

ENGINEERING CONSTRUCTION INDUSTRY TRAINING BOARD

England & Wales · Charity number 264506

Details

Other names	ENGINEERING INDUSTRY TRAINING BOARD, E C I T B
Status	Registered
Legal form	Other
Registered	1972-09-04
Register	View on the Charity Commission register

Contact

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Activities

Objects: FOR THE PURPOSE OF MAKING BETTER PROVISION FOR THE TRAINING OF PERSONS FOR EMPLOYMENT IN ANY ACTIVITIES OF THE ENGINEERING CONSTRUCTION INDUSTRY.

Activities: The ECITB is an industry training board accountable to the Dep't for Education. It has statutory responsibility for the development of the GB engineering construction workforce. It levies employers in the industry to fund its charitable activities in four main areas of training, development and assessment, namely Apprenticeships; Technical and Management/Professional programmes and Qualifications.

Classification

- **How:** Makes Grants To Organisations, Provides Other Finance, Provides Services, Provides Advocacy/advice/information, Sponsors Or Undertakes Research, Other Charitable Activities
- **What:** Education/training
- **Who:** Other Defined Groups

Geography

- Scotland
- Throughout England And Wales

Finances

Period end	Income	Expenditure	Assets	Employees
2024-12-31	£38,768,000	£41,059,000	£9,456,000	103
2023-12-31	£33,093,000	£33,243,000	£11,747,000	89
2022-12-31	£28,661,000	£30,591,000	£11,884,000	80
2021-12-31	£30,844,000	£33,659,000	£13,872,000	79
2020-12-31	£29,809,000	£28,873,000	£16,877,000	74

Trustees

Name	Role	Appointed
LYNDA ARMSTRONG OBE	Chair	2018-01-01
Andrew Colquhoun		2023-11-29
Cameron Gilmour		2020-05-19
Helen Higgs		2023-11-29
Joe Howe		2018-06-01
Mark Fotheringham		2023-11-29
Mark Riley		2023-11-29
Paul De-Leeuw		2023-11-29
Richard Law		2023-11-29
Simon Hicks		2018-06-01
Steve Hunt		2020-05-19

Accounts



Engineering Construction Industry Training Board

Report of the trustees and accounts for the year ended 31 December 2024

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

Ordered by the House of Commons to be printed on 8 July 2025.



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Contents

Chair's introduction	4
Chief Executive's review	6
About the ECITB	8
Strategic report and performance review 2024	9
Sustainability	14
Commercial activities 2024	15
Looking ahead 2025	15
2024 Governance Statement	16
Financial report	24
Results for the year	25
Remuneration report	29
The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament and the Scottish Parliament	34
Financial accounts for the year ended 31 December 2024	40
Notes forming part of the accounts for the year ended 31 December 2024	43
Organisational details	64
Appendices	65

Chair's introduction

Welcome to the ECITB's Report of the trustees and accounts for 2024.

This is the second year of our three-year strategy and, again, it has been another year of excellent delivery.

We saw high demand for training from our employers to equip existing workers with new skills and develop early career professionals.

Delivery of the Regional Skills Hub programme continues apace with five projects now agreed for funding by the Board.

These projects will boost training provider capacity and grow new entrant numbers in the 'Industrial Cluster' hot spots that are at the heart of the UK's decarbonisation agenda.

We exceeded our new entrant support target, with the ECITB supporting 2,148 new entrant starts against a target of 1,500.

We also exceeded our targets for learning interventions on ECITB products (63.8k against a target of 51k), including CCSNG Safety Passports which saw the highest number of cards issued since 2016.

Another highlight this year was the massive growth in users for our Learner Experience Portal (online learning) which saw the equivalent of £1.5m of training content completed.

The ITB review was completed in 2024 and published in January 2025. This concluded that the ITB levy-grant model should be retained, that the role of the ITBs should be strengthened and called on us to do more.

The report also recognised that there are significant benefits to greater alignment and collaboration between the two ITBs, and a programme of co-operation in a number of areas has been initiated.

The next consultation (levy consensus) will take place in 2025 and ties in with the timetable of creating the next strategy for the ECITB which will cover the period 2026-2030.

We will be consulting with industry on the draft strategy in Spring 2025 to ensure we understand their priorities and have their support.

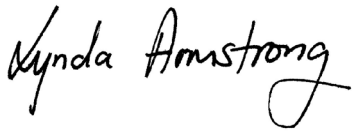
This strategy will look to address many of the structural skills challenges highlighted by the review and scale up delivery of impactful initiatives that we have developed in recent years, including our alternative new entrant pathways and programmes like Connected Competence.

We will also ensure the strategy aligns with central and devolved governments' priorities for skills, technical education and growth across our sectors.

Paramount is the need to ensure that employers have the skilled people required in the face of a tight labour market domestically and internationally.

As an industry, we must do more to attract, develop and qualify a diverse talent pool – including how we reskill and upskill the existing workforce – and we need to think innovatively and act collaboratively in how we do it. This will be a key focus of the new strategy.

We have had a successful year in delivering the vital work we do leading industry learning, attracting new entrants, expanding entry pathways into industry and supporting high-quality training provision, and I am confident we will continue and expand this work in 2025 and beyond.

A handwritten signature in black ink that reads "Lynda Armstrong". The signature is fluid and cursive, with the first name "Lynda" and the last name "Armstrong" clearly distinguishable.

Lynda Armstrong OBE

Chair

[27 June 2025]

Chief Executive's review

As we move into 2025, our continued focus will be to deliver the final year of the current 2023-2025 strategy while developing and consulting industry on the next.

This is not just the ECITB's strategy – it is our industry's training and development strategy. It will provide the framework to develop the generation-defining skills and workforce landscape required for the delivery of critical infrastructure projects, energy security and net zero ambitions.

While we look forward with great excitement at what lies ahead, it is important to take a moment to reflect on the progress we've made over the last two years, turning intent into delivery across our three strategic pillars - Foundations, Growing a Skilled Workforce and Supporting Industry in Transition.

The Foundations pillar underpins everything the ECITB does, from grant funding training to developing actionable workforce intelligence to inform effective decision-making.

Across the course of our strategy, we will have committed more than £87 million to support workforce training and help tackle the industry's labour shortages and skills gaps.

We have worked with Government on several important policy reforms, most notably on T-level industrial placements, which will make it possible for learners to undertake part of their placement in a provider setting using simulated learning technology – this should enable more ECI employers with site access restrictions to offer placements as a result.

We achieved a high employer response rate for the 2024 Workforce Census, capturing anonymised data for 75,000 workers in the industry. This intelligence is vital to inform ECITB priorities and our engagement with external partners, including Government. It will also provide even greater accuracy to our Labour Forecasting Tool.

Our second pillar, Growing a Skilled Workforce, is about supporting a broad range of new entrant pathways and skills programmes so that industry can recruit, develop and retain talent. In the first two years of our strategy, we have supported more than 3,350 new starters, including more than 1,100 apprentices.

Working in collaboration with industry partners to build a sustainable talent pipeline for the future, Our Work Ready and Hinkley Support Operative (HSO) Bronze programmes offered 421 people career opportunities in industrial cluster hot spots across the UK in 2024.

Supporting Industry in Transition, our third pillar, is about anticipating and responding to the skills requirements of the future, including those driven by net zero.

With the ECI set to play a vital role in delivering net zero, helping industry navigate the energy transition and decarbonise the industrial clusters is central to our work.

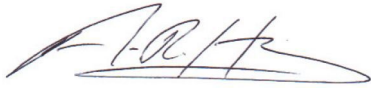
In addition to courses on the LXP (Learning Experience Platform), we provided £330k on net zero related training activity in 2024, while we also undertook work to understand the skills requirements for carbon capture, power and networks as part of the work of the Green Jobs Delivery Group.

This will put us in a good position to respond as project activity scales up across the industrial decarbonisation landscape, and in how we support the workforce transition from conventional energy sectors into emerging low-carbon industries including CCUS and hydrogen.

It was great to see the first recipient of Regional Skills Hub funding, Humber training provider, CATCH, open its new welding and pipefitting training facilities in September. This investment has enabled CATCH to increase its learning capacity by 100%.

I felt a deep sense of pride and hope as I reflected on the present and future potential of our industry at the annual ECI Training and Development Awards in November. The finalists are great examples of the success stories from across industry and have all benefited in some way from the ECITB delivering our strategy.

And we will continue to deliver – helping to ensure the engineering construction industry has the skilled workers it needs both for now and the future.

A handwritten signature in blue ink, appearing to read 'A. Hockey', with a stylized flourish underneath.

Andrew Hockey

Chief Executive and Accounting Officer

[27 June 2025]

About the ECITB

Established in 1991, the ECITB was formed in recognition of the engineering construction industry's vital role in the UK economy, and the requirement for a statutory body to meet the special training needs of the industry. This industry is characterised by a highly mobile labour force and where there are few incentives for individual employers to train.

The engineering construction industry (ECI) delivers and maintains the nation's critical energy infrastructure, including the oil and gas, nuclear and renewables sectors, alongside major process industries, such as chemicals, pharmaceuticals, food processing, water and waste treatment.

The ECITB is the skills, standards and qualifications body with statutory responsibility for the development of the engineering construction workforce in Great Britain. It works closely with employers and governments to attract, develop and qualify engineering construction personnel in a wide range of craft, technical and professional skills and disciplines.

The ECITB's vision is a trailblazing engineering construction industry where critical infrastructure, energy security and net zero ambitions are achieved.

Charitable activity

The ECITB is a registered charity in England (Registered Charity No. 264506), with one charitable object - to make provision for training persons for employment in the activities of the engineering construction industry. In pursuit of this object, the organisation provides grants for training and assessment, graduates and apprentices.

The ECITB develops its own standards, assures the quality of training centres and carries out focused research to inform reports and bulletins on skills in the industry.

Strategic report and performance review 2024

Key performance indicators

The following table provides an overview of the ECITB's progress in meeting its three-year business plan objectives that form the basis of the existing, Leading Industry Learning strategy 2023-25.

Strategy pillar: Foundations

3 Year Business plan objective	Performance and achievements in 2024
1. Fund high-quality training, enabled by the levy, for a safe and competent workforce	• Invested £28m in training grants and new entrant programmes including scholars and HSO. • Issued 50 Business and Activity Return (BAR) forms to potential leviabile establishments. • Undertook 40 Establishment Reviews (19 new and 21 existing). 12 new establishments added to the Register, 14 removed. • An additional £1.7m of levy raised by bringing new establishments onto the Register/correcting declarations from existing establishments. • 63,888 learners trained/assessed using ECITB-approved products in 2024. This includes 31,130 for CCNSG (a 25% increase on 2023), 20,293 on other GB products and 12,465 for ECITB Global products.
2. Produce impactful labour market intelligence to enable data driven decision making	• Conducted the 2024 Workforce Census, achieving data for 78% of the in-scope workforce (up from 50% in 2021). Reports published in early 2025. • Published study into the career motivations of young people and attitudes towards careers in the ECI in February 2024. • Co-authored two Green Jobs Delivery Group reports (CCS and Power & Networks), which drew on labour forecasting tool (LFT) data and informed the Government's Clean Power Plan 2030. • Supported stakeholders' strategic development activity using Census and LFT data (e.g. Sizewell C, Cumbria Chamber of Commerce, Solent, Greater Manchester LEPs). • Commissioned research into digital skills and trainer and assessor shortages, both of which have informed ECITB strategy.
3. Champion diversity and inclusion	• Expanded and strengthened partnerships to leverage ECITB messaging and expertise relating to Careers and ED&I. • Rolled out the Culture+ inclusion tool to internal pilot group. External pilot due to commence Feb 2025. • 7,450 D&I related courses accessed on LXP. More than £200,000 grant support towards D&I related programmes. • Continued to provide work opportunities for the long term unemployed through the Work Ready programme. 94 learners enrolled in 2024. • Conducted TIDE internal audit and enhanced adherence to Public Sector Equalities Duty.

3 Year Business plan objective	Performance and achievements in 2024
4. Work in partnership with industry and government to influence change	- Engaged the new Government on policy development, including the Growth and Skills Levy, the creation of Foundation apprenticeships, energy transition and skills for nuclear. - Secured policy change on T-levels industrial placements, having successfully advocated for simulated environments at training sites to address COMAH site access barriers for students. - Hosted two roundtables for nuclear sector stakeholders to develop ECITB's response to the National Nuclear Strategic Plan for Skills (NNSPS) and subsequent strategic interventions. - Influenced standardisation and transferability of skills through the implementation of the Connected Competence Client Charter with 20 North Sea asset owners. - Developed the Foundations in project collaboration eLearning course, which will facilitate effective collaborative working between clients and contractors. Scheduled for release in Q1 2025.
5. Continuously improve how we work	- Improved risk management methodologies to ensure a more robust and proactive approach to identifying, evaluating and mitigating risks. - Completed an internal audit on project governance, identifying areas for improvement and ensuring compliance with best practice. - Launched a new levy application that enables employers to submit declarations with innovative and user-friendly functionality, enhancing customer engagement and operational efficiency. - Published policies on cybersecurity and data protection. Provided targeted training sessions to colleagues. - Issued updated guidance on procurement rules to ensure compliance with regulatory requirements and to clarify expectations for stakeholders. Released new templates that simplify documentation and improve efficiency in various workflows. - Released refreshed and simplified Standard Operating procedures and more efficient approval processes for delivery of non-regulated training and competency testing. Reduced approvals to 1 day for trainer/examiner approvals and 2-3 weeks for new providers.

Strategy pillar: Growing a skilled workforce

3 Year Business plan objective	Performance and achievements in 2024
1. Attract and develop the next generation	- Supported 2148 new entrant starts in total in 2024. - This includes 1132 apprentice starts and 508 new graduates. - Enrolled 100 new starts on the ECITB scholarship programme in 2024. Over 600 learners supported to date. - Launched further cohorts of the Work Ready programme, which is helping to provide entry-level opportunities for long-term unemployed people. 94 additional learners supported in 2024 with 83% progression into employment with in-scope companies. - Funded 327 Hinkley Support Operative (HSO) Bronze learners which is helping to train up individuals for semi-skilled on-site roles at HPC. - Enhanced careers promotion activity including successful campaigns during National Apprenticeship Week and National Graduate Week. - Delivered employer-led careers event in the central belt of Scotland that saw more than 150 secondary school attendees.
2. Expand entry pathways into industry	- Scoping for 2 prison Work Ready cohorts completed, ready for roll out in 2025. - Plans for new ISO and TMO pathways put in place for 2025 roll out (offshore ISO coatings and WR rigging) - Development of 2 new vocational qualifications commissioned to support ECITB led new entrants at level 2 (Welding and generalist). - Work commenced to create funded qualification to replace HSO Bronze and PEP. - Further content added to ECITB's new entrant online virtual academy (NOVA). - Obtained £750,000 in external and match funding to support the ECITB scholarship and Work Ready programmes.
3. Deliver industry-leading standards, qualifications and competence assurance	- Launched 9 new Scottish qualifications and secured PLA funding for ECITB qualifications and products in Wales. - Created or reviewed 25 Training standards and 72 technical tests across 11 disciplines. - Carried out full CCNSG Review and produced updated course to meet industry requirements. - Released new or updated courses, including ECITB Medium risk confined space, 3 new RCC-M training courses for nuclear and Supervisor Training Module 4 - Health, Safety and Environment for Site Supervision. 2,763 learners supported through competence-related programmes. 479 regulated qualification certifications; 685 newly registered candidates. - Identified pathways for Connected Competence certified workers to allow two-way transition into offshore wind. - Issued over 4,970 Connected Competence digital badges in 2024 which allows verification of technical competence. - Held over 35 working groups across 12 disciplines with 120 individual attendees.

3 Year Business plan objective	Performance and achievements in 2024
4. Help employers retain and upskill a flexible and transferable workforce	• 100 learners on Project Management/Project Control Bootcamp programmes leveraging in £285K. • Supported the NNSPS' pilot Project Controls accelerator programme for 20 mid-career switchers, including accrediting the course. • Updated the Connected Competence role profiles to demonstrate transferable qualifications and common technical skills transfer across Oil & Gas, Wind, Nuclear, CCUS and Hydrogen plants. • Grant aided 7 learners to complete the STEM Returners pilot, in collaboration with the Global Underwater Hub. The programme has helped reintegrate workers in the subsea sector back into the sector following a careers break, aiding retention. • 35 learners trained on ECITB upskill programmes covering pathways for pipefitting, rigging and welding (utilising £75k of external funding).
5. Broaden access to training	• 70 employer academies are now live (up 59% on 2023) with 158 employers using the Learning technologies service offer. • There are now 23,156 unique users across all offers (up 277% on 2023). • 45,649 courses were completed in 2024, which is the equivalent to £1,552,066 of value-added training.

Strategy pillar: Supporting industry in transition

3 Year Business plan objective	Performance and achievements in 2024
1. Prepare the workforce for net zero	• Rolled out the Regional Skills Hub model, with £1m of funding over two years. Committed funding for 5 projects to date, including the CATCH expansion of its welding, electrical and pipefitting bays and 3Ts mobile training rigs. The remaining projects will be announced in early 2025. • £330k of grant spent on net zero related training activity in 2024 (does not include LXP training). • 'Decarbonising the Engineering Construction Sector' and 'Clean Energy Technologies' ECITB online courses released in late Q4. These were deployed to 1,025 users and had 148 completions by the end of the year. • ECITB supported the work of two Green Jobs Delivery Groups on CCUS and Power & Networks respectively. Provided labour market intelligence and competency mapping work, which featured in the final reports.
2. Identify emerging industry trends and longer-term skills needs	• Continued to develop links with industrial cluster partners to identify skills and workforce requirements. Held roundtable in January 2024 with the Scottish Cluster stakeholders and the Minister for Small Business, Innovation, Tourism and Trade. • Established a strategic skills working group for Sizewell C alongside EDF and CITB. • Delivered regional skills surveys to identify current and future skills needs.

3 Year Business plan objective	Performance and achievements in 2024
3. Bridge the digital skills gap to drive innovation and productivity	• £75K of grant support for digital skills training in 2024. • As part of the scholarship programme, 135 learners have gained their ECITB digital passport. • £70k external funding secured to support development of the Advanced Industrial Drone Operating course and test in 2024. • Commissioned new research into the implications of AI and digital technology growth on the ECI and the skills base.
4. Evolve the remit of the ECITB to respond to the changing industrial landscape	• Ongoing engagement with DfE as part of the Review of the Industrial Training Boards in 2024. The review was published at the end of January 2025. • Continued work to support large employers and their clients to identify and support value-adding activities, including in the area of new entrants.
5. Export ECITB products and services to establish a global standard for safety and skills excellence	• 14 new licensed training providers in 2024 (63 in total), 22 new licenses (170 in total), 87 new approved trainers (316 in total) and 22 new facilities (111 in total). • Training delivered in 24 countries to 15,593 delegates; a 39.3% increase in delivery over 2023's figures. Tracking well above the annual 10% growth target. • Secured further market share with the Mozambican, Malaysian and Cambodian Governments' Regulatory Authorities endorsing ECITB products. • IHSP now embedded within the NIOSH Contractors' Induction Card – a mandatory card for use by all new contracting staff on all Malaysian Government sites. • Total Energies issued contracts to training providers for National Content delivery around the Tilenga Project (part of the wider EACOP Project) in Uganda. ECITB training is a mandated requirement.

Sustainability - Unaudited

In 2024 and 2023 ECITB captured key sustainability measures to review our impact on the environment and help identify future steps we can take to reduce our overall impact.

These are set out in the table below:

Sustainability measures	2024	2023
Paper		
Reams (number)	49	55
Amount spent on paper- £	490	550
Travel		
Expenditure on official business travel £	264,107	225,061
Domestic flights:		
Quantity of flights	203	174
emissions (tCO2e)	30	23
distance (km)	110,544	89,320
International flights:		
Quantity of flights	203	129
emissions (tCO2e)	118	59
distance (km)	591,338	395,245
Trains:		
emissions (tCO2e)	18	12
distance (km)	514,074	328,735
Utilities		
Electricity used (kwh)	1,000	750
Total water consumption (m3)	2	1.10
Total energy indirect emissions (kwh)	1,000	750
Total other indirect emissions - gross (tCO2e)	166	94

Paper usage has seen a slight decrease due to a commitment to reducing the use of paper within the company.

Overall business travel (which includes hotels, ferries, trains, flights, mileage and parking) has increased due to additional staff, more face-to-face meetings and an increase in the cost of hotels, flights and train fares.

Domestic flights and train travel have seen an increase due to an increase in the size of the workforce, although train distance has increased by a more significant amount due to encouragement within the organisation to use train travel where appropriate.

International travel has seen an increase due to growing our presence in the international market.

Utilities have seen an increase because during the year as we have started renting a second office.

The difference between the amounts shown under 'Expenditure on official business travel £' in the table and the 'Travel and Subsistence' figures disclosed in Notes 8 and 9 relates to hotel accommodation, meeting room hire, and other ancillary costs that are not included in the sustainability reporting figures.

Commercial activities 2024

The ECITB's commercial activities comprise operations in Great Britain and overseas, primarily in the Middle East, South East Asia and East Africa. Commercial income is derived from a variety of sources including:

- Licence income – whereby the ECITB grants licences to training providers (ATPs) to use its training materials and tests.
- Fees payable by the ATPs in respect of learners using ECITB training courses.
- Registration of and issuance of vocational qualifications.

Commercial activities in Great Britain

The main source of income within Great Britain derives from the issuance of Client Contractor National Safety Group (CCNSG) Safety Passports. Overall income net of bad debt rose from £1,344k in 2023 to £1,570k in 2024 which was driven by committed marketing and business development activity growing demand for CCNSG at a period when industry activity and consequent headcount was increasing. Overall, cards issued increased by 20% year on year as a result of this drive.

International commercial activities

ECITB operates in three main areas overseas, namely the Middle East, South East Asia and East Africa. International commercial income net of bad debt in 2024 was £729k. This was a £78k (12%) increase on 2023 which itself was a £103k (19%) increase on 2022. Income was mainly delivered through charges for International Training Provider Licences. The consistently improving performance is a result of a focus by the Finance and Business Services directorate on the international business.

The number of providers on our books continued to grow during 2024.

Looking ahead: 2025

2025 marks the final year of an exciting three-year strategy period for the ECITB. Full details of the strategy and its KPIs can be found on the ECITB's website, to which we would encourage readers of this Report of the trustees and accounts to refer.

Financial projections 2025

The 2025 operational plan and financial budget are based on the ECITB's strategic priorities and objectives. Given the ambitious 2023-25 strategy, continued high demand for training grants in 2024 and increasing demand for ECITB's value add strategic projects, we expect the ECITB to continue to be able to draw down on its reserves and therefore run at a deficit in 2025.

The 2025 budget currently anticipates a £1.3m deficit, using reserves to support training during a period of very high demand and worker shortages. Key assumptions within this conservative 'base case' budget include:

- A £3.5m increase in levy during the year, however, more funds are likely to become available as a result of establishment reviews.
- A number of projects developing grant and training course management systems have moved from very successful discovery phases in 2023 to full implementation in 2024 and 25 with budget allocated for significant development. In addition budget continues to be allocated to the successful 'Regional Skills Hub' grant scheme.

2024 Governance Statement

Scope of responsibility

As Chief Executive and Accounting Officer, I have responsibility for maintaining a sound system of governance and internal control that supports the achievement of the ECITB's purposes, strategic objectives and policies, while safeguarding the funds and assets for which I have responsibility in accordance with Managing Public Money. This means that the ECITB's funds and assets are properly accounted for and are used efficiently and effectively.

