment of the risk that the financial statements could be materially misstated.

I confirm that I have reviewed the effectiveness of the system of internal control and that the disclosures I have made are in accordance with HM Treasury guidance on the Governance Statement.

FRAUD

I acknowledge as Accounting Officer my responsibility for the design and implementation of internal controls to prevent and detect fraud and I have disclosed to you the results of my assessment of the risk that the financial statements could be materially misstated ~~as a result of~~ fraud.

I have disclosed to you any knowledge of fraud or suspected fraud affecting the Construction Industry Training Board involving management, employees who have significant roles in internal control, or others where the fraud could have a material effect on the financial statements.

I have disclosed to you any knowledge of any allegations of fraud or suspected fraud, affecting the Construction Industry Training Board's financial statements communicated by employees, former employees, analysts, regulators or others.

ACCOUNTING ESTIMATES

I acknowledge as Accounting Officer my responsibility to make judgments and estimates on a reasonable basis.

I confirm that the methods, the data, and the significant assumptions used by the Construction Industry Training Board in making accounting estimates and related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of Charities SORP.

GOING CONCERN

I have assessed whether the going concern basis of accounting is appropriate for the Construction Industry Training Board. The plans for future actions upon which this assessment is based including future levy receipts are feasible. The assumptions made in my assessment are reasonable and appropriate in the context of the Charities SORP.

ASSETS

General

All assets included in the balance sheet were in existence at the reporting date and owned by the Construction Industry Training Board, and free from any lien, encumbrance or charge, except as disclosed in the financial statements. The balance sheet includes all tangible assets owned by the Construction Industry Training Board.

Non-Current Assets

All assets over £2,500 are capitalised. Freehold properties are revalued in accordance with the Charities SOEP. Depreciation is calculated to reduce the net book amount of each asset to its estimated residual value by the end of its estimated useful life in the Construction Industry Training Board's operations.

Other Current Assets

On realisation in the ordinary course of the Construction Industry Training Board's operations the other current assets in the balance sheet are expected to produce at least the amounts at which they are stated. Adequate provision has been made against all amounts owing to the Construction Industry Training Board which are known, or may be expected, to be irrecoverable.

LIABILITIES

General

All liabilities have been recorded in the balance sheet in accordance with the Charities SORP.

Provisions and Contingent Liabilities

Provision is made in the financial statements for:

- grants earned by recipients but not yet paid;
- expected clawback of funding from the Education and Skills Funding Agency;
- redundancy costs;
- dilapidations;
- payment of interest and compensation for late payments.

I have disclosed to you all actual or possible litigation and claims whose effects should be considered when preparing the financial statements. All such matters have been accounted for and disclosed in accordance with the Charities SORP.

I am not aware of any action which is or may be brought against the Construction Industry Training Board under the Insolvency Act 1986.

Other Liabilities

I have disclosed to you all contingent liabilities, remote or otherwise. In the financial statements I disclose a remote contingent liability in relation to CITB's contract with its shared service provider, SSCL.

OTHER DISCLOSURES

Results

Except as disclosed in the financial statements, the results for the year were not materially affected by transactions of a sort not usually undertaken by the Construction Industry Training Board, or circumstances of an exceptional or non-recurring nature.

Losses and special payments

All losses and special payments requiring disclosure under the requirements of Managing Public Money have been included in the Annual Report.

Unadjusted Errors

The following unadjusted errors have been brought to my attention:

Unadjusted misstatements		SoFA DR £000	SoFA CR £000	BS DR £000	BS CR £000
Extrapolated error based on grant scheme grant expenditure overpayments as a result of processing errors	Expenditure on charitable activities (Grant funding)		422		
	Trade debtors			422	
In the absence of independent evidence to corroborate CITB's assertion that ESFA were intending to offset a previous payment of £1m against the notified ESFA clawback value, we consider the provision to be understated by £1m.	Expenditure on Charitable Activities	1,000			1,000
	ESFA Provision				
Total		1,000	422	422	1,000
Net Total		578			578

I consider the effect of these unadjusted errors to be immaterial, both individually and in aggregate, to the financial statements taken as a whole.

Events after the Reporting Period

All matters regarding events occurring subsequent to the date of the financial statements, and for which the Charities SORP requires adjustment or disclosure, have been adjusted or disclosed.

Tim Balcon
Accounting Officer
Date:

We have completed our audit of the 2023-2024 financial statements in accordance with International Standards on Auditing (ISAs) (UK) issued by the Financial Reporting Council and with the audit planning report presented to the Audit and Risk Committee in April 2024.

We also read the content of the draft annual report and the governance statement to confirm that:

- the parts of the Remuneration Report to be audited 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 entity and its environment obtained in the course of the audit, we have not identified any material misstatements in the Annual Report;
- the information given in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- that the governance statement has been prepared in accordance with HM Treasury guidance.

As part of our audit, we assessed:

- whether the accounting policies are appropriate to the Construction Industry Training Board's circumstances and have been adequately disclosed;
- the reasonableness of significant accounting estimates made by the Accounting Officer; and
- the overall presentation of the financial statements.