The purpose of the Governance Statement

The Governance Statement supplements the financial information in the accounts by explaining how the ECITB's governance and control structure directs, and reviews plans and performance. The statement shows how the ECITB applies the principles of good governance and reviews the effectiveness of these arrangements.

Governance Framework of the organisation

The ECITB is a statutory body (an Industrial Training Board (ITB)) governed by the Industrial Training Act 1982 ("the Act"). The Industrial Training (Engineering Construction Board) Order 1991 (Statutory Instrument 1991 No. 1305) defines the activities of the ECITB and the engineering construction industry. Details of the powers and responsibilities of the ECITB, as well as the restrictions placed on it, are described in the Act. The ECITB is a Non-Departmental Public Body (NDPB), and reports to its government sponsor body, the Department for Education (DfE).

The ECITB has responsibilities to Parliament and to its industry. It was formed in recognition of the engineering construction industry's vital role in the UK economy, and the requirements for an ITB to undertake the responsibilities of meeting the special training needs of an industry where the labour force is highly mobile, and where there is less opportunity for individual employers to train.

The ECITB is established for exclusively charitable purposes and is a registered charity in England and Wales. It also undertakes its charitable activities in Scotland. The charitable activities of the ECITB are largely funded by the statutory levy established by the Act and confirmed by levy orders passed by both Houses of Parliament. The levy applies to all in-scope establishments operated by industry employers to ensure equity across employers in the industry in the provision of training.

Following a formal consultation with levy-paying employers in 2019 relating to future industrial training levy arrangements, the Industrial Training Levy (Engineering Construction Board) Order 2020 -Statutory Instrument No. 972 (the 'Levy Order') was passed by Parliament on 10th September 2020. Levy income during the financial years 2021 to 2023 inclusive was collected under the terms of the 2020 Order. This was the first time that the ECITB conducted a consultation based on a rise in the levy.

During 2022, a formal consultation with levy-paying employers occurred relating to proposals for future industrial training levy arrangements. The proposals for 2023-25, to maintain levy rates at 1.2% of gross labour emoluments for site workers and 0.33% for the offsite/other workers, were accepted by the levy payers. In a resoundingly positive response, 85% of levy-paying employers, representing 97% of the industrial training levy paid, voted in favour.

The Industrial Training Levy (Engineering Construction Board) Order 2023 - Statutory Instrument No. 847 (the 'Levy Order') was affirmed by both Houses of Parliament, without opposition. The Statutory Instrument came into force on 21st July 2023. The Order maintains the levy rates of 0.33% of the earnings paid by employers to off-site employees and 1.2% of the earnings paid by employers to on-site employees for businesses liable to pay the levy. The rates will be applied to levies raised in 2023-25 and will be payable in 2024, 2025 and 2026 respectively.

The Board is responsible for establishing and monitoring appropriate policies to fulfil the objectives of the ECITB as an ITB. The Accounting Officer is responsible for managing the implementation of agreed policies and is accountable to the Board, the principal AO (Permanent Secretary of DfE) and Parliament.

The Board

Records of the members of the ECITB's Board of Trustees during 2024 and at February 2024, together with changes in membership since 1st January 2024 and meeting attendance records meeting attendance records are shown in Appendix A. Corresponding information relating to the Board's sub-committees are shown in Appendix B.

The Board is responsible for shaping ECITB's future direction and strategy and is accountable for corporate governance. It provides leadership, advice, and challenge in the management performance of the organisation. It has identified strategic matters, over which only it can approve key decisions, and has delegated responsibilities for operational and other matters to committees (see below) and the CEO. The Board oversees the implementation of business and financial plans and has approved the strategic report within this document.

In addition to serving on the Board, some trustees also participate in policymaking as members of the committees. With the exception of the Board members, the other committees include other volunteers from the industry.

The members of the Board are appointed by the Secretary of State, and the Board's composition reflects the main stakeholders in the engineering construction industry. In view of the charitable nature of the organisation, Board members are trustees and have an overriding obligation to place the interests of the beneficiaries above all others, including their own. They also need to take account of any guidance issued by the Charity Commission.

In 2024, two Board members stepped down, and one member completed their term. In 2024, the average attendance at Board meetings over the year was 88% (2023 – 82%).

The Council

The Council consists of up to 25 members representing the Board and various interests of the industry.

The Council is an integral part of the ECITB governance and acts as the voice of the engineering construction industry. The Council possesses and will provide a wide, representative perspective and expert understanding of the industry.

Its broad purpose and role is to provide advice to and consult with the Board on matters of strategic interest. Through its engagement with the Board the Council will help the Board to set priorities for the industry and will play a crucial advisory role.

The Audit & Risk Committee

The Trustees maintain an overview of internal control and risk management issues through the Audit & Risk Committee. The Committee's terms of reference are to promote the highest standards of propriety in the operation of the ECITB by maintaining an overview of its financial and other governance systems to ensure their effectiveness and integrity of operation. The Board appoints members of the Committee. Its Chair is a trustee of the Board.

The Accounting Officer, Director of Finance & Business Services and the Board Secretary attend meetings of the Audit & Risk Committee to assist the Committee in its review of the ECITB's management of risk, and ensure that advice from members concerning the identification, assessment and management of risk is taken into account. Representatives of the internal and external auditors (the Government Internal Audit Agency (GIAA) and the National Audit Office respectively) attend all meetings. These representatives have free and confidential access to the Chair of the Committee.

The Committee regularly reviews the ECITB's risk register. The information received during the year enabled the Committee to provide a recommendation to the Accounting Officer and the Board to approve and sign the Report of the trustees and accounts.

The Remuneration & Nomination Committee

The Committee reports to the Board and is responsible for formulating and recommending the policy relating to the remuneration for the ECITB staff.

The Committee is also responsible for identifying candidates to the Secretary of State to fill Board vacancies as and when they arise.

The Q&A Committee

The Committee oversees the governance of the ECITB's qualifications and awards, including the ECITB's compliance with regulatory conditions and principles set by Ofqual, the Scottish Qualifications Authority and Qualifications Wales.

The CCNSG Committee

The CCNSG is responsible for the management of the CCNSG's nationally accredited safety passport scheme. The ECITB manages the operation of the scheme, and the CCNSG retains responsibility for the strategic direction of the Scheme, including the Scheme's content, the standards for approval of training providers, the future development of the Scheme and its integrity assurance.

The Operations & Grants Committee

The Committee is responsible for overseeing and delegating authority and responsibility for the day-to-day management of activities in accordance with appropriate management and control systems.

The Committee reports to the Board to review and formulate the ECITB's training grant policy and schemes.

The remit also includes the ECITB's grant systems and decision-making processes to ensure that all aspects relating to grants are clearly defined and fall within the ECITB's statutory remit and discretion.

The committee comprises of the Executive; the Chief Executive, the Board Secretary and directors, as appointed by the Chief Executive following consultation with the Board.

Regions

The ECITB operates a regional structure to ensure that delivery of training support and services is driven by the demands of industry on a regional basis. During 2024 there were 14 regional forums and 1 national forum. Each forum comprises industry employers, and either represents a geographical area, or a significant industry sector. Each forum normally meets three times a year under the chairmanship of a Regional Chair, who has been elected by the members of the forum.

The Regional Chairs are Members of the Council and support the achievement of the Board's strategic goals by contributing to the development of the ECITB's regional strategies and operating plans. The chairs of the regional fora meet periodically to discuss matters of common interest concerning training and skills development, and to exchange best practices in these areas.

The ECITB also works closely with other key regional stakeholders, such as industry clients, skills development or local enterprise partnerships, local authorities and funding bodies, training providers, and trade unions.

ECITB management and staff

The Board have delegated responsibility for the implementation of the ECITB's strategic plans, and the management of the organisation to the Chief Executive.

For the majority of 2024, the organisation's senior leadership team (SLT) was comprised of the Chief Executive, the Chief Operating Officer, the Board Secretary, the Director of Finance & Business Services, the Director of Operations, the Director of Strategy & Policy, and the Deputy Director of Strategy & Policy. In September, we appointed a Director of Operations and a Director of Learning & Assurance. At the end of the year, the Chief Operating Officer and the Deputy Director of Strategy & Policy retired.

The members of the SLT are responsible for ensuring that the activities of their departments achieve the ECITB's strategic and operational objectives efficiently, to the highest quality standards, and in compliance with the law. Meetings of the SLT occur weekly, and the members report concerning their areas of responsibility, including measurement of performance against key performance indicators.

Overview of corporate governance, board effectiveness and performance

To be effective, the Board must be fully informed of the work of the ECITB across its areas of activity.

As Chief Executive, I and senior staff provide reports, information and discussion papers to the Board, covering progress against objectives, KPIs, the management of risks and financial control. Additionally, reports relating to matters considered by the Board's committees are submitted to the Board.

At each Board meeting, the Board receives verbal updates on the performance of each Committee, including the Audit and Risk Committee and the Remuneration and Nominations Committee.

Specifically, in 2024 the Chair of the Audit and Risk Committee reported regularly on matters relating to risk management, internal controls and audit-related issues, cyber security, IT projects, project governance and ECITB's alignment with the Government Functional Standards.

The Chair of the Remuneration and Nominations Committee reported on the Annual Pay Review of ECITB staff and notably, in 2024 it reported on the recruitment of new SLT members.

The senior staff and Committee reports, the information and discussion papers and the KPIs reviewed by the Board include financial and non-financial data, obtained by reliable sources with a proven track record of providing reliable and high-quality data. The data is diligently collected to ensure that the information presented to the Board is accurate, complete and reliable, enabling the Board to make informed decisions.

These measures enable the Board to monitor, advise on, challenge, and lead the performance of the organisation against its strategic goals and objectives. They have also enabled the Board to balance strategic priorities with support for employers' immediate skills and competence needs.

The governance arrangements and decision-making processes described above also support a culture of openness and transparency, which in turn ensures that the Board is able to make decisions with a high degree of clarity and consensus.

A review of all actions coming out of 2024 Board meetings was conducted at the end of the year and the Board confirmed that all actions had been completed or were progressing as planned.

Conflicts of interest

As a public body, ECITB abides by principles of regularity and propriety and ensures that its work is not adversely impacted by a conflict of interest. Board members and executive staff are required to complete a declaration of any interests. The Register of Trustees' Interests has been maintained by the Board Secretary. No significant company directorships or other interests were held by Board members or staff that conflicted with their role and responsibilities.

I consider that the ECITB's transparency of decision-making and scrutiny by stakeholders through the governance arrangements described in this statement enables it to appropriately manage potential conflicts of interest.

Whistle blowing

The ECITB is committed to achieving and maintaining high standards of behaviour at work, service to the public and in all our working practices. The ECITB's whistle blowing policy is designed to enable and encourage ECITB staff to express concern or disclose information at an appropriate level if it is believed there is evidence of malpractice. The ECITB seeks to maintain a culture where people are encouraged to speak out, with confidence that they can do so without adverse consequences, and that appropriate action will be taken. In 2024 no allegations were raised under the ECITB's whistle blowing policy.

Risk management

The ECITB's system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is designed to identify and prioritise risks to the achievement of the ECITB's policies, aims and objectives. It is designed to evaluate the likelihood of risks and their impact, and to manage them efficiently and effectively.

The ECITB's system of internal control has been in place throughout the year-ended 31st December 2024 and accords with HM Treasury guidance. A number of specific sources contribute to this annual governance review, including:

- reports and recommendations from the Audit & Risk Committee;
- the GIAA's Internal Audit annual report;
- the report and recommendations from the National Audit Office;
- reports from members of the Executive and senior managers, outlining the governance, risk and control arrangements in their business areas;
- external reports relating to the ECITB;
- legislative and regulatory guidelines, including those relating to charitable status, and the use of public money.

The Risk Management Framework

The ECITB has an established risk management policy, which is reviewed annually by the Audit & Risk Committee. The Audit & Risk Committee and the Board regularly review the ECITB's strategic risk register and I report to these committees on strategic risks several times per year.

The Board is responsible for assessing the organisation's risk appetite and tolerance towards risk – this is regularly reviewed as part of an annual standing agenda.

During 2023, GIAA completed an audit on ECITB's Risk Management. As a result of the audit's recommendations, the Board reviewed and agreed ECITB's risk appetite statement which sets out the extent to which ECITB is able to take risk. Following the audit ECITB reviewed and updated the risk management policy in accordance with the revised risk appetite statement.

Risk overview

The most significant risks faced by ECITB during 2024, which could impact on the delivery of its strategic objectives are shown below:

- Cyber Failure - Data Loss from online systems causing breach of personal and/or sensitive data resulting in potential losses/damage to data subjects/owners and risks of non-compliance (regulatory and governmental).
- Infrastructure Renewal - Infrastructure Renewal project does not meet anticipated deliverables, due to time, cost, quality, security, and engagement
- Connected Competence - Failure to deliver Connected Competence project to the employers and clients involved.
- Governance & Compliance - A two-fold risk of 1) failure to comply with statutory duties or other legal responsibilities 2) compliance burden introducing delays, costs and uncertainty to operations and projects.

- Organisational Capacity – Risk of ECITB not having the organisational capacity (quality, quantity and composition of personnel and business systems and processes) to effectively deliver all BAU activity, elements of the business plan or other commitments made to stakeholders.
- Major IT supplier failure - Failure of a key IT supplier on commercial basis or through breaches of service levels that could result in major disruption of operations due to loss of support and/or service.
- Government policy changes - A change in government policy towards the ITBs, or an indirect policy change (such as an increase in business taxation), could lead to the possibility of closure, merger (with the CITB) or a significant reduction in levy income.
- Governance of projects & programmes - Risk that the governance of The ECITB's projects and programmes does not meet the Government Functional Standard GovS 002: Project Delivery.
- Training Provision Availability - The current availability of training providers and tutors leads to a limited capacity to train and test the number of workers required in industry over the next 5 – 10 years which limits the delivery of the ECITB 2023 – 2025 strategy which results in a loss of reputation for ECITB and could impact 2025 consensus.

The ECITB's approach to data security and information risk

The ECITB's management information systems enable and support business processes and organisational performance. The ECITB's emphasis remains to ensure data handling practices are simple, rigorous and efficient. Information security is of vital importance to the operation and reputation of the ECITB. Its Chief Information Officer has operational responsibility for this. During 2024 no disclosures or reports were submitted to the Information Commissioner's Office (ICO).

To achieve its aims the ECITB collects and makes use of personal information about individuals, such as employers, their learners (including apprentices), employees, applicants for posts and suppliers. The ECITB is committed to protecting the rights and freedoms of individuals relating to the processing of their personal data and complies with its obligations and responsibilities under current Data Protection legislation.

During 2021, ECITB implemented measures to ensure IT and data security and compliance with data protection regulations through the formation of a Technical Security Board (TSB), consisting of but not limited, to the Finance Director, the Board Secretary & DPO, the Head of IT and the IT Manager. One of the TSB's main purposes is IT and Data Security governance to ensure:

- Security – The protection of devices, systems, networks and data from criminal, fraudulent and other unauthorised access and exploitation.
- Confidentiality — Ensuring that information is accessible only to authorised users.
- Integrity — Safeguarding the accuracy and completeness of data.
- Compliance – with government and legal standards.

ECITB has policies and procedures including a Data Protection Policy, an Information Security Policy and Data Retention & Disposal Policy for handling data securely against data protection requirements and the relevant guidelines issued by the ICO. These are regularly reviewed by the TSB.

During 2024 ECITB received assurance for complying with the requirements of the Cyber Essentials Scheme.

Project governance

In 2023 the ECITB developed a Project Governance & Life-cycle Handbook. The handbook is the key guidance document for all staff involved in the delivery of projects and programmes. The handbook sets out the requirements for governance, control and risk management at each stage of the product life cycle. The contents of the handbook align with the project management functional standard (GovS 002: Project Delivery).

In 2024, following the successful implementation of the project governance framework across the organisation, the strategic risk of "Governance of Projects and Programmes" was removed from the strategic risk register.

Internal audit

The GIAA has responsibility for the ECITB's internal audit and operates to standards and requirements defined by HM Treasury, which include the submission of an independent opinion on the adequacy and effectiveness of the system of internal control, and the provision of assurance relating to the ECITB's governance and risk management systems. Reports are submitted to the Audit & Risk Committee concerning audits undertaken and the implementation of recommendations. The GIAA has a direct reporting line to the Audit & Risk Committee to ensure independence.

I have concluded from the GIAA's reports that the ECITB has adequate and effective systems over risk, control and governance which provide reasonable assurance regarding effective and efficient achievement of the ECITB's objectives.

Conclusion

As Accounting Officer, I have responsibility for reviewing the effectiveness of the systems of governance and internal control. My review of the effectiveness of these systems is informed by the members of the Executive and senior managers within the organisation (who have responsibility for the development and maintenance of the internal control framework), the work of the GIAA, comments made by the National Audit Office in its management letter and other reports.

I am also advised on the effectiveness of the system of internal control by the Board and the Audit & Risk Committee. When weaknesses are identified, plans to address them, and ensure continuous improvement of the system are put in place.

This Governance Statement represents the conclusions of my review of the effectiveness of the ECITB's governance framework, risk management and internal controls in 2024.

I am satisfied that the governance arrangements and the risk and control framework used in 2024 were sufficient to continue managing risks effectively and ensure that the operating and financial risks were fully understood by the Board. I have concluded that the ECITB's system of governance, risk management and internal control supports the achievement of the ECITB's aims and objectives.

Financial report

Statement of the ECITB's and the Accounting Officer's responsibilities

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

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

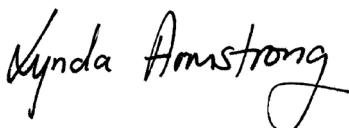
In preparing the accounts the Trustees and Accounting Officer are to have regard to the requirements of the Government Financial Reporting Manual and in particular to:

- 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;
- Make judgements and estimates on a reasonable basis;
- State whether the accounts comply with the accounting principles and disclosure requirements of the Charities SORP and have regard to the requirements of the edition of the Government Financial Reporting Manual (the "FReM") which is in force for the year to the extent that they clarify or build on the requirements of the Charities SORP;
- Prepare the financial statements on a going concern basis, unless it is inappropriate to do so.

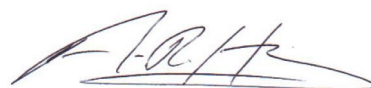
The Accounting Officer and Board of Trustees confirm:

- The Report of the trustees and accounts give a true and fair view of the state of affairs, are balanced and understandable;
- They take personal responsibility for the Report of the trustees and accounts and the judgements required for determining that they are fair, balanced and understandable;
- There is no relevant information of which the auditor is unaware; and
- They have taken all the steps they ought to ensure the auditor is aware of all relevant audit information.

The Chief Executive of the ECITB has been designated by the Secretary of State as the Accounting Officer for the ECITB. His relevant responsibilities as Accounting Officer, include responsibility for the propriety and regularity of the public finances for which he is answerable, for the keeping of proper records and for safeguarding the ECITB's assets as set out in Managing Public Money published by HM Treasury.



Lynda Armstrong OBE
Chair
[27 June 2025]



Andrew Hockey
Chief Executive and Accounting Officer
[27 June 2025]

Results for the year

A summary statement of financial activities for the period 1 January 2024 to 31 December 2024 (with comparative information for 2023) is shown immediately below. This has been extracted from the audited financial statements which appear in full later in this report.

Statement of financial activities for the year ended 31 December 2024

	2024 £'000	2023 £'000
Income		
Levy	34,793	29,725
Investment income	1,440	1,161
Non levy income	2,535	2,207
Total Income	38,768	33,093
Expenditure	2024 £'000	2023 £'000
Investment management costs, bad debt provision, levy collection costs and provision against appealed levies	2,110	337
Charitable activities	38,949	32,906
Total expenditure before other gains and losses	41,059	33,243
Net income / (expenditure) before other gains and losses	(2,291)	(150)
Gains / (losses) on revaluation of fixed assets	-	-
Gains / (losses) on investment assets	-	13
Net movement in funds surplus / (deficit)	(2,291)	(137)
Reconciliation of funds	2024 £'000	2023 £'000
Total funds brought forward at 1 January	11,747	11,884
Total funds carried forward at 31 December	9,456	11,747
Balance sheet	2024 £'000	2023 £'000
Fixed assets		
Tangible assets	129	183
Investments maturing in more than one year	-	-
Total fixed assets	129	183
Current Assets	15,694	15,860
Creditors: amounts falling due within one year	(6,367)	(4,296)
Net current assets	9,327	11,564
Net assets less liabilities	9,456	11,747
Fund	2024 £'000	2023 £'000
Unrestricted fund	9,456	11,747

Incoming resources

Levy income in 2024 amounted to £34.8m (2023: £29.7m). This represents the gross levy assessed during the year, together with any adjustments for levies assessed in earlier years. Levy rates on costs of on-site workers remained at 1.2% and, on costs of all other workers increased from remained at 0.33% in 2024.

Levy exemption levels remained unchanged from 2018 for both site-based and other workers at £1m and £275k respectively. The increase in levy income is driven by an increase in employer emoluments and an increased size of the workforce during the base period of 2022/23 on which the levy was assessed.

Other incoming resources totalled £2.5m (2023: £2.2m) mainly comprised of income from sales and sponsorships and are broadly in line with 2023.

Investment income, from quoted investments and interest on cash deposits, amounted to £1.4m (2023: £1.2m). Investment performance has increased compared to 2023 due to increasing interest rates throughout 2024.

Expenditure

Expenditure on charitable activity amounted to £38.9m which was £6m (18%) higher than in 2023. This was driven by an increased grant support and the associated support costs.

Total costs of delivery of the service, comprising direct and support costs, were £13.2m (2023: £11.6m).

Levy collection costs saw a slight increase to £338k (2023: £283k), £55k higher than 2023.

Net movement in funds

The net decrease in resources for the year, after recognised gains and losses, amounted to £2.3m (2023: net decrease in resources was £137k). This was a conscious decision to use reserves and aligns with the three-year strategy.

Balance sheet at 31 December 2024

Assets

Fixed assets decreased by £54k (2023 - £40k decrease).

Current assets decreased by - £166k (2023 - £48k decrease).

At 31 December, investments and cash amounted to £14.6m (2023: £14.9m).

Year-end debtors amounted to £1.1m (2023: £946k) - a £158k increase. Debtors at the end of both 2024 and 2023 comprised levy and trade debtors, prepayments and accrued income.

Creditors

Year-end creditors amounted to £6.4m (2023: £4.3m). The large increase is due to the volume of grant awards in December being extraordinarily high.

The funds of the charity

The year-end balance sheet shows total charity funds of £9.5m (2023: £11.7m).

Reserves policy

The Reserves policy at the end of 2024 remained the same as at 2023, however, it has been recalculated based on current commitments. The minimum level of reserves the Trustees consider necessary is £6.5m to accord with its policy of holding reserves to cover the full costs of winding up the ECITB, estimated to be around £3.5m, and a further fund to support the costs of apprentices taken on under ECITB funding arrangements, set at £3m.

The ECITB does not hold any restricted funds and all reserves are reported as unrestricted. £9.5m funds are held at the end of the reporting period, however around £14m are theoretically committed, primarily in agreements to issue grants for apprentices and graduates, resulting in a technical calculation of £4.5m more commitment than reserve funds available. It would be financially inefficient for ECITB to hold reserves for all future year commitments which will, instead, be covered by future levy receipts.

The ECITB's reserves policy relates to total unrestricted reserves, rather than the theoretical calculation of available reserves after the deduction of commitments. This is because the contracts that ECITB has entered into in respect of commitments to issue grants for apprentices and graduates are liabilities contingent on ECITB's decision to pay the grant. It is at ECITB's discretion if and how much grant to pay in respect of these commitments.

No material amounts have been designated or otherwise committed at the end of the reporting period.

Investment policy and performance

The ECITB is required by section 17(5) of the Industrial Training Act 1982 to invest money in accordance with guidelines approved by the Secretary of State with responsibility for the ECITB.

The investment guidelines appear in the Financial Memorandum issued by the then Secretary of State for the Department for Business, Innovation and Skills, and in 'Managing Public Money' issued by HM Treasury. These permit investment in a range of high-quality interest-bearing instruments with investment in equities being precluded.

The management of investments is contracted to Cazenove Capital Management, which is required to operate within these guidelines.

Auditors

The ECITB's external auditor is the Comptroller and Auditor General who is appointed under Section 8 of the Industrial Training Act 1982.

Remuneration report: unaudited information

Staff appointments

Most permanent employees of the ECITB are employed under open-ended contracts of employment, which may be terminated on one month's notice (subject to statutory increases in employees' entitlements to notice). The contracts of employment of senior managers may be terminated on three months' notice.

Three employees were engaged under fixed-term contracts of employment.

The ECITB and Unite (a trade union) have entered into a voluntary agreement. Under its terms, the union represents employees on a collective basis on specified matters. The ECITB meets periodically with representatives of the union to discuss matters such as the annual basic salary review, holidays, sick pay and pensions.

Staff sickness absence

The ECITB monitors levels of staff sickness absence. In 2024, the sickness absence rate was 2.2% (2023 – 2.7%), equivalent to 5.0 working days per employee (2023 – 6 working days).

Off-payroll arrangements

During the year, the ECITB had no 'off-payroll' engagements.

Remuneration report: audited information

Senior staff costs and pensions

Decisions on remuneration are delegated to the Remuneration and Nominations Committee, which determines general policy on remuneration and the individual remuneration package for the Chief Executive.

The contracts of employment of the directors are, in all material respects, in line with those of most other employees of the ECITB. The exceptions are a notice period of three months (six months' notice for the Chief Executive) rather than one month, and the entitlement to private medical insurance.

The directors are entitled to membership of the ITB Pension Funds, which is a contributory defined contribution scheme, on the same basis as other members of staff. Benefits mainly comprise employer pension contributions that are employee-matched plus 1% to a maximum of 9.5% employer contributions for all bandings. None of the directors are employed on a fixed-term contract.

The information comprising the remainder of the Remuneration Report has been audited.

Details of the individual remuneration packages and benefits for the directors are set out overleaf.

Benefits in kind represent private health insurance.

Year	Salary £'000	Pension benefit £'000	Benefits in kind (to nearest £100) £	Performance pay £'000	Total £'000	Date of appt/ (leave) to position
A Hockey, Chief Executive						
2024	170 - 175	5 - 10	3100	20 - 25	205 - 210	
2023	95 - 100 (165 - 170 FYE)	0 - 5	0	0	100 - 105	01/06/2023
C J Claydon, Former Chief Executive						
2024	0	0	0	0	0	0
2023	15 - 20 (155-160 FYE)	0- 5	200	15 - 20	30 - 35	(07/02/2023)
A Brown, Chief Operating Officer (Interim CEO and Director of Operations)						
2024	145 - 150	10 - 15	2,100	10 - 15	175 - 180	(01/01/2025)
2023	140 - 145	10 - 15	2,000	10 - 15	165 - 170	
R Blyth, Director of Finance and Business Services						
2024	120 - 125	10 - 15	1,000	15 - 20	150 - 155	
2023	115 - 120	10 - 15	1,000	10 - 15	135 - 140	
D Nash, Director of Strategy and Policy						
2024	110 - 115	5 - 10	1,300	5 - 10	130 -135	
2023	105 - 110	5 - 10	1,300	10 - 15	130 -135	
M Oates, Director of Operations						
2024	20 - 25 (105-110 FYE)	0 - 5	200	5 - 10	30 - 35	(23/02/2024)
2023	60 - 65 (105-110 FYE)	5 - 10	1500	0	65 - 70	01/06/2023
M Knights, Director of Regional Operations						
2024	20 - 25 (95 - 100 FYE)	0-5	200	0	25 - 30	01/10/2024
2023	0	0	0	0	0	
C Mann, Director of Learning & Assurance						
2024	20 - 25 (95 - 100 FYE)	0-5	300	0	25 - 30	01/10/2024
2023	0	0	0	0	0	
M Papadopolou, Director of Legal & Governance						
2024	20 - 25 (95 - 100 FYE)	0-5	100	0	25 - 30	01/10/2024
2023	0	0	0	0	0	

Andy Brown was the Interim Chief Executive from 7 February 2023 to 4 July 2023 and received an acting up allowance until July and then from July received his new salary as Chief Operating Officer. Andrew Hockey was appointed as Chief Executive on 1 June 2023. There was a handover period between 1 June and 4 July where both served concurrently and were paid according to their respective roles. However, Andrew Hockey did not become Accounting Officer until 5 July when Andy Brown stepped back from the Interim Chief Executive role.

When Matt Oates left his role as Director of Operations in 2024 A Brown assumed the role of Director of Operations in addition to his role as Chief Operating Officer until the role was split between M Knights and C Mann.

Fair pay disclosures

Highest paid director ratios compared to the organisation's workforce:

Disclosure	2024			2023		
	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
	4.3 : 1	3.7 : 1	3.0 : 1	3.7 : 1	3.2 : 1	2.6 : 1

ECITB is required to disclose the relationship between the remuneration of its highest-paid director and the 25th percentile, median and 75th percentile remuneration of the organisation's workforce. The total remuneration of the highest paid director in the ECITB (the chief executive), in the financial year 2024, was £195,000 (2023: £169,000). In 2024 no employees received remuneration in excess of the highest-paid director (2023 - none).

Percentage change in remuneration of highest paid director	Salary and allowances	Performance pay and bonuses
The percentage change from the previous financial year in respect of the highest paid director	2.99%	28.57%
The average percentage change from the previous financial year in respect of employees of the entity, taken as a whole	0.23%	2.42%

The average salary and allowance decrease for FTE employees, in respect of employees of the entity taken on as a whole, in 2024 was 0.23% due to an increased workforce and the employment of more administration and support roles. The highest paid director (Chief Executive) received a £5,000 increased bonus in 2024 compared to the former Chief Executive in 2023.

Employees representing each quartile of pay.

Percentile	Total pay and benefits 2024 £'000	Total pay and benefits 2023 £'000	Salary 2024 £'000	Salary 2023 £'000
25th percentile	45	45	45	44
Median	52	52	51	51
75th percentile	64	65	62	63

Total pay and benefits year-on-year remained relatively flat with a 4% increase offset by an increased workforce including more administration and support staff.

Full-time equivalent remuneration ranged from £25,000 to £195,000 (2023 from £24,000 to £169,000). Total remuneration includes salary, non-consolidated performance-related pay, benefits-in-kind plus severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

Staff numbers and costs are disclosed in notes 10 and 11 to the accounts.

Note: Due to effectively 3 different CEOs during the 2023 comparatives were reworked having the following impact. The highest paid salary mid-point changed to £167,500 for both the salary allowances and the amount excluding pensions (previously reported £157,500 and £172,500 respectively). The reworkings had a marginal impact on the percentile workings, all changes, less than £2,500 and the 25-percentile percentage reduced by 0.1%. The remuneration ranges for 2023 also changed, now reported £24,000 to £169,000 previously reported £24,000 to £171,000.

Senior staff pensions entitlements

Defined benefit pension

On 5th April 2016, the accrual of pension benefits in the Defined Benefits Section of ITB Pension Funds (ITB) ceased for all senior staff and other employees. From 6th April 2016, pension benefits accrued in the Defined Contribution Section of ITB. There is, therefore, no defined benefit increase to be reported in 2024 (2023 - Nil).

Defined contribution pension

Employer contributions paid into the Defined Contribution Pension Scheme on behalf of the Executive Team were as follows:

Name	Normal contribution 2024 £'000	Normal contribution 2023 £'000
C J Claydon	0	1
A Brown	13	12
R Blyth	11	10
David Nash	10	9
A Hockey	9	3
M Oates (2 months)	2	5
M Knights (3 Months)	1	0
C Mann (3 Months)	1	0
M Papadopoulou (3 Months)	1	0

Trustees' costs

In accordance with her appointment by the Secretary of State, the Chair of the Board is entitled to remuneration. During the year, the Chair, Ms L Armstrong, had a contracted salary of £30,000 (2023 - £30,000). No other trustees received compensation for the performance of their duties in the year (2023: £0).

In 2024, 14 trustees (2023 – 16) incurred travel and subsistence expenses, which were reimbursed by the ECITB. In 2024, these expenses amounted to £7,259 (2023 - £6,290).

The ECITB does not provide pension benefits for any of the trustees.

Appendix A of this report contains a list of current trustees and former trustees who held office during 2024.

Trade union time – unaudited information

The ECITB is required to disclose the number of employees engaged in, and the amount of time spent on, union activities. These figures are disclosed below – these are not subject to audit.

Relevant union officials

Name	Full time equivalent number
Number of employees who were relevant union officials during the relevant period	1

Percentage of time spend on facility time

Percentage of time	Number of employees
0%	-
1-50%	1
51%-99%	-
100%	-

Percentage of pay bill spent on facility time	
Total cost of facility time £'000	1
Total pay bill £'000	7,361
Percentage of total pay bill spent on facility time	0

Paid trade union activities	
Time spent on paid trade union activities as a percentage of total paid facility time hours:	-



Lynda Armstrong OBE
Chair
[27 June 2025]



Andrew Hockey
Chief Executive and Accounting Officer
[27 June 2025]

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

Opinion on financial statements

I certify that I have audited the financial statements of the Engineering Construction Industry Training Board for the year ended 31 December 2024 under the Industrial Training Act 1982 and the Charities Act 2011.

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

- Balance Sheet as at 31 December 2024;
- Statement of Financial Activities and Statement of Cash Flows 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 Engineering Construction Industry Training Board's affairs as at 31 December 2024 and its net expenditure for the year then ended;
- have been properly prepared in accordance with the Industrial Training Act 1982 and Secretary of State directions issued thereunder and in accordance with 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 (2024)*. 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 2024*. I am independent of the Engineering 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 Engineering 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 Engineering 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 Trustees 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 Report of the Trustees including the Appendices but does not include the financial statements and my auditor's certificate and report thereafter. The Trustees 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 Report of the Trustees 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 Engineering Construction Industry Training Board and its environment obtained in the course of the audit, I have not identified material misstatements in the Report of the Trustees.

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 Engineering 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 Industrial Training Act 1982 and Secretary of State directions issued thereunder and the Charities Act 2011 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 2024 Governance Statement does not reflect compliance with HM Treasury's guidance.

Responsibilities of the Trustees and Accounting Officer for the financial statements

As explained more fully in the Statement of the ECITB's and the Accounting Officer's Responsibilities, the Trustees 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 Engineering 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;
- preparing financial statements, which give a true and fair view, in accordance the Industrial Training Act 1982 and Secretary of State directions issued thereunder and the Charities Act 2011;
- preparing the Report of the Trustees, which includes the Remuneration Report, with regard to HM Treasury's Government Financial Reporting Manual; and
- assessing the Engineering 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 Trustees and the Accounting Officer either intends to liquidate the entity or to cease operations, or has 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 and the Secretary of State directions issued thereunder and section 144 of the Charities Act 2011.

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 Engineering Construction Industry Training Board's accounting policies and key performance indicators.
- inquired of management, the Engineering Construction Industry Training Board's Internal Audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Engineering 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 Engineering Construction Industry Training Board's controls relating to the Engineering Construction Industry Training Board's compliance with the Industrial Training Act 1982, Charities Act 2011, and Managing Public Money,
- inquired of management, Engineering Construction Industry Training Board Internal Auditors 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 Engineering 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, bias in management estimates and within grant claims. In common with all audits under ISAs (UK), I am required to perform specific procedures to respond to the risk of management override of controls.

I obtained an understanding of the Engineering Construction Industry Training Board's framework of authority and other legal and regulatory frameworks in which the Engineering 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 Engineering Construction Training Board. The key laws and regulations I considered in this context included the Industrial Training Act 1982, Charities Act 2011, Managing Public Money, employment law and tax legislation.

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 Trustees and internal audit reports;
- 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; and

- I performed substantive testing covering the regularity assertion, including for grant expenditure.

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

Comptroller and Auditor General

[1 July 2025]

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

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Financial accounts for the year ended 31 December 2024

Statement of financial activities for the year ended 31 December 2024

The statement of financial activities reflects all gains and losses during the year to 31 December 2024. All activities are continuing. All funds are unrestricted.

The notes on pages 43 to 63 form part of these financial statements.

Statements of financial activities	Notes	2024 £'000	2023 £'000
Income			
Income from other trading activities			
Income from investments	Note 4	1,440	1,161
Income from charitable activities			
Total non-levy income	Note 3	2,535	2,207
Levy	Note 2	34,793	29,725
Total income		38,768	33,093
Expenditure			
Expenditure on raising funds			
Investment management costs		15	24
Provisions for bad debts and against appealed levies	Note 5	1,757	30
Levy collection costs		338	283
Total costs of raising funds		2,110	337
Expenditure on Charitable activities			
Total costs of charitable activities	Note 6	38,949	32,906
Total expenditure		41,059	33,243
Net gains / (losses) on investments	Note 15	-	13
Net income / (expenditure)		(2,291)	(137)
Other recognised gains / (losses)			
Gains / (losses) on revaluation of fixed assets	Note 13	-	-
Net movement in funds	Note 21	(2,291)	(137)
Reconciliation of funds			
Total funds brought forward at 1 January		11,747	11,884
Total funds carried forward at 31 December	Note 21	9,456	11,747

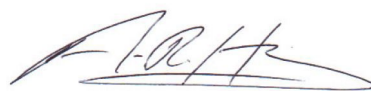
Balance sheet as at 31 December 2024

Balance sheet	Notes	2024 £'000	2023 £'000
Fixed assets			
Tangible assets	<i>Note 13</i>	129	183
Investments maturing in more than one year	<i>Note 15</i>	-	-
Total fixed assets		129	183
Current assets			
Debtors	<i>Note 16</i>	1,104	946
Investments maturing in less than one year	<i>Note 15</i>	-	-
Cash and cash equivalents and in hand	<i>Note 23</i>	14,590	14,914
Total current assets		15,694	15,860
Creditors			
Amounts falling due within one year	<i>Note 17</i>	(6,367)	(4,296)
Net current assets		9,327	11,564
Total assets less liabilities		9,456	11,747
The funds of the charity			
Unrestricted fund	<i>Note 21</i>	9,456	11,747
Total charity funds		9,456	11,747

The accounts were approved by the Board on 7 May 2025.



Lynda Armstrong OBE
Chair
[27 June 2025]



Andrew Hockey
Chief Executive and Accounting Officer
[27 June 2025]

The notes on pages 43 to 63 form part of these financial statements.

Statement of cash flows for the year-ended 31 December 2024

There are no cash flows from financing activities.

Statement of cash flows	Notes	2024 £'000	2023 £'000
Cash flows from operating activities			
Net cash used in operating activities	<i>Note 22</i>	(1,713)	(1,354)
Cash flows from investing activities			
Investment income	<i>Note 4</i>	1,440	1,161
Purchase of property, plant and equipment		(53)	(84)
Proceeds from the sale of property, plant and equipment	<i>Note 13</i>	2	-
Proceeds from the sale of investments	<i>Note 15</i>	-	895
Purchase of investments	<i>Note 15</i>	-	-
Net cash provided by investing activities		1,389	1,972
Change in cash and cash equivalents in the reporting period	<i>Note 23</i>	(324)	618
Reconciliation of changes in cash, cash equivalents and in hand			
Balance at 1 January	<i>Note 23</i>	14,914	14,296
Change in cash and cash equivalents in the reporting period	<i>Note 23</i>	(324)	618
Balance at 31 December		14,590	14,914

The notes on pages 43 to 63 form part of these financial statements.

Notes forming part of the accounts for the year ended 31 December 2024

1 Accounting policies

Going concern

These accounts are prepared on a going concern basis. The use of the going concern basis of accounting is appropriate because there are no material uncertainties related to events or conditions that may cast significant doubt about the ability of the ECITB to continue as a going concern.

ECITB is established by statute and has a legal right and obligation to collect levy from qualifying employers. Consultation with employers confirmed their support for ECITB's mandate in this regard to be renewed up to and including 2026, which will give ECITB funds for continuing operation until the beginning of 2027. The passing of secondary legislation to enshrine this mandate was passed during 2023.

In terms of liquidity, ECITB holds £9.5m of reserves at the end of 2024 and levy income in the year has been assessed on what represents approximately 17% growth in underlying emoluments in the industry year on year. ECITB's going concern assumption would be threatened if more than half of the billed 2025 levy income were not collected in-year. However, if this were to be the case, training expenditure would be reduced as it is unlikely to be paid to employers who do not pay their 2025 levy demand. This scenario is extremely unlikely and is not deemed a strategic risk. However, the ECITB would mitigate it by adapting its charitable activities to match its financial resources such that it did not affect the going concern assumption.

In terms of ECITB's strategy and business plan, these were reviewed during 2022 and industry was consulted on them. With levy income higher in 2025 than in 2024 and the long-term requirements of engineering construction industry training expected to accelerate with the UK's energy transition, the review exercise reconfirmed much of the strategy and plan and that ECITB has the resources to meet both.

A review into the work and structure of the Industrial Training Boards (ECITB and CITB) was published in early 2025 and recommended, amongst other things, a merger of the bodies. The Department for Education are leading on establishing a working group to look into this recommendation. If this were to be approved and work initiated, no material change to ECITB as a standalone going concern would be expected to take place before the end of 2026 at the earliest. No other recommendation in the review would cast doubt of ECITB's ability to continue as a going concern to the end of 2026 at the earliest. As such, the ITB Review does not suggest that ECITB would have any risk of continuing as a going concern for at least a year after publication of this annual report and accounts.

Accounting convention

These accounts have been prepared in compliance with the accounting principles and disclosure and in addition to compliance with the Charities SORP, ECITB shall also have regard to the requirements of the edition of the Government Financial Reporting Manual (the "FRoM") which is in force for the year to the extent that they clarify or build on the requirements of the Charities SORP.

The accounts are prepared under the historical cost convention, as modified by the revaluation of Land and Buildings and Investments.

The ECITB is a public benefit entity.

Levy income

Levy income is recognised on an annual cycle in the year in which it is raised, together with adjustments in respect of previous levies raised. The levy receivable relating to the base period ended 5 April 2023 was raised in January 2024 and recognised as income in 2024.

Other categories of income

All income including sales, sponsorship and investment income is recognised on an accruals basis at the point it meets the SORP recognition criteria. Non-levy income is reported against sub-activities within ECITB's overall training charitable activity (see Note 3).

Investment management costs

Investment management costs are recognised on an accruals basis.

Charitable expenditure

Charitable expenditure includes all expenditure attributable to the charitable activity.

Grants payable

Grants are recognised as liabilities when the relevant training milestones and/ or grant conditions have been achieved or met.

Grants are recognised when all the evidence required has been submitted, at which point, such grants are recognised as grant creditors.

All grants are paid to employers when evidence of relevant training milestones and or grant conditions have been received. Such milestones and conditions are agreed with the employer prior to the commencement of the relevant training activity. Some grants are paid without the requirement for the employer to submit a claim. However, the ECITB requires employers to submit claims and evidence of training activity for regional discretionary grants and grants relating to some training courses (for example, post graduate or equivalent programmes, assessor verifier training and some technical training courses).

The ECITB only records accrued grants in respect of interim and commencement apprenticeships and graduate grants, when there is a high likelihood that the evidential requirements, confirming these grants should be paid, will be satisfied. Accruals are only made for other courses where evidence has been provided after the balance sheet date for training which took place prior to the balance sheet date and it has been agreed that the claim will be paid.

Grants are recorded against charitable activity in a manner that reflects the use of the resources.

Direct and support costs

Direct costs (Note 8) are all costs, including staff costs that are directly related and attributable to the pursuance of the organisation's charitable activity.

Support costs (Note 9) largely relate to the organisation's central functions. Included within support costs are governance costs.

Other assets

Apart from freehold property, fixed assets are stated at their historical cost, less accumulated depreciation.

Capitalisation

Fixed assets costing below £500 are not capitalised.

Depreciation

Depreciation on fixed assets is provided on cost or valuation, in equal annual instalments, by class of asset over the estimated lives of each class, from the date on which the assets are brought into use. The assets are depreciated over the following periods:

Furniture and equipment	10 years
Computer equipment and IT software	4 years

Investments

Investments are carried at market value. Realised and unrealised gains and losses are reflected in the statement of financial activities.

Cash and cash equivalents

Cash balances represent amounts held in banks. Cash equivalents represent amounts held by the investment portfolio manager. Cash equivalents are readily convertible to cash.

Debtors

Short-term debtors are measured at transaction price (which is usually the invoice price), less any impairment losses for bad and doubtful debts.

Debt provision

Debts are provided for on an individual basis when the ECITB considers that a debt may not be recoverable in full, or in part, in accordance with the terms of the relevant transaction. Full doubtful debt provisions are made in the following circumstances:

- When there is a strong possibility that a debt will not be recovered.
- When any debt is older than six months.

When a formal appeal against an assessment for industrial training levy is made by an employer a full provision in respect of the appealed levy is made in the accounts. This is because, in the ECITB's experience:

- Once litigation has commenced, neither the outcome of the appeal nor the probability of success can be predicted with certainty
- The legal process leading to a decision by the court invariably takes longer than six months, and a decision is not made until the ensuing financial period or even later.

The provision in respect of the appealed levy remains in place until such time as the litigation discontinues, either through the withdrawal of the relevant levy assessment(s) or appeal(s), a decision of the court or a settlement between the parties.

In the statement of financial activities the doubtful debts charge and provisions against appealed levies are treated as expenses within cost of generating funds.

Creditors

Short term creditors are measured at transaction price (which is usually the invoice price).

Pensions

The ECITB is a participating employer in the ITB Pension Funds, which is constituted a multi-employer defined benefit and contribution scheme. The Fund became a Master Trust during 2019. The Defined Benefit scheme comprises an Open Fund and Closed Fund.

It is not possible to identify separately the proportion of assets and funding level in these funds attributable to the ECITB. Therefore, in accordance with the provisions of FRS 102 relating to multi-employer schemes, the Open Fund and Closed Fund have been accounted for as a defined contribution scheme. In accordance with FRS 102, the ECITB recognises any liabilities in respect of its obligation to pay any deficit contributions to the ITB Pension Funds relating to members' accrued benefits in the Defined Benefit scheme. In the year, there were no deficit funding contributions.

Active ECITB members accrue pension benefits in the ITB Pension Fund's Defined Contribution Section. Pension contributions are charged to the statement of financial activities as incurred. Pension deficit contributions are recognised when the ECITB enters the obligation.

Corporation Tax

As a registered charity in England and Wales, the ECITB is exempt from Corporation Tax on its primary purpose activities. As a result, there is no Corporation Tax to pay.

Value Added Tax

The ECITB is registered for VAT. However, the ECITB is not able to recover VAT in full on most supplies of goods and services which it receives. Thus, all costs are shown inclusive of the irrecoverable element of VAT.

Fund

The ECITB's fund is available to the trustees to apply for the general purposes of the charity as governed by the Industrial Training Act 1982 (as amended) and related regulations. As such, the fund is unrestricted because the trustees are free to use it for any of the charity's purposes. Income generated from assets held in the fund is unrestricted income.