We are also required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Further disclosures on responsibilities:

- ISAs (UK) do not require the auditor to design procedures for the purpose of identifying supplementary matters to communicate with those charged with governance.
- When an extended auditor's report is issued, the auditor's responsibilities are to determine and communicate key audit matters in the auditor's report.
- The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

Independence

We are independent of CITB in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard. We have fulfilled our ethical responsibilities in accordance with these requirements and have developed important safeguards and procedures in order to ensure our independence and objectivity.

Information on NAO quality standards and independence can be found on the NAO website:
<https://www.nao.org.uk/about-us/our-work/governance-of-the-nao/transparency/>.

International standards on Auditing (ISAs) (UK)

We consider that there are no additional matters in respect of items requiring communication to you, per International Standards on Auditing (ISAs) (UK), that have not been raised elsewhere in this report or our audit planning report. Items requiring communication cover:

- Fraud
- Going concern
- CITB's compliance with laws and regulations
- Significant difficulties completing the audit
- Disagreements or other significant matters discussed with management.

Cooperation with other auditors

We have engaged with Internal Audit during the audit process and reviewed the results of their work. We have not sought to place reliance on Internal Audit's work, but have used their findings to support our risk assessment procedures.

Communication with the NAO

Organisations we audit tell us they find it helpful to know about our new publications, cross-government insight and good practice.

Our [website](#) holds a wealth of information from latest publications which can be searched, to pages sharing our insights on important [cross-cutting issues](#). We also publish blogs and send email notifications to subscribers about our work on particular sectors or topics. If you would like to receive these alerts, please sign up at: [Main newsletter \(nao.org.uk\)](#) You will always have the option to amend your preferences or unsubscribe from these emails at any time.

Management of personal data

During the course of our audit we have had access to personal data to support our audit testing.

The General Data Protection Regulations (GDPR) came into force in May 2018. These regulations make no difference to the C&G's access rights.

The Data Protection Act provides the C&AG with an exemption from the individual rights provisions where to apply the provisions would be likely to prejudice the proper discharge of the C&AG functions. For example this would mean that we would not need to inform an individual about processing nor could an individual object to processing of their information for audit purposes where that would disrupt an efficient audit.

We take our obligations under GDPR seriously. We have appointed a Data Protection Officer and all our staff are required to comply with formal data protection policies, guidelines and procedures designed to keep third party data secure and support privacy by design. We will destroy, return, or store personal data as necessary on completion of our work.

We confirm that we have discharged those responsibilities communicated to you in the NAO's Statement on Management of Personal Data.

The statement on the Management of Personal Data is available on the NAO website:

<http://www.nao.org.uk/freedom-of-information/publication-scheme/how-we-make-decisions/our-policies-and-procedures/policies-and-procedures-for-conducting-our-business>

Appendix 5: Task Force on Climate related Financial Disclosure

HM Treasury have confirmed central government will be aligning to the [TCFD recommended disclosures](#) as set out by the Financial Stability Board. These are being implemented as a framework to understand and disclose climate-related financial information in the public sector. Phase 1 of this implementation has been captured in the 2023-24 Annual Report and Accounts. CITB has included a Compliance Statement in-line with the Phase 1 requirement.

HM Treasury have developed updated [application guidance](#) to support the implementation. The implementation of this phase 2 of TCFD-aligned disclosure will be for 2024-25. The requirements of each phase are set out below:

	Phase 1 - Governance Focus	Phase 2 – Risk Management and Metrics and Targets	Phase 3 – Strategy
Target Period	2023-24	2024-25	2025-26
Focus	High-level overview	Qualitative disclosures and quantitative disclosure with less technical requirements	Quantitative disclosures with more technical requirements. TCFD-aligned disclosure is fully implemented
Requirements	Reporting entities shall provide a TCFD Compliance Statement and the recommended disclosures for: • Governance • Metrics and Targets (b), only where available from existing reporting processes. Comply or explain basis	Reporting entities shall provide a TCFD Compliance Statement and the recommended disclosures for: • Governance • Risk Management • Metrics and Targets Comply or explain basis	Reporting entities shall provide a TCFD Compliance Statement and the recommended disclosures for: • Governance • Risk Management • Metrics and Targets, considering wider reporting. • Strategy Comply or explain basis
Interaction with Greening Government Commitments	Continue to apply GGC21-25 for emissions for Metrics and targets., in line with SRG	Continue to apply GGC21-25 emissions for Metrics and Targets, in line with SRG	Consider new GGC period for 25-30 (GGC21-25 runs until 31 March 2025 with the next commitment period for GGC25-30 starting on 1 April 2025)

Additional disclosures in Phase 2 include those in respect of Risk Management: describing the organisation's processes for identifying and assessing climate-related risks, for managing climate-related risks and describing how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.

For TCFD Metrics and Targets there are requirements to disclose the metrics used by the organisation to assess climate related risks and opportunities in line with its strategy and risk management process. To also disclose Scope 1, Scope 2, and, if appropriate, Scope 3 Greenhouse Gas (GHG) emissions, and the related risks-aligning with existing Greenhouse gas emissions reporting methodologies. Finally to describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.