2. Levy receivable

Establishments	2024	2023
Number of establishments wholly or mainly engaged in engineering construction activities (leviable establishments)	297	298
Number of employers operating leviable establishments	274	276
Number of leviable establishments subject to payment of levy	242	235
Number of employers operating leviable establishments subject to payment of levy (levy-paying in-scope employers)	218	214
Number of leviable establishments exempt from payment of levy	55	63
Number of employers operating leviable establishments exempt from payment of levy (non-levy paying in-scope employers)	55	62
Levy receivable	2024 £'000	2023 £'000
Levy receivable	34,793	29,725

In 2024 no employers formally appealed levy assessments raised in the year (2023 - no employers).

3. Non levy income

Non levy income	2024 £'000	2023 £'000
From sales	2,535	2,207

Sources of sales income	Income stream	2024 income £'000	2023 income £'000
UK employers	ECITB Project Management Conference	-	5
	VQ registration and certification - Awards Qualifications & Technical	159	128
UK training providers	ECI Training & Development Awards event	57	51
	Apprentice certification	1	1
	Technical training and test licence fees and course and test income	553	484
	Supervisory and PMSC licence fees and training course income	57	48
	CCNSG licence fees and safety passport income	962	814
Overseas training providers	Apprenticeship Learner Income	307	230
	Technical training and test licence fees and course and test income	429	437
	IHSP licence fees and safety passport income	10	9
Total		2,535	2,207

No grant in aid is receivable by the ECITB.

4. Investment income

Investment income	2024 £'000	2023 £'000
Income from quoted investments	-	22
Income from cash deposits	1,440	1,139
Total	1,440	1,161

5. Charge/ (credit) for provisions for bad debts and against appealed levies

Charge/ (credit) for provisions for bad debts and against appealed levies	2024 £'000	2023 £'000
Levy bad debts due to insolvency or non-payment	1,737	3
Levy assessments under appeal / Debtor Write off	47	57
Reversal of previous year's levy bad debt provision	-	-
Trade bad debts	(27)	(30)
Total	1,757	30

During 2024 a provision was made for Levy debt of £1,686k (2023 - £0) the debt remained outstanding at the balance sheet reporting date and is considered highly unlikely to be recoverable.

6. Charitable activity

Charitable activities	2024 £'000	2023 £'000
Grant funding (note 7)	25,710	21,331
Direct costs (note 8)	8,890	7,753
Support costs (note 9)	4,349	3,822
Total	38,949	32,906

Notes 8 and 9 give the split of costs by category. Both direct costs and support costs above exclude any costs related to the collection of levy income.

7. Grant funding

Of the £25.7m of grants made to employers in 2024, grants amounting to £20.8m were paid to the employers in the following list. In many cases, grants have been awarded to more than one employer in the same group of companies. When this occurred, the grants paid to such employers have been aggregated in the following list, which identifies the 50 largest employers or employer groups in terms of grant values.

Employer	£	Employer	£
*Altrad Services Ltd	2,560,011	Trillium Flow Services UK Limited	173,645
Sellafield Ltd	1,698,770	Shepley Engineers Ltd	168,360
Bilfinger UK Ltd	1,649,450	Fluor Ltd	167,016
Wood Group UK Ltd	1,618,903	WSP UK Ltd	154,061
Nuclear Restoration Services Ltd	1,612,860	Wright Brothers Industrial Services Ltd	152,950
*Amentum Clean Energy Limited	1,045,110	Kent Energies UK Ltd	144,470
NNB Generation Company Ltd	760,040	Boskalis Subsea Services Ltd	143,845
*Stork Technical Services UK Ltd	673,275	EJ Musk Process Services Ltd	135,277
Cavendish Ltd	507,615	*EDF Energy Ltd	128,870
Oceaneering International Services Ltd	485,825	Xodus Group Ltd	118,492
Siemens Energy Ltd	473,989	IRISNDT Ltd	117,536
Rainham Industrial Services Ltd	455,458	Technip UK Ltd	115,090
MWH Treatment Ltd	453,024	FieldCore Service Solutions International LLC	110,615
Worley Group UK Ltd	382,557	Engenda Group Ltd	109,135
Sparrows Offshore Services Ltd	378,130	VWS Ltd	109,089
BGEN Ltd	363,045	MII Engineering Limited	108,110
Nexos Solutions Ltd	340,213	Blackrow Engineering CO. Ltd	105,420
Vestas-Celtic Wind Technology Ltd	320,520	East Midlands Instrument Company Ltd	104,806
Atkinsrealis UK Ltd	283,900	PJD Mechanical Engineering Ltd	103,604
Worley Services UK Limited	260,445	P.P.S Electrical Ltd	103,500
Applus UK Ltd	257,378	Ledwood Mechanical Engineering Ltd	102,142
Ponticelli UK Ltd	251,474	Intelect Ltd	99,067
Saipem Ltd	242,164	C. & P. Engineering Services Ltd	98,470
Aker Solutions Ltd	235,521	Sub Total	20,810,039
Subsea 7 Ltd	231,363	Other Grants	4,899,568
Nuvia Limited	198,608	Total	25,709,607
Semco Maritime Ltd	196,821		

* A member of the Board of Trustees is employed by this employer or an associated company.

For comparative purposes the top 50 largest employers or employer groups in terms of grant values for 2023 were:

Employer	£	Employer	£
* Altrad Services Ltd	1,681,162	FieldCore Service Solutions International LLC	141,682
Bilfinger UK Ltd	1,628,977	Subsea 7 Ltd	137,395
Magnox Ltd	1,575,895	VWS Ltd	135,697
Sellafield Ltd	1,470,754	WSP UK Ltd	133,370
Wood Group UK Ltd	1,223,379	Trillium Flow Services UK Limited	108,530
Petrofac Facilities Management Ltd	1,079,523	Kent Energies UK Ltd	104,000
Jacobs UK Ltd	983,672	Boskalis Subsea Services Ltd	99,313
Worley Group UK Ltd	686,819	EJ Musk Process Services Ltd	93,280
* Stork Technical Services UK Ltd	682,080	Intelect Ltd	92,790
NNB Generation Company Ltd	528,253	Genesis Oil & Gas Consultants Ltd	91,401
Oceaneering International Services Ltd	440,495	Engenda Group Ltd	90,245
Cavendish Ltd	427,780	Global Energy Ltd	90,230
Siemens Energy Ltd - Controls & Digital	425,924	Blackrow Engineering CO. Ltd	80,540
MWH Treatment Ltd	322,896	C. & P. Engineering Services Ltd	76,189
Rainham Industrial Services Ltd	304,499	PJD Mechanical Engineering Ltd	75,873
Atkinsrealis UK Ltd	270,300	On Line Design & Engineering Ltd	75,570
Semco Maritime Ltd	265,942	Technip UK Ltd	72,700
BGEN Ltd	244,858	T.EN E&C Limited	72,666
Aker Solutions Ltd	243,805	Techno Engineering Ltd	70,070
Sparrows Offshore Services Ltd	242,750	EFAB Industrial Solutions Ltd	68,675
Fluor Ltd	209,322	Grayton Ltd	65,188
Ponticelli UK Ltd	201,680	Costain Oil Gas & Process Ltd	63,720
Dounreay Site Restoration Ltd	198,369	P.P.S Electrical Ltd	63,000
Nuvia Limited	167,280	Sub Total	18,096,851
Shepley Engineers Ltd	166,580	Other Grants	3,234,348
Applus UK Ltd	166,460	Total	21,331,199
MII Engineering Limited	155,273		

* A member of the Board of Trustees is employed by this employer or an associated company.

8. Direct costs

Direct costs comprise costs which have been directly incurred in fulfilling the charitable activity of the organisation.

Staff costs have been categorised as direct costs when the staff time can be clearly and accurately allocated to the charitable activity. For example, regional staff are exclusively engaged in the charitable activity, and their time devoted to each head of activity is recorded. Similarly, Product Development staff manage projects which fall under one or other charitable heading, and their costs have been allocated accordingly.

Other examples of direct costs include training provider costs, which have mostly been incurred in consideration of services provided by training providers in the training and assessment of apprentices. Product development costs largely relate to consultancy costs incurred in the development of training products and materials used in the re-skilling and skill enhancement of existing industry workers.

Depreciation relates to cars and equipment in the possession of staff who are clearly engaged in one or more charitable activities.

Other direct costs have been allocated to the cost types reflecting the activity in which the cost arose.

The proportions of direct costs allocated to charitable activity are as follows:

Activity	2024 total £'000	2023 total £'000
Apprentice allowances, travel and subsistence	388	431
Apprentice training and assessment costs	2,052	1,919
Apprenticeship recruitment costs	-	21
Awarding organisation administration	18	8
ECITB Active Cup	120	122
ECITB awarding body external verification	7	3
Professional, administrative and commission fees incurred in international commercial activities	206	206
Product development	61	48
(Profit) / loss on disposal of Fixed Assets	-	-
Regional costs	447	146
Safety Passport issue and administration	95	107
Staff costs (salary, NI and pensions) (Note 10)	4,537	3,930
Staff travel and subsistence	501	390
Blending learning strategy	415	289
Connected Competence	43	133
Total	8,890	7,753

Charitable activity	2024 %	2023 %
Proportion of direct costs allocated to charitable activities	99	99
Proportion of direct costs allocated to levy collection costs	1	1
Total	100	100

Levy collection costs comprise staff costs directly responsible for levy collection (including salaries and expenses) and also costs in relation to debt collection and appeals.

These proportions have been used as the basis for allocating support costs to the charitable activity (see Notes 6 and 9).

9. Support costs

Support costs largely comprise the costs of central functions and governance which cannot be allocated to the charitable activity with the same degree of certainty as direct costs.

Activity	2024 £'000	2023 £'000
Policy, marketing and communications	242	272
Depreciation categorised as a support cost	72	65
(Profit) / loss on disposal of fixed assets	-	11
Support staff costs (including salary, NI and pensions)	2,519	2,220
Support staff travel and subsistence	148	113
Agency costs	49	57
Other professional fees	149	110
Staff recruitment and training	54	16
Information Technology project costs	221	118
Information Technology and communications	620	611
Head office infrastructure (includes buildings and office consumables costs)	135	109
Governance	140	120
Total	4,349	3,822

Support costs are 14% higher than 2023, mainly driven by an increase in staff to support the charity's strategy.

The cost of the statutory audit for 2024 is included within governance costs. The quoted cost of the 2024 audit was £75k (2023 - £67k).

10. Staff costs

Staff costs	2024 £'000	2023 £'000
Salaries	6,314	5,368
Social security costs	656	584
Pension costs (standard contributions)	391	336
Agency costs	1	1
Other personnel costs	-	1
Termination Costs	-	14
Total	7,362	6,304

Staff costs include the salaries and other employment benefits received by senior staff and the Chair's salary (see remuneration report).

Salaries include gross salaries, performance-related pay or bonuses, overtime, and allowances (such as car and private or home office allowances) to the extent that they are subject to UK taxation.

The ECITB operates a performance-related incentive scheme in which all employees are eligible to participate (after completing initial periods of employment in their roles). In 2024, the total incentive award amounted to an average 4.4% of the total basic salary (2023 – 5%).

There were £nil redundancy costs in 2024 (2023 - £14k).

11. Staff numbers

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

Staff	Directly employed	Temporary	2024 number	2023 number
Total	101.8	0.8	102.6	90

Employees paid over £60,000 per annum including benefits in kind, excluding pension contributions	2024 number	2023 number
£60,001 - £70,000	9	11
£70,001 - £80,000	9	6
£80,001 - £90,000	3	-
£90,001 - £100,000	2	5
£100,001 - £110,000	1	2
£110,001 - £120,000	1	-
£120,001 - £130,000	1	2
£130,001 - £140,000	1	-
£140,001 - £150,000	-	1
£150,001 - £160,000	-	-
£160,001 - £170,000	1	-
£170,001 - £180,000	-	-
£180,001 - £190,000	1	-
Total	29	27

The number of people of each gender who were employed by the ECITB as at 31 December was as follows:

Category	2024			2023		
	Female	Male	Total	Female	Male	Total
Directors	1	6	7	-	5	5
Other employees	48	48	96	47	45	92
Total	49	54	103	47	50	97

12. Industry training board pension funds

ECITB is a participating employer in the ITB Pension Fund Scheme, which has two sections. Firstly, a multi-employer defined benefit (DB) section (closed to future accrual 5 April 2016) and, secondly, a defined contribution (DC) section for all staff who joined after 1 April 2012.

Being a multi-employer scheme, FRS 102 states that the DB scheme must be accounted for as a DC scheme, as the proportion of assets and funding level attributable to ECITB cannot be separately identified.

THE TWO SECTIONS ARE:

1. The '2007 Section' was a defined benefits scheme for staff who joined before 5 April 2016. As at 5 April 2016, all current members of the DB scheme became deferred members of the Scheme and were transferred across to the 'DC Section' as at 6 April 2016, and the Scheme closed to future accrual. The most recent triennial valuation of the scheme was performed as at 31 March 2024.

The principal future assumptions used are as follows:

- Real rate of return (net of pension increases) would be 1.5% p.a.
 - Nominal rate of investment return on assets would be 3.8% p.a.
 - Rate of future pension increases for the 2007 section would be in line with Consumer Prices Index (CPI) changes (assumed to be 2.3% p.a.)
 - Rate of future pension increases for the new and 2007 sections would be in line with the Retail Prices Index (RPI) changes (assumed to be 2.9% p.a.)
2. The 'DC Section' is a defined contribution scheme for staff who joined on or after 1 April 2012. From 6 April 2016, employee and employer contribution rates changed as a result of the closure of the DB Section and staff now being part of the DC Section. The range for employee contributions is 4.5%–8.5%, and the employer contributions will match the employee contribution plus 1%, but are capped at 9.5% (2017/18 9%).

The ITB pension fund, of which ECITB is a member, has a surplus value is £55.8m.

The pension cost charge for 2024 was £392k (2023 £336k).

The ITB pension fund is expected to close its operations with regard to the Open Defined Benefit Scheme in 2025.

At this point, as the scheme is currently in surplus, some funds may be owed to ECITB.

The exact amount and method of distribution are still being decided by the Government Actuarial Department (GAD) and the ITB Trustees and will be determined subsequent to the laying of the ECITB 2024 Annual Report and Accounts.

13. Tangible fixed assets

2024 Fixed assets	Computer equipment £'000	IT software £'000	Furniture & equipment £'000	Total £'000
Cost or valuation				
At 1 January 2024	275	196	1	472
Additions	53	-	-	53
Disposals	(47)	(61)	-	(108)
At 31 December 2024	281	135	1	417
Depreciation				
At 1 January 2024	125	163	1	289
Charge for year	72	33	-	105
Disposals	(45)	(61)	-	(106)
At 31 December 2024	152	135	1	288
Net book value				
At 1 January 2024	150	33	-	183
At 31 December 2024	129	-	-	129

2023 Fixed assets	Computer equipment £'000	IT software £'000	Furniture & equipment £'000	Total £'000
Cost or valuation				
At 1 January 2023	289	219	2	510
Additions	85	-	-	85
Disposals	(99)	(23)	(1)	(123)
At 31 December 2023	275	196	1	472
Depreciation				
At 1 January 2023	149	136	2	287
Charge for year	63	50	-	113
Disposals	(87)	(23)	(1)	(111)
At 31 December 2023	125	163	1	289
Net book value				
At 1 January 2023	140	83	-	223
At 31 December 2023	150	33	-	183

14. Capital commitments

At the end of 2024 there were no capital commitments (2023 - nil).

15. Investments

The full investment portfolio (listed and cash equivalent) is managed by Cazenove Capital Management, as delegated by the Trustees.

Investments		2024 £'000	2023 £'000
Listed investments			
Market value at 1 January		-	882
Purchases		-	-
Sales		-	(895)
Net gain / (Loss)		-	13
Market value at 31 December		-	-
Cash and cash equivalents and in hand			
Cash at bank and in hand	Barclays	994	666
Cash equivalents	ECITB CMS Support Account	236	27
	BlackRock ICS Institutional	3,102	5,208
	HSBC Sterling ESG Liquidity Fund	2,986	5,098
	JPMorgan Liquidity Funds	2,986	-
	TPA portfolio	602	415
	LBCM plc t as Lloyds Bk Intl IOM	3,684	3,500
Total cash and cash equivalents and in hand		14,590	14,914

Details of material investments are as follows:

Material investments	2024 % value of portfolio	2023 % value of portfolio
Cash equivalent held by the investment portfolio manager	100.0%	100.0%

The cash equivalent investments are short-term liquidity funds used to finance the day-to-day running of the ECITB.

16. Debtors

Debtors	2024 £'000	2023 £'000
Levy debtors	2,038	302
Provision for bad levy debts	(2,038)	(302)
Net levy debtors	-	-
Non-levy debtors	341	300
Non-levy bad debt provision	(28)	(55)
Total non-levy debtors	313	245
Prepayments and accrued income	781	701
Other debtors	10	-
Total debtors	1,104	946

Balances with intra-governmental bodies	2024 £'000	2023 £'000
Local authorities	-	-
Balances with non-government bodies	1,104	946
Total	1,104	946

Debt provision	2024 £'000	2023 £'000
Opening provision against appealed levies and for bad debts	359	386
Levy bad debts due to insolvency or non-payment	1,736	3
Other bad debts	(27)	(30)
Reversal of bad debt provision	-	-
Closing provisions for bad debts and against appealed levies	2,068	359

During 2024 a provision was made for Levy debt of £1,686k (2023 - £0) the debt remained outstanding at the balance sheet reporting date and is considered highly unlikely to be recoverable.

17. Creditors

There were no creditors with amounts falling due after more than one year as at 31 December 2024 (2023 - £nil).

Creditors - amounts falling due within one year	2024 £'000	2023 £'000
Creditors	5,765	3,996
Accruals	577	268
Taxation	25	30
Deferred income	-	2
Total creditors falling due within one year	6,367	4,296
Creditors - amounts falling due after more than one year	2024 £'000	2023 £'000
Balances due after more than one year	-	-
Balances with intra-governmental bodies	2024 £'000	2023 £'000
Government bodies	833	829
Local authorities	-	1
Balances with non-government bodies	5,534	3,466
Total creditors	6,367	4,296

The balance with central government bodies at the 2024 year-end includes the sum of £710k in training grants payable to Sellafield Limited and Magnox Limited (2023 - £565k).

Income has been deferred for international services that have been paid on account.

Analysis of deferred income	2024 £'000	2023 £'000
Deferred income released from prior years	-	2
Income deferred in the current year	-	-

18. Financial instruments

Due to the largely non-trading nature of its activities and the requirements of the financial framework set by government, the ECITB is not exposed to the same degree of risk faced by other business entities. Moreover, financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which the financial standard mainly applies.

The ECITB has very limited powers to borrow or invest surplus funds, and financial assets and liabilities are generated by day-to-day operational activities and are not considered to change the risks the organisation faces in undertaking its activities. The ECITB does not hold any embedded derivatives.

Financial assets by category	Notes	2024 £'000	2023 £'000
Investments	Note 15	-	-
Debtors	Note 16	1,104	946
Cash and Cash Equivalents	Note 23	14,590	14,914
Financial liabilities by category			
Creditors	Note 17	6,367	4,296

Cash and debtors are classified as loans and receivables. Creditors are classified as financial liabilities and investments are classified as fair value through the statement of financial activities.

Investment risk

The ECITB's investment portfolio is invested in accordance with rules approved by the Secretary of State. These only permit investment in a range of high-quality fixed interest-bearing instruments.

Investment in equities is not permitted. The investment portfolio is managed by Cazenove Capital Management, which adheres to these rules.

Interest rate risk

The ECITB has limited exposure to interest rate risk on its financial assets. The risk relates to interest rate fluctuations, which affect its bank accounts. Such fluctuations also affect bond market yields and consequently affect its investment portfolio.

Credit and liquidity risks

The ECITB does not hold any complex financial instruments. The only financial instruments included in the accounts are cash equivalents, debtors and creditors (see Notes 15, 16 and 17). Levy, governmental and trade debtors are recognised at fair value less a provision for impairment (bad debts). The fair value equals the carrying value. Bad and doubtful debts are provided for on an individual basis when the ECITB considers that a debt may not be collectable in full, or in part, in accordance with the terms of the relevant transaction.

The organisation has no borrowings and relies primarily on the industrial training levy for its cash requirements. ECITB's principal exposure to risk is primarily attributable to levy debtors. However, this risk is minimised by the ECITB's relationships with most major levy debtors, which includes appropriate due diligence when raising levies and ongoing discussions around training needs, and therefore identifies credit risk issues early on.

The organisation holds reserves, which are sufficient to cover the cost of closing ECITB (ie office close down and redundancies and a fund for legal costs) plus a fund to pay a portion of the outstanding commitments on new entrant (apprenticeship and graduate) contracts. Consequently, the ECITB is not exposed to material liquidity risks.

Foreign currency rate risk

The ECITB trades with parties based overseas (principally training providers). However, in contractual arrangements with such parties, payment of the full consideration to the ECITB must be made in sterling, net of foreign withholding taxes and transaction costs.

All assets are held in sterling, with the result that there is no exchange risk.

Accordingly, it is not considered that the ECITB is exposed to a material foreign currency rate risk.

19. Financial commitments

Financial commitments at 31 December 2024 are estimated to amount to £14,134k (2023 - £13,046k). These comprise the value of outstanding payments which the ECITB has committed to pay to various parties involved in the training of apprentices and pre-apprentice qualifications. The parties to which such commitments have been made are training providers, industry employers and apprentices. These commitments are contracted for, but not provided in the accounts. The commitments have been categorised by the years in which the apprentice "cohorts" commenced their apprenticeships.

Apprentice cohort	2024 £'000	2023 £'000
2016	-	3
2017	21	39
2018	29	84
2019	90	341
2020	136	554
2021	615	884
2022	1,235	3,893
2023	3,790	7,248
2024	8,218	-
Total	14,134	13,046

The commitments in respect of all the cohorts have reduced as a consequence of the progression or completion of apprenticeships during the year. The year-end commitments in respect of these cohorts reflect the reduced numbers still in the process of completing their programmes.

The commitments relating to the 2024 cohort were made upon the commencement of the relevant learners' programmes, and by the year-end grant and programme costs only in respect of the initial months of training had been discharged.

Other financial commitments arising from contracts made with other service providers are not material.

20. Operating leases and commitments

Operating leases and commitments	2024 £'000	2023 £'000
Within 1 year	43	19
Between 2-5 years	31	6
After 5 years	-	-
Total	74	25

The above relates to the occupation of Office Suite Kings House, Kings House Business Centre, Station Road, Kings Langley, Hertfordshire, WD4 8LZ and Office 212A, Golden Cross House, 8 Duncannon Street, London, Greater London, WC2N 4JF.

The Kings House and Golden Cross offices are small, single rooms to which no alterations have been made. General upkeep is the responsibility of the building owners; therefore, no dilapidations provision is deemed necessary.

The Kings House lease will not be renewed once the current contract expires in early 2025.

21. Unrestricted fund

Unrestricted fund	At 1 January 2024 £'000	Incoming resources £'000	Outgoing resources £'000	Other recognised gains/ losses	As at 31 December 2024
Total unrestricted funds	11,747	38,768	(41,059)	-	9,456

Unrestricted fund	At 1 January 2023 £'000	Incoming resources £'000	Outgoing resources £'000	Other recognised gains/ losses	As at 31 December 2023
Total unrestricted funds	11,884	33,093	(33,243)	13	11,747

22. Reconciliation of net income / (expenditure) to net cash flow from operating

Reconciliation of net income / (expenditure) to net cash flow from operating activities	Notes	2024 £'000	2023 £'000
Net outgoing resources	<i>SOFA</i>	(2,291)	(137)
Depreciation	<i>Note 13</i>	105	113
Gains on investments	<i>Note 15</i>	-	(13)
Investment income	<i>Note 4</i>	(1,440)	(1,161)
Loss on disposal of fixed assets	<i>Notes 8 & 9</i>	-	11
Increase in debtors	<i>Note 16</i>	(158)	(216)
Increase in creditors	<i>Note 17</i>	2,071	49
Net cash outflow from operating activities		(1,713)	(1,354)

23. Analysis of changes in cash equivalent

Analysis of changes in cash and cash equivalents	At 1 Jan 2024 £'000	Cashflows £'000	At 31 Dec 2024 £'000
Cash at bank and in hand	666	328	994
Cash held by investment portfolio manager	14,248	(652)	13,596
Total	14,914	(324)	14,590

All cash is held in commercial banks or financial institutions.

The net cash outflow of £652k for the cash held by the investment portfolio manager was the difference between in year withdrawals of £25,817k and deposits of £25,165k.

24. Losses and special payments

During the year, no special payments were made and there were no reportable losses over £300,000.

25. Contingent liabilities

Within the Levy bad debt provision, we have provided £1,686k for Petrofac Facilities Management Ltd. If this levy is subsequently received Petrofac will be paid £943k for grants relating to 2024 training. There are no other contingent liabilities. (2023 – No contingent liabilities.)

26. Related party transactions

Some members of the Board of Trustees also hold positions with and/or are employees of organisations with which the ECITB has transacted during the year, or also hold positions with and/or are employees of associated organisations. Details of such positions and employments are declared in the Register of Interests of Trustees, which appears in Appendix C of this report.

For the purposes of this note, such organisations are referred to as “related parties”.

All of the transactions were under normal terms and carried out at arm’s length.

The transactions in the following table comprised the receipt of levy and income from the sale of training services. The sale of services arises from licences granted to the related parties by the ECITB relating to the use of training materials, and includes licence fees and the sale of CCNSG Safety Passports. The total sums involved were:

Transactions with related parties under which funds were paid to the ECITB	2024 £'000	2023 £'000
Levy paid to ECITB	6,960	3,836
Sale of training services by ECITB	158	110
Total	7,118	3,946

The amount owed to ECITB by related parties at the balance sheet date is £31k (2023: £14k). The transactions in the following table comprise the payment of grants, the award of qualifications and the procurement of training and assessment services. The total sums involved were:

Transactions with related parties under which payments or value flowed to the related parties	2024 £'000	2023 £'000
Payment of grants	4,431	2,391
Purchase of training and assessment services by ECITB	303	52
Total	4,734	2,443

The amount owed by ECITB to related parties at the balance sheet date is £1,433k (2023 - £484k).

During 2024 Mark Riley was Chair of the CCNSG Committee and appointed as a Trustee of the ECITB. Mark and his employer, Phillips 66, worked in partnership with the CATCH training facility which was awarded a £300k grant by ECITB to expand its training provision during 2024. The grant was paid in full during 2024.

In addition, the ECITB has had various material transactions with other government departments and other central government bodies. Most of these transactions have been with HM Revenue & Customs.

During the year, no key manager, employee or other related party has undertaken any material transactions with ECITB. The remuneration arrangements with members of the ECITB's Executive Team are set out in the remuneration report.

27. Post year-end events

The financial statements were authorised for issue on the date of certification by the Comptroller & Auditor General.

No events have occurred since the balance sheet date that affect the reader's understanding of the financial statements.

Organisational details

The ECITB's Directors

Chief Executive Officer: Andrew Hockey
Director of Finance and Business Services: Rory Blyth
Director of Strategy and Policy: David Nash
Director of Regional Operations: Matt Knights
Director of Learning & Assurance: Chris Mann
Director of Legal & Governance: Maria Papadopoulou

Complaints

Any complaint concerning conduct of the ECITB should be addressed in the first instance to the Strategy and Policy team at complaints@ecitb.org.uk

Head office and principal address

Kings House Business Centre
Home Park Estate
Station Road
Kings Langley
Hertfordshire
WD4 8LZ

Charity registration details

Registered as a charity in England and Wales with The Charity Commission No 264506.

Auditors

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

Bankers

Barclays Bank Plc
22-24 Upper Marlborough Road
St Albans
Herts
AL1 3AL

Appendices - unaudited

Appendix A:

This Appendix shows:

- The members of the ECITB's Board of Trustees during 2024
- Changes in membership since 1st January 2024; and
- Meeting attendance records during 2024.

Board

Name	Changes during 2024 and to date	2024 meeting attendance record
Ms L Armstrong		6 of 6
Mr S Hicks		5 of 6
Mr P Somers	Resigned January 2024	0 of 0
Ms H Hill	Resigned May 2024	2 of 3
Prof J Howe		6 of 6
Mr D Vineall	Resigned December 2024	3 of 6
Mr C Gilmour		4 of 6
Mr D Gear	Tenure Expired May 2024	2 of 2
Mr S Hunt		6 of 6
Mr M Fotheringham		6 of 6
Mr M Riley		6 of 6
Mr R Law		5 of 6
Mr P de Leeuw		6 of 6
Mr A Colquhoun		5 of 6
Ms H Higgs		6 of 6

Appendix B

This Appendix shows:

- The members of the Board's committees during 2024
- Changes in membership since 1st January 2024; and
- Meeting attendance records during 2024.

Council

Name	Changes during 2024 and to date	2024 meeting attendance record
Mr S Blackman	Resigned August 2024	1 of 2
Mr P Bunyan	Resigned May 2024	1 of 1
Mr A Mitchell		2 of 3
Ms T Shelley		2 of 3
Ms A Thom	Resigned May 2024	1 of 1
Mr P Ventre	Resigned June 2024	0 of 1
Mr M Arnold		2 of 3
Mr I Guy		2 of 3
Mr M Stanton		2 of 3
Ms C Childs		2 of 3
Mr J Poulter		2 of 3
Mr J Webster		1 of 3
Mr S Hunt		1 of 3
Mr S Hamilton		3 of 3
Mr G Mulvany	Resigned August 2024	1 of 2
Ms C Odili		1 of 3
Mr J Simpson		3 of 3
Mr J White		3 of 3
Mr S Maxwell	Appointed October 2024	1 of 1
Mr Sean McKirdy	Appointed October 2024	1 of 1

Audit & Risk Committee

Name	Changes during 2024 and to date	2024 meeting attendance record
Ms H Hill	Resigned May 2024	2 of 4
Mr A Colquhoun	Appointed as Chair May 2024	4 of 4
Mr B Bhakri		2 of 4
Mr R Watkinson		4 of 4

Qualifications and Awards Committee

Name	Changes during 2024 and to date	2024 meeting attendance record
Mr R Clarke		3 of 3
Mr R Davies		1 of 3
Mr T Stone		3 of 3
Mr D Whitehouse		1 of 3
Prof J Howe (Chair)		2 of 3

Client Contractor National Safety Group (CCNSG)

Name	Changes during 2024 and to date	2024 meeting attendance record
Mr R Clarke		3 of 4
Mr R Miguel		1 of 4
Mr D White	Resigned May 2024	0 of 1
Mr R Davies		1 of 4
Mr M Ellis		3 of 4
Mr J Murray	Resigned May 2024	0 of 1
Ms E McMullen		3 of 4
Ms C Grainger	Resigned May 2024	0 of 1
Ms C Price		0 of 4
Mr M Poole		2 of 4
Mr K Robbins	Resigned May 2024	0 of 1
Mr D Boden-Hook (Chair)		4 of 4
Mr M Lowe		1 of 4
Ms T Baker	Appointed May 2024	4 of 4

Appendix C

Trustees are appointed by the Secretary of State because of their positions in the industry. The following Board members (who are serving as charitable trustees at Board approval date or who have stepped down since 1 January 2024) have declared the following other interests:

Member	Declared Interest
Mrs L Armstrong	President Shell Pensioner's Association Trustee of Wells Almshouses Fellow Energy Institute Shell Alumni Network
Mr S Hicks	Evero Energy Group and its subsidiaries Purple Forge Ltd
Ms H Hill	Fellow I.MECH.E
Prof J Howe	University of Lincoln Amentum - Contractor Board Member – COGENT
Mr D Vineall	Group Chief People Office - Nuclear Decommissioning Authority
Mr P Somers	Altrad Services Ltd
Mr S Hunt	Regional Director – Stork UK
Mr C Gilmour	Employee of Crown House Technologies Fellow of the Institution of Mechanical Engineers (FIMechE) Crown House Technologies are part of the Laing O'Rourke group which is in Scope to the CITB
Mr D Gear	Founder and Director of Voar Energy Ltd Co-Founder of Equitable Energy Research Board Member of Lerwick Port Authority ExCom Member, Shetland Net Zero Energy Forum Advisor of Norn Alliance
Ms H Higgs	EDF NNB Resource Programme Director Chartered Fellow CIPD Chartered Fellow CIM (Chartered Institute of Marketing) Director OM Marketing (OMM) Ltd, unlisted small company facing husband's strategy consultancy activity (Will be closed down FY 24-25)
Mr A Colquhoun	Board Member Local Foodbank (Renfrewshire)
Mr M Fotheringham	Technical Director, Infinity Energy Engineering Limited 'Infinity' Trustee and Board Member, North East Scotland College (NESCol) Chartered Engineer Chartered Project Professional Fellow, Association for Project Management Member Institute of Measurement & Control

Member	Declared Interest
Mr M Riley	Phillips 66 Limited Voluntary position as Governor on the Corporate Board of TEC PARTNERSHIP (FE/HE Colleges) Chair of North East Lincs Council Skills Board P66 is sponsoring the Humber Skills Plan and CATCH 2.0 Expansion Project and M Riley is the Industry Project Lead for the Project
Mr P de Leeuw	Robert Gordon University Industry and Government Task Forces Government & Industry Advisor Media Commentator International School of Aberdeen Board Member Spouse – Chair of Scottish Water Member of OEUK, RUK & Hydrogen Scotland Leeuw & Co Ltd – Director Robert Gordon University is liable for the apprenticeship levy General Robert Gordon University activities Involvement with Graduate Apprenticeship programmes Offshore Energy workforce forecasting
Mr R Law	Current appointment – Director at Technica Limited – No financial interest. Current appointment – Director of Technica Measurement Limited – No financial interest. I also own a small start-up engineering consultancy, 'Ferndale Technical Solutions Limited' where Mr & Mrs Law are equal shareholders. Statutory Director of Technica Limited Statutory Director of Technica Measurement Limited Statutory Director of Ferndale Technical Solutions Limited Chartered Member of the IET Technica Limited is 'in-scope' organisation and pays the industrial levy Technica Limited utilises funding towards employee training



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Accounts



Engineering Construction Industry Training Board

Report of the trustees and accounts for the year ended 31 December 2023

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Contents

Chair's introduction	4
Chief Executive's review	6
About the ECITB	8
Strategic report and performance review 2023	9
Sustainability	15
Commercial activities 2023	16
Looking ahead 2024	16
2023 Governance Statement	17
Financial report	25
Results for the year	26
Remuneration report	30
The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament and the Scottish Parliament	35
Financial accounts for the year ended 31 December 2023	40
Notes forming part of the accounts for the year ended 31 December 2023	43
Organisational details	64
Appendices	65

Chair's introduction

Welcome to the ECITB's Report of the trustees and accounts for 2023.

Over the last 12 months we have been making great strides in the deployment of our 2023-25 strategy which focuses on supporting workforce growth and productivity across the engineering construction industry.

Paramount is the need to ensure that employers have the skilled people required in the face of a tight labour market domestically and internationally.

We have placed great emphasis on the strengthening of our relationships with central and devolved governments to ensure our strategy aligns with their priorities for skills, technical education and growth across our sectors.

The renewed surge in project activity over the next decade will, alongside the growth in digital technologies, will require more workers with the necessary skills. The ECITB's Labour Forecasting Tool, launched this year, predicts that 40,000 new workers will be needed in the engineering construction industry by 2028.

As an industry, we must do more to attract, develop and qualify a diverse talent pool - and we need to think innovatively and act collaboratively in how we do it.

The £1m Regional Skills Hub funding we announced in November is designed to boost training provider capacity and grow new entrant numbers in the 'Industrial Cluster' hot spots that are at the heart of the UK's decarbonisation agenda.

We invest around £28 million every year to enhance skills across the engineering construction industry, support growth through workforce training, and tackle labour shortages and skills gaps.

Grant support for training remains central to our strategy. Demand from employers to equip existing workers with new skills, develop young engineers and retrain workers from other sectors for roles in engineering construction is growing.

From the largest employers to the SMEs that are the bedrock of our industry, the work of the ECITB will contribute to a thriving engineering construction industry.

We are confident that, with our knowledge and expertise, the ECITB will continue to deliver positive, tangible outcomes for and on behalf of our sector as we have throughout our history.

Our relationship with key stakeholders is fundamental to any success we have in the delivery of this strategy.

As well as maintaining strong and supportive ties with levy-paying organisations, we recognise the immense value and need for collaboration with other industry bodies and associations and the critical network of training providers and colleges.

The Board is mindful that the world around us continues to change at an exponential rate. Recent events across the globe and the turbulent times we now live in remind me of our responsibility to future generations to safeguard a sustainable world in which they can thrive.

I was pleased to welcome Andrew Hockey as the new CEO of the ECITB in June 2023. With extensive experience leading major energy-sector organisations, Andrew understands the industry and the challenges it faces in terms of skills shortages and training needs.

The work ahead of us is significant but our commitment to leading industry learning remains indefatigable and the ECITB has positioned itself at the forefront to tackle these challenges.

A handwritten signature in black ink that reads "Lynda Armstrong". The signature is written in a cursive, flowing style.

Lynda Armstrong OBE

Chair

[16 October 2024]

Chief Executive's review

It was with great pride that I assumed the role of CEO at the ECITB in 2023. As I approach the end of my first 12 months, I am delighted with the progress we continue to make in delivering our strategy to the engineering construction industry.

From the outset, my immediate focus was the delivery of our 2023-2025 strategy as well as putting into place key foundations that will allow us to navigate the landscape beyond 2025.

The engineering construction industry faces significant challenges and here at the ECITB we are best placed to support industry in overcoming them. There are major infrastructure projects underway and on the horizon including carbon capture, hydrogen, and offshore wind as well as the decarbonisation of existing facilities, helping oil and gas through the transition and the development of our nuclear power generation capability.

We do not have the workforce numbers in place to meet this demand.

Our strategy supports growth in the engineering construction industry by helping employers to recruit a more diverse workforce and training and certifying them against industry standards. This is key to tackling the labour shortages and skills gaps we forecast.

We also recognise the fundamental importance of continuing to provide direct funding for training interventions across our network of in-scope establishments. In 2023 we invested £23.8m in training grants. We also continue to help industry make safety its priority and celebrated the 30th year of our CCNSG programme,

In parallel to this we continued to support industry by directly funding new entrant programmes in 2023. This included 934 directly funded apprenticeships, 142 new ECITB Scholarships and the delivery of pre-employment training for over 100 unemployed people across Hinkley Point C, Teesside, Pembrokeshire, East of England and Central Scotland.

The Levy Team undertook significant work to complete 27 reviews of newly identified establishments. This resulted in the addition of 14 leviable establishments to the Register and an additional £952k of levy that will be reinvested into industry learning.

As the skills standards body, the ECITB plays a leading role in assuring workforce competence. A key part of this role is ensuring training standards and qualifications are employer-led and meet industry needs. This is critical to improving competency levels against a standard which supports cost-effective assurance and helps drive productivity. In 2023, this continued as we created and reviewed 32 Training standards and 29 technical tests across eleven disciplines.

Our ambitions in competence assurance across the engineering construction industry recognised further success with Connected Competence.

This scheme was designed to enable a safe, competent and transferable workforce. This has been a challenge faced by industry since we first embarked on the discovery and extraction of natural resources from offshore waters.

Whilst supported and enabled by the ECITB, Connected Competence is very much an industry-driven initiative. It was developed in collaboration with the UK's largest contracting companies, each one committed to using standardised training and testing based on the ECITB's technical tests.

The harmonised approach delivered by Connected Competence supports skills transition within the industry allowing for quicker deployment to new assets, roles, organisations and even sectors. 19 major asset owners have now signed the client charter which is formal recognition of Connected Competence as the industry base standard for technical competence assurance and is a commitment to include it in supply chain contracting strategies.

I was also pleased with our increased engagement across key industry bodies and associations. We expanded our links with industrial cluster partners and track 1 and 2 Carbon Capture projects, including Humber Skills Plan, Hynet in north-west England and the Scottish Cluster to ascertain emerging skills needs, which in turn will bolster our ability to support training and skills developments across these regions.

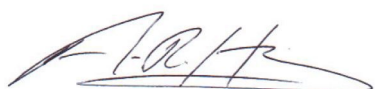
Similar levels of engagement with the Nuclear Skills Taskforce and the Nuclear Skills Strategy Group have helped us to continue our strategic planning for support across the nuclear sector.

Equally encouraging was our engagement with central and devolved governments with a continued presence as a leading contributor to the government's Green Jobs Delivery Groups for Power and Networks and CCUS, as well as the work of the Hydrogen Skills Alliance. This work is vital to ensure government policies and strategies reflect the needs of the engineering construction industry, and that we collaborate effectively to drive skills delivery for major infrastructure projects.

Finally, we were pleased to be able to assist the Department for Education in conducting its ongoing review into the role and effectiveness of both the ECITB and the Construction Industry Training Board (CITB).

Led by Mark Farmer, CEO of Cast Consultancy, this review closely followed our resounding levy consensus vote in Autumn 2022, in which 85% of levy payers backed our proposals, placing us in an excellent position to deliver the strategy endorsed by our industry.

As we move into 2024, our continued focus will be to deliver the ECITB strategy, ensuring the engineering construction industry develops the generation-defining skills and workforce landscape required for the delivery of critical infrastructure projects, energy security and net zero ambitions.



Andrew Hockey
Chief Executive and Accounting Officer
[16 October 2024]

About the ECITB

Established in 1991, the ECITB was formed in recognition of the engineering construction industry's vital role in the UK economy, and the requirement for a statutory body to meet the special training needs of the industry. This industry is characterised by a highly mobile labour force where there are few incentives for individual employers to train.

The engineering construction industry (ECI) delivers and maintains the nation's critical energy infrastructure, including the oil and gas, nuclear and renewables sectors, alongside major process industries, such as chemicals, pharmaceuticals, food processing, water and waste treatment.

The ECITB is the skills, standards and qualifications body with statutory responsibility for the development of the engineering construction workforce in Great Britain. It works closely with employers and governments to attract, develop and qualify engineering construction personnel in a wide range of craft, technical and professional skills and disciplines.

The ECITB's vision is a trailblazing engineering construction industry where critical infrastructure, energy security and net zero ambitions are achieved.

Charitable activity

The ECITB is a registered charity in England (Registered Charity No. 264506), with one charitable object - to make provision for training persons for employment in the activities of the engineering construction industry. In pursuit of this object, the organisation provides grants for training and assessment, graduates and apprentices.

The ECITB develops its own standards, assures the quality of training centres and carries out focused research to inform reports and bulletins on skills in the industry.

Strategic report and performance review 2023

Operating Environment

2023 witnessed a significant geopolitical shift, highlighting the need for both long-term energy security and unwavering commitment to net zero.

While the UK's target remains 2050 (2045 in Scotland), ensuring domestic energy security has taken centre stage. This has propelled investments in renewable energy, decarbonisation technologies like carbon capture and hydrogen, and nuclear power generation.

These investments have reflected well in the market landscape and although the overall S&P Global UK Construction Purchasing Managers' Index (PMI) suggests a slow contraction in activity, civil engineering has exhibited a slight uptick, signifying potential stability within the Engineering Construction Industry (ECI).

Inflation pressures in the renewables economy were evident though as no offshore wind developers entered the annual renewable energy auction due to surging costs in the sector.

In the nuclear sector, the summer saw the formation of Great British Nuclear to support the government's ambition to deliver 24GW nuclear power by 2050.

The Development Consent Order for Sizewell C, triggered in January 2024, will initiate its construction phase. The government has now provided an additional £1.3 billion support for Sizewell C, paving the way for a final investment decision later this year.

Sizewell C will create thousands of jobs and thus remains a key focus for the industry's skilling needs in parallel with Hinkley Point C (HPC). Estimates suggest that the HPC workforce will expand beyond 10,000 people, with a potential four-year delay and an extra £2.3 billion in project costs. Nevertheless, EDF's second STEM returners' program launch underscores a commitment to cultivating a skilled workforce for the industry.

The upstream oil and gas sector continues to experience notable shifts. A number of rig operators have been leaving the region to pursue better prospects elsewhere, with the North Sea market expected to tighten considerably over the next two years.

Meanwhile, as demonstrated by Aurora Energy's investments in their new renewable energy training centre and the UK Oil & Gas hydrogen storage project, the sector is increasingly embracing sustainability and skill development as priorities.

Work in the industrial clusters is ramping up with a mix of public and private investment. The first emitter projects to receive government support in the North East, North West and Scotland were announced in March in the Phase 2 cluster sequencing competition.

The Scottish Cluster, specifically through the Acorn project, has now progressed to Track-2, enabling detailed negotiations with the government on project execution.

In December the key business models for CCUS storage and transportation were DESNZ. A number of sector-focused Green Jobs Delivery task and finish groups have been active throughout the year, developing input towards the government's Green Jobs Plan which is expected in the first half of 2024. ECITB has been closely involved with the Power and Networks and the CCUS task and finish groups during 2023.

Against this backdrop of future projects, routine ECI activity, including repair and maintenance of existing industrial processing assets, grew in 2023.

Elsewhere, Tata Steel's January 2024 decision to close two blast furnaces at its Port Talbot plant in South Wales has sent shockwaves through the UK steel industry. The move impacts nearly 3,000 jobs. Tata, along with the government is planning to provide over £130 Million in support packages.

In labour relations, the latest NAECI settlement will see an 11.3% increase in hourly pay rates for 2024.

Meanwhile, on the skills policy front, the government's "It All Starts with Skills" campaign as well as the ongoing consultation on the proposed Advanced British Standard presents valuable opportunities to address skill gaps within the engineering construction industry.

The forthcoming publication of the Nuclear Skills Taskforce – in which the ECITB has been closely engaged – will present ideas on how to grow the skills pipeline in key occupations.

These developments come against the backdrop of an increasing skills and labour shortage within the ECI.

The ECITB estimates that ECI's labour demand could peak by 2028, requiring around 40,000 additional workers, should projects proceed in line with publicly stated timescales. This represents a 57% increase in demand for skilled workers by 2028, with immediate needs of nearly 8,000 additional workers potentially in 2024 alone.

Addressing this critical challenge requires collaborative efforts from a range of stakeholders at national and regional levels.

Embracing innovation and adapting training models are crucial steps to mitigating workforce pressure. Expanding apprenticeship provision, creating flexible entry pathways for young and adult workers alike, and investing in targeted STEM outreach programmes, will be key to attracting a wider range of individuals and fostering a diverse and future-proofed workforce.

Key performance indicators

The following table provides an overview of the ECITB's progress in meeting its three-year business plan objectives that form the basis of the existing, Leading Industry Learning strategy 2023-25.

Strategy pillar: Foundations

3 Year Business plan objective	Performance and achievements in 2023
1. Fund high-quality training, enabled by the levy, for a safe and competent workforce	- Invested £23.8m in training grants and scholarships. - Issued 50 Business and Activity Return (BAR) forms to potential leviable establishments. - Undertook 27 Establishment Reviews (16 new and 11 existing). 15 new establishments added to the Register, 7 removed, 3 reviewed but retained on Register. - An additional £952k of levy raised by bringing new establishments onto the Register/correcting declarations from existing establishments. - Over 50,000 learners trained on ECITB-approved products.
2. Produce impactful labour market intelligence to enable data-driven decision making	- Developed a Labour Forecasting Tool (LFT) to model supply and demand for the engineering construction workforce. - Continued to deliver cross-infrastructure workforce intelligence gathering, in collaboration with the IPA, CITB, NSAR and EDF. - Produced labour demand analysis for Green Jobs Delivery Group (Power and Networks, and CCUS, subgroups) and Migration Advisory Committee Shortage Occupation List review in collaboration with the Construction Leadership Council and ECIA. - Conducted research into the careers motivations of young people and attitudes towards ECI. - Produced tailored LMI incl. regional specific skills surveys which have been used to inform training grant decisions and support AO submissions to IfATE.
3. Champion diversity and inclusion	- Recruited dedicated resource to focus on inclusion and careers engagement and developed ED&I action plan. - Established strategic partnerships with AfBE-UK and embedded equality impact assessment and accessibility into ECITB processes. - Initiated pilot programme for returners in collaboration with STEM Returners and Global Underwater Hub. - Mapped learner postcodes against social deprivation index to ascertain socio-economic status.
4. Work in partnership with industry and government to influence change	- One of the leading contributors to the government's Green Jobs task and finish groups for power and networks and CCUS, as well as the work of the Hydrogen Skills Alliance. 3 Ministerial Engagements (Scotland) and responded to various consultations, including mandatory qualifications in apprenticeships, net zero skills and just transition. - Facilitation and implementation of the Client Charter for Connected Competence with 19 clients signed up. - Asset owner engagement in key regional locations and sectors, including via a client and contractor industry group in Teesside to collaborate on regional skills requirements.

3 Year Business plan objective	Performance and achievements in 2023
5. Continuously improve how we work	• Ran Customer Satisfaction Survey in Q3 2023. • Re-organised the ECITB regions from 4 to 3 and streamlined processes across regional operations. • Developed new/updated communications products including key messages, sign off guides and crisis media protocols. • Proactive audit plan with GIAA. Establishing project governance processes in response to GIAA audit. • Commissioned independent Board evaluation. • Other reviews: scholarships data governance/maturity; 3rd party provider assurance (from GIAA); ATP SOP improvement.

Strategy pillar: Growing a skilled workforce

3 Year Business plan objective	Performance and achievements in 2023
1. Attract and develop the next generation	• Supported National Apprenticeship Week and National Graduate Week with webinar and spotlight editorial in CareerMag (national readership 200,000). • Apprentice starts = 934. • Graduate starts = 300. • Scholars: 142 new starts in 2023. Total on programme = 301 (over 510 supported to date).
2. Expand entry pathways into industry	• Funded 94 HSO Bronze learners. • Levered in £42,000 in external funding for the Scholarship Programme bursary. • Established Northern Competency Cluster (10 new entrants supported through Trainee Maintenance Operative (TMO) programme with more cohorts to follow). Levered in £100k from TVCA. • Delivered a Work Ready programme in Pembrokeshire for 10 long-term unemployed leveraging in £55k of external funding. • Delivered a Military into Offshore Wind programme in the East of England leveraging in £7K. • Exploratory work to develop other new entrant pipelines – e.g. ex-offenders with HMPPS. • Delivered a Work Ready Industrial coatings applicator programme with Forth Valley College (included drawing in £12k of Glasgow city deal funding. ECITB paid 25%). • Developed an Industrial Services Operative Industrial Cleaning programme to be piloted in Q2 2024. • Secured £86,000 for a TMO programme to run in Southampton Q1 2024. • Secured £53,000 for a TMO programme to run in Sellafield Q1 2024. • Secured £64,000 for a TMO programme to run in Teesside Q1 2024.

3 Year Business plan objective	Performance and achievements in 2023
3. Deliver industry-leading standards, qualifications and competence assurance	- Reviewed 11 English qualification pathways and 11 Scottish qualifications – work ongoing into 2024. 32 Training standards and 29 technical tests across 11 disciplines created / reviewed. - Carried out updates and rebranded CCNSG. Reviewed LaTS courses. - New courses launched for RCC-M Nuclear welding and Supervisor training HSE Module 4. - Held over 30 working groups across 12 disciplines with 110 individual attendees. 380 regulated qualification certifications; 640 newly registered candidates. 2,763 learners supported through competence-related programmes. - Supported Connected Competence certified workers to transfer into the offshore wind sector. - Secured PLA funding for ECITB qualifications and products in Wales.
4. Help employers retain and upskill a flexible and transferable workforce	19 apprentices supported with additional training to ensure currency of skills and retention whilst awaiting mobilisation (£100k). 4 re-skill programmes delivered to 28 learners covering rigging, plating, welding and pipefitting. 87 learners on Project Management/Project Control Bootcamp programmes leveraging in £340K.
5. Broaden access to training	44 LXP employer academies rolled-out and 141 employers utilising the LXP in 2023. 6,149 unique users across all Academies. 12,340 logins to the system. 18,533 courses accessed with 10,089 completed. £343,910 of value-add generated across the industry. 3 open NAECI courses supported.

Strategy pillar: Supporting industry in transition

3 Year Business plan objective	Performance and achievements in 2023
1. Prepare the workforce for net zero	£287k grant spent on net zero-related training activity. In addition, £132k towards graduates based on 300 recruited in 2023. - Carbon literacy training course in development. 6 net zero podcasts delivered. 2 Energy Transition Leadership CPD modules completed, and accreditation achieved within the MSc Course developed by Uni of Strathclyde. - Heat mapping and routes to competence work completed for the Green Jobs Delivery Group Power and Networks and CCUS task and finish groups. - Supported the IfATE Green Advisory Community - Clean energy technology modules incorporated into new entrants programmes. - Embedded NZ requirements into relevant standards and products.

3 Year Business plan objective	Performance and achievements in 2023
2. Identify emerging industry trends and longer-term skills needs	- Expanded links with industrial cluster partners and track 1 and 2 projects, including Humber Skills Plan, Hynet and the Scottish Cluster to ascertain emerging skills needs. - Engagement with Nuclear Skills Taskforce and NSSG to inform ECITB strategic planning for nuclear. - Various employer surveys and fora delivered to identify emerging trends and needs. - Established a Policy & Research Reference group to enhance industry input into ECITB research and policy engagement activities.
3. Bridge the digital skills gap to drive innovation and productivity	£95K of grant support for digital skills training, including cyber, digital, power BI and CAD. - Embedded digital passport into scholarship provision with 68 enrolments to date. ECITB Digital content including clean energies technology embedded in all ECITB new entrant pathways. - Developed, launched and piloted the ECITB Foundation Industrial Drone Operating standard, course and test. 2 providers currently licensed to deliver training. £70k external funding obtained to support development of the advanced course and test in 2024.
4. Evolve the remit of the ECITB to respond to the changing industrial landscape	- Preliminary research conducted into the ECITB scope to ascertain what changes, if any, should be explored. - Engagement with large employers to shift value proposition away from return on levy to value-adding activities.
5. Export ECITB products and services to establish a global standard for safety and skills excellence	12 new licensed training providers in 2023 (63 in total), 33 new licenses (188 in total) and 56 new approved trainers (319 in total). - Training delivered in 33 countries to 11,661 delegates. Tracking above annual 10% growth target. - Support to employers' overseas operations (Baker Hughes (Thailand), Wood (Iraq) and Worley Parsons (Tanzania)). - Supporting Malaysian, Thai, Qatari and Tanzanian Governments' Regulatory Authorities endorsing ECITB products. - Launched e-MJI Knowledge Training and Testing (in English and Mandarin) and e-IHSP now available in Mandarin. - Reviewed and updated 33 ICE qualifications. - Resumed international auditing activities.

Sustainability - Unaudited

In 2023 and 2022 ECITB captured key sustainability measures to review our impact on the environment and help identify future steps we can take to reduce our overall impact.

These are set out in the table below:

Sustainability measures	2023	2022
Paper		
Reams (number)	55	50
Amount spent on paper- £	550	500
Travel		
Expenditure on official business travel £	225,061	167,661
Domestic flights:		
Quantity of flights	174	195
Emissions (tCO ₂ e)	23	27
Distance (km)	89,320	105,843
International flights:		
Quantity of flights	129	92
Emissions (tCO ₂ e)	59	52
Distance (km)	395,245	349,896
Trains:		
Emissions (tCO ₂ e)	12	8
Distance (km)	328,735	235,377
Utilities		
Electricity used (kwh)	750	900
Total water consumption (m ³)	1.10	1.32
Total energy indirect emissions (kwh)	750	900
Total other indirect emissions - gross (tCO ₂ e)	94	88

Paper usage has seen a slight increase based on an increase in headcount.

Overall business travel (which includes hotels, ferries, trains, flights, mileage and parking) has increased due to additional staff, more face-to-face meetings and an above-inflation increase in the cost of hotels, flights and train fares.

Domestic flights have seen a decrease and a corresponding increase in train travel as people are encouraged to use trains when it is a viable option.

International travel has seen an increase due to growing our presence in the international market.

Utilities have seen a decrease because during the year we moved to smaller premises.

Commercial activities 2023

The ECITB's commercial activities comprise operations in Great Britain and overseas, primarily in the Middle East, South East Asia and East Africa. Commercial income is derived from a variety of sources including:

- Licence income – whereby the ECITB grants licences to training providers (ATPs) to use its training materials and tests.
- Fees payable by the ATPs in respect of learners using ECITB training courses.
- Registration of and issuance of vocational qualifications.

Commercial activities in Great Britain

The main source of income within Great Britain derives from the issuance of Client Contractor National Safety Group (CCNSG) Safety Passports. Overall income net of bad debt rose from £1,263k in 2022 to £1,344k in 2023 which was driven by inflationary price increases. Overall numbers declined on 2022 driven by the anniversary effect of a three-month extension given to CCNSG cards during 2020, impacting this year because CCNSG cards are valid for three years.

International commercial activities

ECITB operates in three main areas overseas, namely the Middle East, South East Asia and East Africa. International commercial income net of bad debt in 2023 was £651k. This was a £103k (19%) increase on 2022 which itself was a £95k (18%) increase on 2021. Income was mainly delivered through charges for International Training Provider Licences. The consistently improving performance is a result of a focus by the Finance and Business Services directorate on the international business which has included investment in additional support and sales heads.

The number of providers on our books continued to grow during 2023.

Looking ahead: 2024

2024 marks the midway point of an exciting three-year strategy period for the ECITB. Full details of the strategy and its KPIs can be found on the ECITB's website, to which we would encourage readers of this Report of the trustees and accounts to refer.

Financial projections 2024

The 2024 operational plan and financial budget are based on the ECITB's strategic priorities and objectives. Given the ambitious 2023-25 strategy, continued high demand for training grants in 2023 and increasing demand for ECITB's value add strategic projects, we expect the ECITB to continue to be able to draw down on its reserves and therefore run at a deficit in 2024.

The 2024 budget currently anticipates a £2.2m deficit, using reserves to support training during a period of very high demand and worker shortages. Key assumptions within this conservative 'base case' budget include:

- A £1m increase in levy during the year, however, more funds are likely to become available as a result of establishment reviews.
- A number of projects around technology and distance learning have moved from very successful discovery phases in 2023 to full implementation in 2024 with budget allocated for significant development. In addition, new project budgets have been allocated for careers and attraction and also to expand much in demand capacity in training providers, both, to address the worker shortage in the industry.

2023 Governance Statement

Scope of responsibility

I was appointed as Chief Executive from 5th July 2023. Prior to my appointment, this responsibility was held by Andy Brown, who acted as the Interim Chief Executive. I have taken assurance from him that there was a sound system of internal control during the period when he was Interim Chief Executive.

As Chief Executive and Accounting Officer, I have responsibility for maintaining a sound system of governance and internal control that supports the achievement of the ECITB's purposes, strategic objectives and policies, while safeguarding the funds and assets for which I have responsibility in accordance with Managing Public Money. This means that the ECITB's funds and assets are properly accounted for and are used efficiently and effectively.

The purpose of the Governance Statement

The Governance Statement supplements the financial information in the accounts by explaining how the ECITB's governance and control structure directs, and reviews plans and performance. The statement shows how the ECITB applies the principles of good governance and reviews the effectiveness of these arrangements.

Governance Framework of the organisation

The ECITB is a statutory body (an Industrial Training Board (ITB)) governed by the Industrial Training Act 1982 ("the Act"). The Industrial Training (Engineering Construction Board) Order 1991 (Statutory Instrument 1991 No. 1305) defines the activities of the ECITB and the engineering construction industry. Details of the powers and responsibilities of the ECITB, as well as the restrictions placed on it, are described in the Act. The ECITB is a Non-Departmental Public Body (NDPB), and reports to its government sponsor body, the Department for Education (DfE).

The ECITB has responsibilities to Parliament and to its industry. It was formed in recognition of the engineering construction industry's vital role in the UK economy, and the requirements for an ITB to undertake the responsibilities of meeting the special training needs of an industry where the labour force is highly mobile, and where there is less opportunity for individual employers to train.

The ECITB is established for exclusively charitable purposes and is a registered charity in England and Wales. It also undertakes its charitable activities in Scotland. The charitable activities of the ECITB are largely funded by the statutory levy established by the Act and confirmed by levy orders passed by both Houses of Parliament. The levy applies to all in-scope establishments operated by industry employers to ensure equity across employers in the industry in the provision of training.

Following a formal consultation with levy-paying employers in 2019 relating to future industrial training levy arrangements, the Industrial Training Levy (Engineering Construction Board) Order 2020 -Statutory Instrument No. 972 (the 'Levy Order') was passed by Parliament on 10th September 2020. Levy income during the financial years 2021 to 2023 inclusive was collected under the terms of the 2020 Order. This was the first time that the ECITB conducted a consultation based on a rise in the levy.

During 2022, a formal consultation with levy-paying employers occurred relating to proposals for future industrial training levy arrangements. The proposals for 2023-25, to maintain levy rates at 1.2% of gross labour emoluments for site workers and 0.33% for the offsite/other workers, were accepted by the levy payers. In a resoundingly positive response, 85% of levy-paying employers, representing 97% of the industrial training levy paid, voted in favour.

The Industrial Training Levy (Engineering Construction Board) Order 2023 - Statutory Instrument No. 847 (the 'Levy Order') was affirmed by both Houses of Parliament, without opposition. The Statutory Instrument came into force on 21st July 2023. The Order maintains the levy rates of 0.33% of the earnings paid by employers to off-site employees and 1.2% of the earnings paid by employers to on-site employees for businesses liable to pay the levy. The rates will be applied to levies raised in 2023-25 and will be payable in 2024, 2025 and 2026 respectively.

The Board is responsible for establishing and monitoring appropriate policies to fulfil the objectives of the ECITB as an ITB. The Accounting Officer is responsible for managing the implementation of agreed policies and is accountable to the Board, the principal AO (Permanent Secretary of DfE) and Parliament.

The Board

Records of the members of the ECITB's Board of Trustees during 2023 and at February 2024, together with changes in membership since 1st January 2023 and meeting attendance records are shown in Appendix A. Corresponding information relating to the Board's sub-committees are shown in Appendix B.

The Board is responsible for shaping ECITB's future direction and strategy and is accountable for corporate governance. It provides leadership, advice, and challenge in the management performance of the organisation. It has identified strategic matters, over which only it can approve key decisions, and has delegated responsibilities for operational and other matters to committees (see below) and the CEO. The Board oversees the implementation of business and financial plans and has approved the strategic report within this document.

In addition to serving on the Board, some trustees also participate in policymaking as members of the committees. With the exception of the Board members, the other committees include other volunteers from the industry.

The members of the Board are appointed by the Secretary of State, and the Board's composition reflects the main stakeholders in the engineering construction industry. In view of the charitable nature of the organisation, Board members are trustees and have an overriding obligation to place the interests of the beneficiaries above all others, including their own. They also need to take account of any guidance issued by the Charity Commission.

During January 2023 and during January 2024 two members of the Board stepped down respectively. Six new Board members were appointed in November 2023.

Average attendance at the Board over the year was 82% (2022 – 88%).

The Council

The Council consists of up to 25 members representing the Board and various interests of the industry.

The Council is an integral part of the ECITB governance and acts as the voice of the engineering construction industry. The Council possesses and will provide a wide, representative perspective and expert understanding of the industry.

Its broad purpose and role is to provide advice to and consult with the Board on matters of strategic interest. Through its engagement with the Board the Council will help the Board to set priorities for the industry and will play a crucial advisory role.

The Audit & Risk Committee

The Trustees maintain an overview of internal control and risk management issues through the Audit & Risk Committee. The Committee's terms of reference are to promote the highest standards of propriety in the operation of the ECITB by maintaining an overview of its financial and other governance systems to ensure their effectiveness and integrity of operation. The Board appoints members of the Committee. Its Chair is a trustee of the Board.

The Accounting Officer, Director of Finance & Business Services and the Board Secretary attend meetings of the Audit & Risk Committee to assist the Committee in its review of the ECITB's management of risk, and ensure that advice from members concerning the identification, assessment and management of risk is taken into account. Representatives of the internal and external auditors (the Government Internal Audit Agency (GIAA) and the National Audit Office respectively) attend all meetings. These representatives have free and confidential access to the Chair of the Committee.

The Committee regularly reviews the ECITB's risk register. The information received during the year enabled the Committee to provide a recommendation to the Accounting Officer and the Board to approve and sign the Report of the trustees and accounts.

The Remuneration & Nomination Committee

The Committee reports to the Board and is responsible for formulating and recommending the policy relating to the remuneration for the ECITB staff. The Committee is also responsible for identifying candidates to the Secretary of State to fill Board vacancies as and when they arise.

The Q&A Committee

The Committee oversees the governance of the ECITB's qualifications and awards, including the ECITB's compliance with regulatory conditions and principles set by Ofqual, the Scottish Qualifications Authority and Qualifications Wales.

The CCNSG Committee

The CCNSG is responsible for the management of the CCNSG's nationally accredited safety passport scheme. The ECITB manages the operation of the scheme, and the CCNSG retains responsibility for the strategic direction of the Scheme, including the Scheme's content, the standards for approval of training providers, the future development of the Scheme and its integrity assurance.

The Operations & Grants Committee

The Committee is responsible for overseeing and delegating authority and responsibility for the day-to-day management of activities in accordance with appropriate management and control systems.

The Committee reports to the Board to review and formulate the ECITB's training grant policy and schemes.

The remit also includes the ECITB's grant systems and decision-making processes to ensure that all aspects relating to grants are clearly defined and fall within the ECITB's statutory remit and discretion.

The committee comprises of the Executive; the Chief Executive, the Board Secretary and directors, as appointed by the Chief Executive following consultation with the Board.

Regions

The ECITB operates a regional structure to ensure that delivery of training support and services is driven by the demands of industry on a regional basis. During 2023 there were 11 regional forums and 1 national forum. Each forum comprises industry employers, and either represents a geographical area, or a significant industry sector. Each forum normally meets three times a year under the chairmanship of a Regional Chair, who has been elected by the members of the forum.

The Regional Chairs are Members of the Council and support the achievement of the Board's strategic goals by contributing to the development of the ECITB's regional strategies and operating plans. The chairs of the regional fora meet periodically to discuss matters of common interest concerning training and skills development, and to exchange best practices in these areas.

The ECITB also works closely with other key regional stakeholders, such as industry clients, skills development or local enterprise partnerships, local authorities and funding bodies, training providers, and trade unions.

ECITB management and staff

The Board have delegated responsibility for the implementation of the ECITB's strategic plans, and the management of the organisation to the Chief Executive.

The Chief Executive leads the organisation's senior leadership team (SLT), which in 2023 comprised the Chief Executive, the Chief Operating Officer, the Board Secretary, the Director of Finance & Business Services, the Director of Operations, the Director of Strategy & Policy and the Deputy Director of Strategy and Policy. The members of the SLT are responsible for ensuring that the activities of their departments achieve the ECITB's strategic and operational objectives efficiently, to the highest quality standards, and in compliance with the law. Meetings of the SLT occur weekly, and the members report concerning their areas of responsibility, including measurement of performance against key performance indicators.

Overview of corporate governance, board effectiveness and performance

To be effective, the Board must be fully informed of the work of the ECITB across its areas of activity.

As Chief Executive, I and senior staff provide reports, information and discussion papers to the Board, covering progress against objectives, KPIs, the management of risks and financial control. Additionally, reports relating to matters considered by the Board's committees are submitted to the Board.

At each Board meeting, the Board receives verbal updates on the performance of each Committee, including the Audit and Risk Committee and the Remuneration and Nominations Committee.

Specifically, in 2023 the Chair of the Audit and Risk Committee reported regularly on matters relating to risk management, internal controls and audit-related issues, cyber security, IT projects, project governance and ECITB's alignment with the Government Functional Standards.

The Chair of the Remuneration and Nominations Committee reported on the Annual Pay Review of ECITB staff and notably, in 2023 it reported on progress on identifying potential candidates for the CEO role and updates on the recruitment process.

The senior staff and Committee reports, the information and discussion papers and the KPIs reviewed by the Board include financial and non-financial data, obtained by reliable sources with a proven track record of providing reliable and high-quality data. The data is diligently collected to ensure that the information presented to the Board is accurate, complete and reliable, enabling the Board to make informed decisions.

These measures enable the Board to monitor, advise on, challenge, and lead the performance of the organisation against its strategic goals and objectives. They have also enabled the Board to balance strategic priorities with support for employers' immediate skills and competence needs.

The governance arrangements and decision-making processes described above also support a culture of openness and transparency, which in turn ensures that the Board is able to make decisions with a high degree of clarity and consensus.

A review of all actions coming out of 2023 Board meetings was conducted at the end of the year and the Board confirmed that all actions had been completed or were progressing as planned.

Additionally, during 2023 the recommendations of the independent Board effectiveness review, conducted in 2022 were implemented. The review had been conducted in line with the overriding principles of the UK Government's ALB (arm's length body) board effectiveness review and in accordance with the UK Corporate Governance Code. The headline assessment was that there was a strong core in the Board's processes and activities which were well-led by the Chair and professionally delivered by the executive team, which enabled the Board to fulfil its mandate more than adequately, notwithstanding the environment in which it operated.

Conflicts of interest

As a public body, ECITB abides by principles of regularity and propriety and ensures that its work is not adversely impacted by a conflict of interest. Board members and executive staff are required to complete a declaration of any interests. The Register of Trustees' Interests has been maintained by the Board Secretary. No significant company directorships or other interests were held by Board members or staff that conflicted with their role and responsibilities.

I consider that the ECITB's transparency of decision-making and scrutiny by stakeholders through the governance arrangements described in this statement enables it to appropriately manage potential conflicts of interest.

Whistle blowing

The ECITB is committed to achieving and maintaining high standards of behaviour at work, service to the public and in all our working practices. The ECITB's whistle blowing policy is designed to enable and encourage ECITB staff to express concern or disclose information at an appropriate level if it is believed there is evidence of malpractice. The ECITB seeks to maintain a culture where people are encouraged to speak out, with confidence that they can do so without adverse consequences, and that appropriate action will be taken. In 2023 no allegations were raised under the ECITB's whistle blowing policy.

Risk management

The ECITB's system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is designed to identify and prioritise risks to the achievement of the ECITB's policies, aims and objectives. It is designed to evaluate the likelihood of risks and their impact, and to manage them efficiently and effectively.

The ECITB's system of internal control has been in place throughout the year-ended 31st December 2023 (and up to the date of this letter) and accords with HM Treasury guidance. A number of specific sources contribute to this annual governance review, including:

- reports and recommendations from the Audit & Risk Committee;
- the GIAA's Internal Audit annual report;
- the report and recommendations from the National Audit Office;
- reports from members of the Executive and senior managers, outlining the governance, risk and control arrangements in their business areas;
- external reports relating to the ECITB;
- legislative and regulatory guidelines, including those relating to charitable status, and the use of public money.

The Risk Management Framework

The ECITB has an established risk management policy, which is reviewed annually by the Audit & Risk Committee. The Audit & Risk Committee and the Board regularly review the ECITB's strategic risk register and I report to these committees on strategic risks several times per year.

The Board is responsible for assessing the organisation's risk appetite and tolerance towards risk – this is regularly reviewed as part of an annual standing agenda.

During 2023, GIAA completed an audit on ECITB's Risk Management. As a result of the audit's recommendations, the Board reviewed and agreed ECITB's risk appetite statement, during the first meeting in 2023, which sets out the extent to which ECITB is able to take risk. In 2023, ECITB reviewed and updated the risk management policy in accordance with the revised risk appetite statement.

Risk overview

The most significant risks faced by ECITB during 2023, which could impact on the delivery of its strategic objectives are shown below:

- Cyber Failure - Data Loss from online systems causing breach of personal and/or sensitive data.
- Infrastructure Renewal – The project does not meet anticipated deliverables.
- Project Risk – Failure to deliver Connected Competence
- Compliance Risk - Failure to comply with statutory duties or other legal responsibilities.
- Organisational Capacity – the ECITB does not have the organisational capacity to effectively deliver all BAU activity, elements of the business plan or other commitments made to stakeholders.
- IT Supplier Failure Risk - Commercial failure of a key IT suppliers.
- Governance of Projects & Programmes - Projects and programmes do not meet the Government Functional Standard.
- Training Provision Availability - risk to the delivery of the ECITB strategy due to a lack of training provision available to provide the skills and competence training required to address the current skills shortage.

The ECITB's approach to data security and information risk

The ECITB's management information systems enable and support business processes and organisational performance. The ECITB's emphasis remains to ensure data handling practices are simple, rigorous and efficient. Information security is of vital importance to the operation and reputation of the ECITB. Its Chief Information Officer has operational responsibility for this. During 2023 no disclosures or reports were submitted to the Information Commissioner's Office (ICO).

To achieve its aims the ECITB collects and makes use of personal information about individuals, such as employers, their learners (including apprentices), employees, applicants for posts and suppliers. The ECITB is committed to protecting the rights and freedoms of individuals relating to the processing of their personal data and complies with its obligations and responsibilities under current Data Protection legislation.

During 2021, ECITB implemented measures to ensure IT and data security and compliance with data protection regulations through the formation of a Technical Change Security Board (TCSB), consisting of but not limited, to the Finance Director, the Board Secretary & DPO, the Head of IT and the IT Manager. One of the TCBS's main purposes is IT and Data Security governance to ensure:

- Security – The protection of devices, systems, networks and data from criminal, fraudulent and other unauthorised access and exploitation.
- Confidentiality — Ensuring that information is accessible only to authorised users.
- Integrity — Safeguarding the accuracy and completeness of data.
- Compliance – with government and legal standards.

ECITB has policies and procedures including a Data Protection Policy, an Information Security Policy and Data Retention & Disposal Policy for handling data securely against data protection requirements and the relevant guidelines issued by the ICO. These are regularly reviewed by the TCSB.

During the year ECITB's finance system migrated from one provider to another. During 2023 ECITB received assurance for complying with the requirements of the Cyber Essentials Scheme.

Project governance

In 2023 the ECITB developed a Project Governance & Life-cycle Handbook. The handbook is the key guidance document for all staff involved in the delivery of projects and programmes. The handbook sets out the requirements for governance, control and risk management at each stage of the product life cycle. The contents of the handbook align with the project management functional standard (GovS 002: Project Delivery).

Internal audit

The GIAA has responsibility for the ECITB's internal audit and operates to standards and requirements defined by HM Treasury, which include the submission of an independent opinion on the adequacy and effectiveness of the system of internal control, and the provision of assurance relating to the ECITB's governance and risk management systems. Reports are submitted to the Audit & Risk Committee concerning audits undertaken and the implementation of recommendations. The GIAA has a direct reporting line to the Audit & Risk Committee to ensure independence.

I have concluded from the GIAA's reports that the ECITB has adequate and effective systems over risk, control and governance which provide reasonable assurance regarding effective and efficient achievement of the ECITB's objectives.

Conclusion

As Accounting Officer, I have responsibility for reviewing the effectiveness of the systems of governance and internal control. My review of the effectiveness of these systems is informed by the members of the Executive and senior managers within the organisation (who have responsibility for the development and maintenance of the internal control framework), the work of the GIAA, comments made by the National Audit Office in its management letter and other reports.

I am also advised on the effectiveness of the system of internal control by the Board and the Audit & Risk Committee. When weaknesses are identified, plans to address them, and ensure continuous improvement of the system are put in place.

This Governance Statement represents the conclusions of my review of the effectiveness of the ECITB's governance framework, risk management and internal controls in 2023.

I am satisfied that the governance arrangements and the risk and control framework used in 2023 were sufficient to continue managing risks effectively and ensure that the operating and financial risks were fully understood by the Board. I have concluded that the ECITB's system of governance, risk management and internal control supports the achievement of the ECITB's aims and objectives.

Financial report

Statement of the ECITB's and the Accounting Officer's responsibilities

Under section 8 (1) of the Industrial Training Act 1982, the Board of Trustees of the ECITB is required to prepare a statement of accounts for each financial year in the form, and on the basis within, the Accounts Direction issued by the Secretary of State with responsibility for the ECITB, with the consent of the Treasury. The accounts are prepared on an accruals accounting basis and must show a true and fair view of the ECITB's state of affairs at the year-end and of its income and expenditure, balance sheet and cash flows for the financial year.

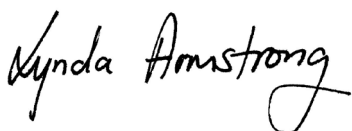
In preparing the accounts the Trustees and Accounting Officer are to have regard to the requirements of the Government Financial Reporting Manual and in particular to:

- 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;
- Make judgements and estimates on a reasonable basis;
- State whether applicable accounting standards, as set out in the Government Financial Reporting Manual and in the Statement of Recommended Practice: Accounting and Reporting for Charities (Charities SORP (FRS 102)), have been followed and disclose and explain any material departures in the financial statements; and
- Prepare the financial statements on a going concern basis, unless it is inappropriate to do so.

The Accounting Officer and Board of Trustees confirm:

- The Report of the trustees and accounts as a whole are fair, balanced and understandable;
- They take personal responsibility for the Report of the trustees and accounts and the judgements required for determining that they are fair, balanced and understandable ;
- There is no relevant information of which the auditor is unaware; and
- They have taken all the steps they ought to ensure the auditor is aware of all relevant audit information.

The Chief Executive of the ECITB has been designated by the Secretary of State as the Accounting Officer for the ECITB. His relevant responsibilities as Accounting Officer, include responsibility for the propriety and regularity of the public finances for which he is answerable, for the keeping of proper records and for safeguarding the ECITB's assets as set out in Managing Public Money published by HM Treasury.



Lynda Armstrong OBE
Chair
[16 October 2024]



Andrew Hockey
Chief Executive and Accounting Officer
[16 October 2024]

Results for the year

A summary statement of financial activities for the period 1 January 2023 to 31 December 2023 (with comparative information for 2022) is shown immediately below. This has been extracted from the audited financial statements which appear in full later in this report.

Statement of financial activities for the year ended 31 December 2023

Income	2023 £'000	2022 £'000
Levy	29,725	26,251
Investment income	1,161	367
Non levy income	2,207	2,043
Total Income	33,093	28,661
Expenditure	2023 £'000	2022 £'000
Investment management costs, bad debt provision, levy collection costs and provision against appealed levies	337	374
Charitable activities	32,906	30,217
Total expenditure before other gains and losses	33,243	30,591
Net income / (expenditure) before other gains and losses	(150)	(1,930)
Gains / (losses) on revaluation of fixed assets	-	-
Gains / (losses) on investment assets	13	(58)
Net movement in funds surplus / (deficit)	(137)	(1,988)
Reconciliation of funds	2023 £'000	2022 £'000
Total funds brought forward at 1 January	11,884	13,872
Total funds carried forward at 31 December	11,747	11,884
Balance sheet	2023 £'000	2022 £'000
Fixed assets		
Tangible assets	183	223
Investments maturing in more than one year	-	-
Total fixed assets	183	223
Current Assets	15,860	15,908
Creditors: amounts falling due within one year	(4,296)	(4,247)
Net current assets	11,564	11,661
Net assets less liabilities	11,747	11,884
Fund	2023 £'000	2022 £'000
Unrestricted fund	11,747	11,884

Incoming resources

Levy income in 2023 amounted to £29.7m (2022: £26.3m). This represents the gross levy assessed during the year, together with any adjustments for levies assessed in earlier years. Levy rates on costs of on-site workers remained at 1.2% and, on costs of all other workers increased from 0.27% in 2022 to 0.33% in 2023.

Levy exemption levels remained unchanged from 2018 for both site-based and other workers at £1m and £275k respectively. The increase in levy income is driven by an increase in employer emoluments and an increased size of the workforce during the base period of 2021/22 on which the levy was assessed, following the pandemic.

Other incoming resources totalled £2.2m (2022: £2m) mainly comprised of income from sales and sponsorships and are broadly in line with 2022.

Investment income, from quoted investments and interest on cash deposits, amounted to £1,161k (2022: £367k). Investment performance has increased compared to 2022 due to increasing interest rates throughout 2023.

Expenditure

Expenditure on charitable activity amounted to £32.9m which was £2.7m (9%) higher than in 2022. This was driven by increased grant support and the associated support costs.

Total costs of delivery of the service, comprising direct and support costs, were £11.6m (2022: £10.9m).

Levy collection costs saw a slight increase to £283k (2022: £276k), £7k higher than 2022.

Net movement in funds

The net decrease in resources for the year, after recognised gains and losses, amounted to £137k (2022: net decrease in resources was £2m). This was a conscious decision to use reserves and aligns with the three-year strategy.

Balance sheet at 31 December 2023

Assets

Fixed assets decreased by £40k (2022 - £1m decrease).

Current assets decreased by - £48k (2022 - £3.3m decrease).

At 31 December, investments and cash amounted to £14.9m (2022: £15.2m).

Year-end debtors amounted to £946k (2022: £730k) - a £216k increase. Debtors at the end of both 2023 and 2022 comprised levy and trade debtors, prepayments and accrued income.

Creditors

Year-end creditors amounted to £4.3m (2022: £4.2m).

The funds of the charity

The year-end balance sheet shows total charity funds of £11.7m (2022: £11.9m).

Reserves policy

The Reserves policy at the end of 2023 remained the same as at 2022, however, it has been recalculated based on current commitments. The minimum level of reserves the Trustees consider necessary is £6.5m to accord with its policy of holding reserves to cover the full costs of winding up the ECITB, estimated to be around £3.5m, and a further fund to support the costs of apprentices taken on under ECITB funding arrangements, set at £3m.

The ECITB does not hold any restricted funds and all reserves are reported as unrestricted. Of the £11.7m funds held at the end of the reporting period, around £13m are theoretically committed, primarily in agreements to issue grants for apprentices and graduates, resulting in a technical calculation of £1.5m more commitment than reserve funds available.

The ECITB's reserves policy relates to total unrestricted reserves, rather than the theoretical calculation of available reserves after the deduction of commitments. This is because the contracts that ECITB has entered into in respect of commitments to issue grants for apprentices and graduates are liabilities contingent on ECITB's decision to pay the grant. It is at ECITB's discretion if and how much grant to pay in respect of these commitments.

No material amounts have been designated or otherwise committed at the end of the reporting period.

Investment policy and performance

The ECITB is required by section 17(5) of the Industrial Training Act 1982 to invest money in accordance with guidelines approved by the Secretary of State with responsibility for the ECITB.

The investment guidelines appear in the Financial Memorandum issued by the then Secretary of State for the Department for Business, Innovation and Skills, and in 'Managing Public Money' issued by HM Treasury. These permit investment in a range of high-quality interest-bearing instruments with investment in equities being precluded.

The management of investments is contracted to Cazenove Capital Management, which is required to operate within these guidelines.

Investment performance is measured against a benchmark, namely the FTSE UK Government Bond Fixed Up to 5 Year Index. In the period from 14th September 2004 (when the investment manager took over the portfolio) to 31st December 2023, the performance of the long-term portfolio, after the deduction of management fees, was 68.6% compared to the benchmark 65.5%.

The portfolio's annual return to 31st December 2023 was 3.9% (benchmark return 4.1%).

Auditors

The ECITB's external auditor is the Comptroller and Auditor General who is appointed under Section 8 of the Industrial Training Act 1982.

Remuneration report: unaudited information

Staff appointments

Most permanent employees of the ECITB are employed under open-ended contracts of employment, which may be terminated on one month's notice (subject to statutory increases in employees' entitlements to notice). The contracts of employment of senior managers may be terminated on three months' notice.

Six employees were engaged under fixed-term contracts of employment.

The ECITB and Unite (a trade union) have entered into a voluntary agreement. Under its terms, the union represents employees on a collective basis on specified matters. The ECITB meets periodically with representatives of the union to discuss matters such as the annual basic salary review, holidays, sick pay and pensions.

Staff sickness absence

The ECITB monitors levels of staff sickness absence. In 2023, the sickness absence rate was 2.7% (2022 – 1.5%), equivalent to 6.0 working days per employee (2022 – 3.4 working days).

Off-payroll arrangements

During the year, the ECITB had no 'off-payroll' engagements.

Remuneration report: audited information

Senior staff costs and pensions

Decisions on remuneration are delegated to the Remuneration and Nominations Committee, which determines general policy on remuneration and the individual remuneration package for the Chief Executive.

The contracts of employment of the directors are, in all material respects, in line with those of most other employees of the ECITB. The exceptions are a notice period of three months (six months' notice for the Chief Executive) rather than one month, and the entitlement to private medical insurance.

The directors are entitled to membership of the ITB Pension Funds, which is a contributory defined contribution scheme, on the same basis as other members of staff. Benefits mainly comprise employer pension contributions that are employee-matched plus 1% to a maximum of 9.5% employer contributions for all bandings. None of the directors are employed on a fixed-term contract.

The information comprising the remainder of the Remuneration Report has been audited.

Details of the individual remuneration packages and benefits for the directors are set out overleaf.

Benefits in kind represent private health insurance.

Year	Salary £'000	Pension benefit £'000	Benefits in kind (to nearest £100) £	Performance pay £'000	Total £'000	Date of appt/ (leave) to position
C J Claydon, Chief Executive						
2023	15-20 (155-160 FYE)	0-5	200	15-20	30-35 (170-175 FYE)	(07/02/2023)
2022	150-155	10-15	1,700	10-15	180-185	
A Brown, Chief Operating Officer						
2023	140-145	10-15	2,000	10-15	165-170	
2022	120-125	10-15	1,900	10-15	140-145	
R Blyth, Director of Finance and Business Services						
2023	115-120	10-15	1,000	10-15	135-140	
2022	105-110	5-10	1,000	5-10	125-130	
David Nash, Director of Strategy and Policy						
2023	105-110	5-10	1,300	10-15	130-135	
2022	100-105	5-10	1,200	5-10	115-120	
Matt Oates, Director of Operations						
2023	60-65 (105-110 FYE)	5-10	1,500	0	65-70 (115-120 FYE)	01/06/2023 (23/02/2024)
2022	0	0	0	0	0	
Andrew Hockey, Chief Executive						
2023	95-100 (165-70 FYE)	0-5	0	0	100-105 (170-175 FYE)	01/06/2023
2022	0	0	0	0	0	

Andy Brown was the Interim Chief Executive from 7 February 2023 to 4 July 2023 and received an acting up allowance until July and then from July received his new salary as COO. Andrew Hockey was appointed as Chief Executive on 1 June 2023. There was a handover period between 1 June and 4 July where both served concurrently and were paid according to their respective roles. However, Andrew Hockey did not become Accounting Officer until 5 July when Andy Brown stepped back from the Interim Chief Executive role.

Fair pay disclosures

Highest paid director ratios compared to the organisation's workforce:

Disclosure	2023			2022		
	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
Ratio	3.8:1	3.2:1	2.6:1	3.7:1	3.3:1	2.6:1

ECITB is required to disclose the relationship between the remuneration of its highest-paid director and the 25th percentile, median and 75th percentile remuneration of the organisation's workforce. The ratios are consistent year on year. In 2023 no employees received remuneration in excess of the highest-paid director (2022 - none).

Percentage change in remuneration of highest paid director	Salary and allowances	Performance pay and bonuses
The percentage change from the previous financial year in respect of the highest paid director	3.28%	40.00%
The average percentage change from the previous financial year in respect of employees of the entity, taken as a whole	4.44%	28.49%

The average salary and allowance increase for FTE employees in 2023 was 4.44% due to an across-the-board pay rise of 4.5% to basic salaries while allowances remained flat. The highest paid director received a £5,000 increased bonus in 2023 compared to 2022. The performance and pay in 2023 includes a one-off cost of living payment for all employees earning below £50.5k of £500.

Employees representing each quartile of pay.

Percentile	Total pay and benefits 2023 £'000	Total pay and benefits 2022 £'000	Salary 2023 £'000	Salary 2022 £'000
25th percentile	46	45	44	45
Median	54	51	52	51
75th percentile	67	65	66	64

Total pay and benefits year-on-year saw a slight increase due to the 4.5% pay rise awarded in 2023.

Full-time equivalent remuneration ranged from £24,000 to £171,000 (2022 from £21,000 to £165,000). Total remuneration includes salary, non-consolidated performance-related pay, benefits-in-kind plus severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

Staff numbers and costs are disclosed in notes 10 and 11 to the accounts.

Senior staff pension entitlements

Defined benefit pension

On 5th April 2016, the accrual of pension benefits in the Defined Benefits Section of ITB Pension Funds (ITB) ceased for all senior staff and other employees. From 6th April 2016, pension benefits accrued in the Defined Contribution Section of ITB. There is, therefore, no defined benefit increase to be reported in 2023 (2022 - Nil).

Defined contribution pension

Employer contributions paid into the Defined Contribution Pension Scheme on behalf of the Executive Team were as follows:

Name	Normal contribution 2023 £'000	Normal contribution 2022 £'000
C J Claydon	1	14
A Brown	12	11
R Blyth	10	10
David Nash	9	8
A Hockey	3	0
M Oates	5	0

Trustees' costs

In accordance with her appointment by the Secretary of State, the Chair of the Board is entitled to remuneration. During the year, the Chair, Ms L Armstrong, received a salary of £30,000 (2022 - £30,000). No other trustees received compensation for the performance of their duties in the year (2022: £0).

In 2023, 16 trustees (2022 – 12) incurred travel and subsistence expenses, which were reimbursed by the ECITB. In 2023, these expenses amounted to £29,414 (2022 - £25,177).

The ECITB does not provide pension benefits for any of the trustees.

Appendix A of this report contains a list of current trustees and former trustees who held office during 2023.

Trade union time – unaudited information

The ECITB is required to disclose the number of employees engaged in, and the amount of time spent on, union activities. These figures are disclosed below – these are not subject to audit.

Relevant union officials

Name	Full time equivalent number
Number of employees who were relevant union officials during the relevant period	1

Percentage of time spend on facility time

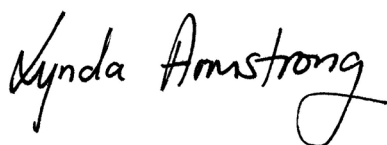
Percentage of time	Number of employees
0%	-
1-50%	1
51%-99%	-
100%	-

Percentage of pay bill spent on facility time	
Total cost of facility time £'000	1
Total pay bill £'000	6,288
Percentage of total pay bill spent on facility time	0

Paid trade union activities	
Time spent on paid trade union activities as a percentage of total paid facility time hours	-

Staff numbers by gender as at 31 December – unaudited information

Category	2023			2022		
	Female	Male	Total	Female	Male	Total
Directors	-	5	5	-	4	4
Other employees	47	45	92	34	47	81
Total	47	50	97	34	51	85



Lynda Armstrong OBE
Chair
[16 October 2024]



Andrew Hockey
Chief Executive and Accounting Officer
[16 October 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 Engineering Construction Industry Training Board for the year ended 31 December 2023, under the Industrial Training Act 1982 and the Charities Act 2011.

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

- The Balance Sheet as at 31 December 2023;
- Statement of Financial Activities for the year then ended;
- Statement of Cash Flows 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 Engineering Construction Industry Training Board's affairs as at 31 December 2023 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 Industrial Training Act 1982 and Secretary of State directions issued thereunder and in accordance with 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 and report.

Those standards require me and my staff to comply with the Financial Reporting Council's *Revised Ethical Standard 2019*. I am independent of the Engineering 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 Engineering 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 Engineering 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 Trustees 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 Report of the Trustees including the appendices, but does not include the financial statements and my auditor's certificate and report. The Trustees 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 Report of the Trustees 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 Engineering Construction Industry Training Board and its environment obtained in the course of the audit, I have not identified material misstatements in the Report of the Trustees. 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 Engineering 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 and the parts of the Report of the Trustees, subject to audit are not in agreement with the accounting records and returns; or

- certain disclosures of remuneration specified by the Industrial Training Act 1982 and Secretary of State directions issued thereunder and by the Charities Act 2011 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 Trustees and Accounting Officer for the financial statements

As explained more fully in the Statement of the ECITB's and the Accounting Officer's responsibilities, the Trustees 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 Engineering 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 Industrial Training Act 1982 and Secretary of State directions issued thereunder and in accordance with the Charities Act 2011;
- preparing the Report of the Trustees, which includes the Remuneration Report, in accordance with HM Treasury's Government Financial Reporting Manual; and
- assessing the Engineering 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 Trustees and the Accounting Officer either intends to liquidate the entity or to cease operations, or has 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 and Secretary of State directions issued thereunder, and section 144 of the Charities Act 2011.

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 Engineering Construction Industry Training Board's accounting policies and key performance indicators.
- inquired of management, Engineering Construction Industry Training Board's Internal Auditors and those charged with governance, including obtaining and reviewing supporting documentation relating to the Engineering 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 Engineering Construction Industry Training Board's controls relating to the Engineering Construction Industry Training Board's compliance with the Industrial Training Act 1982, Charities Act 2011, and Managing Public Money;
- inquired of management, Engineering Construction Industry Training Board's Internal Auditors 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 Engineering 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, bias in management estimates and within grant claims. 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 Engineering Construction Industry Training Board's framework of authority and other legal and regulatory frameworks in which the Engineering 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 Engineering Construction Industry Training Board. The key laws and regulations I considered in this context included the Industrial Training Act 1982, Charities Act 2011, Managing Public Money, employment law and tax legislation.

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 Trustees and internal audit reports;

- in addressing the risk of fraud through management override of controls, I tested the appropriateness of journal entries and other adjustments; assessed whether the judgements on estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- performed substantive testing covering the regularity assertion, including for grant expenditure where the risk of fraud or irregularity may be increased.

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

Comptroller and Auditor General

16 October 2024

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

Financial accounts for the year ended 31 December 2023

Statement of financial activities for the year ended 31 December 2023

The statement of financial activities reflects all gains and losses during the year to 31 December 2023. All activities are continuing. All funds are unrestricted.

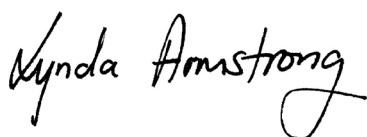
The notes on pages 43 to 63 form part of these financial statements.

Statement of financial activities	Notes	2023 £'000	2022 £'000
Income			
Income from other trading activities			
Income from investments	Note 4	1,161	367
Income from charitable activities			
Total non-levy income	Note 3	2,207	2,043
Levy	Note 2	29,725	26,251
Total income		33,093	28,661
Expenditure			
Expenditure on raising funds			
Investment management costs		24	16
Provisions for bad debts and against appealed levies	Note 5	30	82
Levy collection costs		283	276
Total costs of raising funds		337	374
Expenditure on charitable activities			
Total costs of charitable activities	Note 6	32,906	30,217
Total expenditure		33,243	30,591
Net gains / (losses) on investments	Note 15	13	(58)
Net income / (expenditure)		(137)	(1,988)
Other recognised gains / (losses)			
Gains / (losses) on revaluation of fixed assets	Note 13	-	-
Net movement in funds	Note 21	(137)	(1,988)
Reconciliation of funds			
Total funds brought forward at 1 January		11,884	13,872
Total funds carried forward at 31 December	Note 21	11,747	11,884

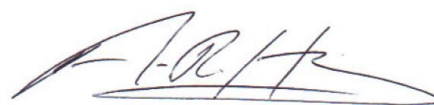
Balance sheet as at 31 December 2023

The accounts were approved by the Board on 17 October 2024.

Balance Sheet	Notes	2023 £'000	2022 £'000
Fixed assets			
Tangible assets	<i>Note 13</i>	183	223
Investments maturing in more than one year	<i>Note 15</i>	-	-
Total fixed assets		183	223
Current assets			
Debtors	<i>Note 16</i>	946	730
Investments maturing in less than one year	<i>Note 15</i>	-	882
Cash and cash equivalents and in hand	<i>Note 23</i>	14,914	14,296
Total current assets		15,860	15,908
Creditors			
Amounts falling due within one year	<i>Note 17</i>	(4,296)	(4,247)
Net current assets		11,564	11,661
Total assets less liabilities		11,747	11,884
The funds of the charity			
Unrestricted fund	<i>Note 21</i>	11,747	11,884
Total charity funds		11,747	11,884



Lynda Armstrong OBE
Chair
[16 October 2024]



Andrew Hockey
Chief Executive and Accounting Officer
[16 October 2024]

The notes on pages 43 to 63 form part of these financial statements.

Statement of cash flows for the year-ended 31 December 2023

There are no cash flows from financing activities.

Statement of cash flows	Notes	2023 £'000	2022 £'000
Cash flows from operating activities			
Net cash used in operating activities	<i>Note 22</i>	(1,354)	(4,734)
Cash flows from investing activities			
Investment income	<i>Note 4</i>	1,161	367
Purchase of property, plant and equipment		(84)	(81)
Proceeds from the sale of property, plant and equipment	<i>Note 13</i>	-	26
Proceeds from the sale of investments	<i>Note 15</i>	895	4,750
Purchase of investments	<i>Note 15</i>	-	-
Net cash provided by investing activities		1,972	5,062
Change in cash and cash equivalents in the reporting period	<i>Note 23</i>	618	328
Reconciliation of changes in cash, cash equivalents and in hand			
Balance at 1 January	<i>Note 23</i>	14,296	13,968
Change in cash and cash equivalents in the reporting period	<i>Note 23</i>	618	328
Balance at 31 December		14,914	14,296

The notes on pages 43 to 63 form part of these financial statements.

Notes forming part of the accounts for the year ended 31 December 2023

1 Accounting policies

Going concern

These accounts are prepared on a going concern basis. The use of the going concern basis of accounting is appropriate because there are no material uncertainties related to events or conditions that may cast significant doubt about the ability of the ECITB to continue as a going concern.

ECITB is established by statute and has a legal right and obligation to collect levy from qualifying employers. Consultation with employers confirmed their support for ECITB's mandate in this regard to be renewed up to and including 2026, which will give ECITB funds for continuing operation until the beginning of 2027. The passing of secondary legislation to enshrine this mandate was passed during 2023. During 2023 a formal central government review of the Industrial Training Boards took place. The strong employer mandate and current government support give no reason to expect the legislation not to be passed and for the ITB review to affect the presumption that the ECITB's accounts should be prepared on a going concern basis. In this context, whilst there is always some uncertainty around recommendations that might stem from an ITB review, if the review were to make recommendations that would materially affect the future of the ECITB, it is highly unlikely and impractical for changes to be mandated to take place within 12 months of the signing date of these accounts.

In terms of liquidity, ECITB holds £11.7m of reserves at the end of 2023 and levy income in the year has been assessed on what represents approximately 8% growth in underlying emoluments in the industry year on year. ECITB's going concern assumption would be threatened if more than half of the billed 2024 levy income were not collected in-year. However, if this were to be the case, training expenditure would be reduced as it is unlikely to be paid to employers who do not pay their 2024 levy demand. This scenario is extremely unlikely and is not deemed a strategic risk. However, the ECITB would mitigate it by adapting its charitable activities to match its financial resources such that it did not affect the going concern assumption.

In terms of ECITB's strategy and business plan, these were reviewed during 2022 and industry was consulted on them. With levy income higher in 2024 than in 2023 and the long-term requirements of engineering construction industry training expected to accelerate with the UK's energy transition, the review exercise reconfirmed much of the strategy and plan and that ECITB has the resources to meet both.

Accounting convention

These accounts have been prepared in accordance with the Industrial Training Act 1982 and the Charities SORP (FRS 102) ("the SORP"), adapted in 2019. An accounts direction issued by the Secretary of State requires that the ECITB prepares accounts in accordance with Treasury guidance. Consequently, these accounts follow the principles in the 2023/24 The HM Treasury Financial Reporting Manual (FReM) where it goes beyond the requirements of the SORP.

The accounts are prepared under the historical cost convention, as modified by the revaluation of Land and Buildings and Investments.

The ECITB is a public benefit entity.

Levy income

Levy income is recognised on an annual cycle in the year in which it is raised, together with adjustments in respect of previous levies raised. The levy receivable relating to the base period ended 5 April 2022 was raised in January 2023 and recognised as income in 2023.

Other categories of income

All income including sales, sponsorship and investment income is recognised on an accruals basis at the point it meets the SORP recognition criteria. Non-levy income is reported against the charitable activity to which it relates (see Note 3).

Investment management costs

Investment management costs are recognised on an accruals basis.

Charitable expenditure

Charitable expenditure includes all expenditure attributable to the charitable activity.

Grants payable

Grants are recognised as liabilities when the relevant training milestones and/ or grant conditions have been achieved or met.

Grants are recognised when all the evidence required has been submitted, at which point, such grants are recognised as grant creditors.

All grants are paid to employers when evidence of relevant training milestones and or grant conditions have been received. Such milestones and conditions are agreed with the employer prior to the commencement of the relevant training activity. Some grants are paid without the requirement for the employer to submit a claim. However, the ECITB requires employers to submit claims and evidence of training activity for regional discretionary grants and grants relating to some training courses (for example, post graduate or equivalent programmes, assessor verifier training and some technical training courses).

The ECITB only records accrued grants in respect of interim and commencement apprenticeships and graduate grants, when there is a high likelihood that the evidential requirements, confirming these grants should be paid, will be satisfied. Accruals are only made for other courses where evidence has been provided after the balance sheet date for training which took place prior to the balance sheet date and it has been agreed that the claim will be paid.

Grants are recorded against charitable activity in a manner that reflects the use of the resources.

Direct and support costs

Direct costs (Note 8) are all costs, including staff costs that are directly related and attributable to the pursuance of the organisation's charitable activity.

Support costs (Note 9) largely relate to the organisation's central functions. Included within support costs are governance costs.

Other assets

Apart from freehold property, fixed assets are stated at their historical cost, less accumulated depreciation.

Capitalisation

Fixed assets costing below £500 are not capitalised.

Depreciation

Depreciation on fixed assets is provided on cost or valuation, in equal annual instalments, by class of asset over the estimated lives of each class, from the date on which the assets are brought into use. The assets are depreciated over the following periods:

Furniture and equipment	10 years
Plant and machinery Other tools and equipment	3 years
Computer equipment and IT software	4 years

Investments

Investments are carried at market value. Realised and unrealised gains and losses are reflected in the statement of financial activities.

Cash and cash equivalents

Cash balances represent amounts held in banks. Cash equivalents represent amounts held by the investment portfolio manager. Cash equivalents are readily convertible to cash.

Debtors

Short-term debtors are measured at transaction price (which is usually the invoice price), less any impairment losses for bad and doubtful debts.

Debt provision

Debts are provided for on an individual basis when the ECITB considers that a debt may not be recoverable in full, or in part, in accordance with the terms of the relevant transaction. Full doubtful debt provisions are made in the following circumstances:

- When there is a strong possibility that a debt will not be recovered.
- When any debt is older than six months.

When a formal appeal against an assessment for industrial training levy is made by an employer a full provision in respect of the appealed levy is made in the accounts. This is because, in the ECITB's experience:

- Once litigation has commenced, neither the outcome of the appeal nor the probability of success can be predicted with certainty
- The legal process leading to a decision by the court invariably takes longer than six months, and a decision is not made until the ensuing financial period or even later.

The provision in respect of the appealed levy remains in place until such time as the litigation discontinues, either through the withdrawal of the relevant levy assessment(s) or appeal(s), a decision of the court or a settlement between the parties.

In the statement of financial activities the doubtful debts charge and provisions against appealed levies are treated as expenses within cost of generating funds.

Creditors

Short term creditors are measured at transaction price (which is usually the invoice price).

Pensions

The ECITB is a participating employer in the ITB Pension Funds, which is constituted a multi-employer defined benefit and contribution scheme. The Fund became a Master Trust during 2019. The Defined Benefit scheme comprises an Open Fund and Closed Fund.

It is not possible to identify separately the proportion of assets and funding level in these funds attributable to the ECITB. Therefore, in accordance with the provisions of FRS 102 relating to multi-employer schemes, the Open Fund and Closed Fund have been accounted for as a defined contribution scheme. In accordance with FRS 102, the ECITB recognises any liabilities in respect of its obligation to pay any deficit contributions to the ITB Pension Funds relating to members' accrued benefits in the Defined Benefit scheme.

Active ECITB members accrue pension benefits in the ITB Pension Fund's Defined Contribution Section. Pension contributions are charged to the statement of financial activities as incurred. Pension deficit contributions are recognised when the ECITB enters the obligation.

Corporation Tax

As a registered charity in England and Wales, the ECITB is exempt from Corporation Tax on its primary purpose activities. As a result, there is no Corporation Tax to pay.

Value Added Tax

The ECITB is registered for VAT. However, the ECITB is not able to recover VAT in full on most supplies of goods and services which it receives. Thus, all costs are shown inclusive of the irrecoverable element of VAT.

Fund

The ECITB's fund is available to the trustees to apply for the general purposes of the charity as governed by the Industrial Training Act 1982 (as amended) and related regulations. As such, the fund is unrestricted because the trustees are free to use it for any of the charity's purposes. Income generated from assets held in the fund is unrestricted income.

2. Levy receivable

Establishments	2023	2022
Number of establishments wholly or mainly engaged in engineering construction activities (leviable establishments)	298	298
Number of employers operating leviable establishments	276	280
Number of leviable establishments subject to payment of levy	235	233
Number of employers operating leviable establishments subject to payment of levy (levy-paying in-scope employers)	214	213
Number of leviable establishments exempt from payment of levy	63	65
Number of employers operating leviable establishments exempt from payment of levy (non-levy paying in-scope employers)	62	65
Levy receivable	2023 £'000	2022 £'000
Levy receivable	29,725	26,251

In 2023 no employers formally appealed levy assessments raised in the year (2022 - 0 employer).

3. Non levy income

Non levy income	2023 £'000	2022 £'000
From sales	2,207	2,043

Sources of sales income	Income stream	2023 income £'000	2022 income £'000
UK employers	ECITB Project Management Conference	5	3
	VQ registration and certification - Awards Qualifications & Technical	128	112
UK training providers	ECI Training & Development Awards event	51	47
	Apprentice certification	1	1
	Technical training and test licence fees and course and test income	484	453
	Supervisory and PMSC licence fees and training course income	48	46
	CCNSG licence fees and safety passport income	814	798
Overseas training providers	Apprenticeship Learner Income	230	196
	Technical training and test licence fees and course and test income	437	378
	IHSP licence fees and safety passport income	9	9
Total		2,207	2,043

No grant in aid is receivable by the ECITB.

4. Investment income

Investment income	2023 £'000	2022 £'000
Income from quoted investments	22	61
Income from cash deposits	1,139	306
Total	1,161	367

5. Charge/ (credit) for provisions for bad debts and against appealed levies

Charge/ (credit) for provisions for bad debts and against appealed levies	2023 £'000	2022 £'000
Levy bad debts due to insolvency or non-payment	3	21
Levy assessments under appeal / Debtor Write off	57	38
Reversal of previous year's levy bad debt provision	-	(9)
Trade bad debts	(30)	32
Total	30	82

6. Charitable activity

Charitable activities	2023 £'000	2022 £'000
Grant funding (note 7)	21,331	19,327
Direct costs (note 8)	7,753	7,518
Support costs (note 9)	3,822	3,372
Total	32,906	30,217

Notes 8 and 9 give the split of costs by category. Both direct costs and support costs above exclude any costs related to the collection of levy income.

7. Grant funding

Of the £21.3m of grants made to employers in 2023, grants amounting to £18.1m were paid to the employers in the following list. In many cases, grants have been awarded to more than one employer in the same group of companies. When this occurred, the grants paid to such employers have been aggregated in the following list, which identifies the 50 largest employers or employer groups in terms of grant values.

Employer	£	Employer	£
* Altrad Services Ltd	1,681,162	FieldCore Service Solutions International LLC	141,682
Bilfinger UK Ltd	1,628,977	Subsea 7 Ltd	137,395
Magnox Ltd	1,575,895	VWS Ltd	135,697
Sellafield Ltd	1,470,754	WSP UK Ltd	133,370
Wood Group UK Ltd	1,223,379	Trillium Flow Services UK Limited	108,530
Petrofac Facilities Management Ltd	1,079,523	Kent Energies UK Ltd	104,000
Jacobs UK Ltd	983,672	Boskalis Subsea Services Ltd	99,313
Worley Group UK Ltd	686,819	EJ Musk Process Services Ltd	93,280
* Stork Technical Services UK Ltd	682,080	Intelect Ltd	92,790
NNB Generation Company Ltd	528,253	Genesis Oil & Gas Consultants Ltd	91,401
Oceaneering International Services Ltd	440,495	Engenda Group Ltd	90,245
Cavendish Ltd	427,780	Global Energy Ltd	90,230
Siemens Energy Ltd - Controls & Digital	425,924	Blackrow Engineering CO. Ltd	80,540
MWH Treatment Ltd	322,896	C. & P. Engineering Services Ltd	76,189
Rainham Industrial Services Ltd	304,499	PJD Mechanical Engineering Ltd	75,873
Atkinsrealis UK Ltd	270,300	On Line Design & Engineering Ltd	75,570
Semco Maritime Ltd	265,942	Technip UK Ltd	72,700
BGEN Ltd	244,858	T.EN E&C Limited	72,666
Aker Solutions Ltd	243,805	Techno Engineering Ltd	70,070
Sparrows Offshore Services Ltd	242,750	EFAB Industrial Solutions Ltd	68,675
Fluor Ltd	209,322	Grayton Ltd	65,188
Ponticelli UK Ltd	201,680	Costain Oil Gas & Process Ltd	63,720
Dounreay Site Restoration Ltd	198,369	P.P.S Electrical Ltd	63,000
Nuvia Limited	167,280	Sub Total	18,096,851
Shepley Engineers Ltd	166,580	Other Grants	3,234,348
Applus UK Ltd	166,460	Total	21,331,199
MII Engineering Limited	155,273		

* A member of the Board of Trustees is employed by this employer or an associated company.

For comparative purposes the top 50 largest employers or employer groups in terms of grant values for 2022 were:

Employer	£	Employer	£
* Altrad Services Ltd	1,763,844	Shepley Engineers Ltd	111,260
Sellafield Ltd	1,507,730	On Line Design & Engineering Ltd	99,740
Bilfinger UK Ltd	1,214,266	EJ Musk Process Services Ltd	97,278
Wood Group UK Ltd	1,193,076	Technip UK Ltd	88,954
Magnox Ltd	1,013,165	Intellect Ltd	83,403
Petrofac Facilities Management Ltd	874,265	Atlantic Projects Company Limited	74,718
Jacobs UK Ltd	821,990	Techno Engineering Ltd	74,580
Worley Group UK Ltd	764,727	Peter J Douglas Engineering Ltd	72,915
Atkins Ltd	682,000	Blackrow Engineering CO. Ltd	72,380
Dounreay Site Restoration Ltd	639,056	FieldCore Service Solutions International LLC	69,205
NNB Generation Company Ltd	607,757	Kellogg Brown & Root Ltd	68,771
* Stork Technical Services UK Ltd	535,339	Costain Oil Gas & Process Ltd	66,040
Siemens Energy Ltd	414,966	East Midlands Instrument Company Ltd	63,320
Oceaneering International Services Ltd	397,063	VWS Ltd	63,135
Cavendish Ltd	356,057	Allied Protek Engineering Solutions Ltd	61,540
MWH Treatment Ltd	260,725	Aquaterra Energy Ltd	61,382
Semco Maritime Ltd	224,746	Ledwood Mechanical Engineering Ltd	61,210
BGEN Ltd	210,101	One-Dyas UK Ltd	57,570
Aker Solutions Ltd	188,190	Boskalis Subsea Services Ltd	57,258
Applus UK Ltd	181,905	C. & P. Engineering Services Ltd	52,260
Nuvia Limited	176,460	EFAB Industrial Solutions Ltd	51,400
Ponticelli UK Ltd	168,941	Wisbech Electrical Ltd	51,315
Subsea 7 Ltd	161,521	Hornbill Engineering Ltd	49,410
Fluor Ltd	157,930	Sub Total	16,548,571
MII Engineering Limited	148,443	Other Grants	2,778,834
WSP UK Ltd	139,790	Total	19,327,405
Trillium Flow Services UK Limited	135,474		

* A member of the Board of Trustees is employed by this employer or an associated company.

8. Direct costs

Direct costs comprise costs which have been directly incurred in fulfilling the charitable activity of the organisation.

Staff costs have been categorised as direct costs when the staff time can be clearly and accurately allocated to the charitable activity. For example, regional staff are exclusively engaged in the charitable activity, and their time devoted to each head of activity is recorded. Similarly, Product Development staff manage projects which fall under one or other charitable heading, and their costs have been allocated accordingly.

Other examples of direct costs include training provider costs, which have mostly been incurred in consideration of services provided by training providers in the training and assessment of apprentices. Product development costs largely relate to consultancy costs incurred in the development of training products and materials used in the re-skilling and skill enhancement of existing industry workers.

Depreciation relates to cars and equipment in the possession of staff who are clearly engaged in one or more charitable activities.

Other direct costs have been allocated to the cost types reflecting the activity in which the cost arose.

The proportions of direct costs allocated to charitable activity are as follows:

Activity	2023 total £'000	2022 total £'000
Apprentice allowances, travel and subsistence	431	649
Apprentice training and assessment costs	1,919	1,896
Apprenticeship recruitment costs	21	15
Awarding organisation administration	8	19
ECITB Active Cup	122	115
ECITB awarding body external verification	3	2
Professional, administrative and commission fees incurred in international commercial activities	206	117
Product development	48	125
(Profit) / loss on disposal of Fixed Assets	-	-
Regional costs	146	161
Safety Passport issue and administration	107	104
Staff costs (salary, NI and pensions) (Note 10)	3,930	3,667
Staff travel and subsistence	390	298
Talent retention solution services	-	6
Blending learning strategy	289	152
Connected Competence	133	192
Total	7,753	7,518

Charitable activity	2023 %	2022 %
Proportion of direct costs allocated to charitable activities	99	99
Proportion of direct costs allocated to levy collection costs	1	1
Total	100	100

Levy collection costs comprise staff costs directly responsible for levy collection (including salaries and expenses) and also costs in relation to debt collection and appeals.

These proportions have been used as the basis for allocating support costs to the charitable activity (see Notes 6 and 9).

9. Support costs

Support costs largely comprise the costs of central functions and governance which cannot be allocated to the charitable activity with the same degree of certainty as direct costs.

Function	Activity	2023 £'000	2022 £'000
Corporate Affairs	Policy, marketing and communications	272	206
Finance	Depreciation categorised as a support cost	65	113
	(Profit) / loss on disposal of fixed assets	11	2
Human Resources	Support staff costs (including salary, NI and pensions)	2,220	1,722
	Support staff travel and subsistence	113	157
	Agency costs	57	38
	Other professional fees	110	139
	Staff recruitment and training	16	45
Information Technology project costs		118	52
Information Technology and communications		611	566
Head office infrastructure (includes buildings and office consumables costs)		109	225
Governance		120	107
Total		3,822	3,372

Support costs are 13% higher than 2022.

The cost of the statutory audit for 2023 is included within governance costs. The quoted cost of the 2023 audit was £67k (2022 - £60k). No non-audit services were provided by the C&AG.

10. Staff costs

Staff costs	2023 £'000	2022 £'000
Salaries	5,368	4,723
Social security costs	584	541
Pension costs (standard contributions)	336	297
Agency costs	1	100
Other personnel costs	1	5
Termination Costs	14	-
Total	6,304	5,666

Staff costs include the salaries and other employment benefits received by senior staff and the Chair's salary (see remuneration report).

Salaries include gross salaries, performance-related pay or bonuses, overtime, and allowances (such as car and private or home office allowances) to the extent that they are subject to UK taxation.

The ECITB operates a performance-related incentive scheme in which all employees are eligible to participate (after completing initial periods of employment in their roles). In 2023, the total incentive award amounted to an average 5% of the total basic salary (2022 – 3.9%).

There were £14k of redundancy costs in 2023 (2022 - £nil).

11. Staff numbers

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

	Directly employed	Temporary	2023 number	2022 number
Total	89	0.6	89.6	80

Employees paid over £60,000 per annum including benefits in kind, excluding pension contributions	2023 number	2022 number
£60,001 - £70,000	11	9
£70,001 - £80,000	6	4
£80,001 - £90,000	-	4
£90,001 - £100,000	5	-
£100,001 - £110,000	2	-
£110,001 - £120,000	-	3
£120,001 - £130,000	2	-
£130,001 - £140,000	-	1
£140,001 - £150,000	1	-
£150,001 - £160,000	-	-
£160,001 - £170,000	-	1
Total	27	22

12. Industry training board pension funds

ECITB is a participating employer in the ITB Pension Fund Scheme, which has two sections. Firstly, a multi-employer defined benefit (DB) section (closed to future accrual 5 April 2016) and, secondly, a defined contribution (DC) section for all staff who joined after 1 April 2012.

Being a multi-employer scheme, FRS 102 states that the DB scheme must be accounted for as a DC scheme, as the proportion of assets and funding level attributable to ECITB cannot be separately identified.

THE TWO SECTIONS ARE:

1. The '2007 Section' was a defined benefits scheme for staff who joined before 5 April 2016. As at 5 April 2016, all current members of the DB scheme became deferred members of the Scheme and were transferred across to the 'DC Section' as at 6 April 2016, and the Scheme closed to future accrual. The most recent triennial valuation of the scheme was performed as at 31 March 2021.

The principal future assumptions used are as follows:

- Real rate of return (net of pension increases) would be -2.4% p.a.
 - Nominal rate of investment return on assets would be 0.85% p.a.
 - Rate of future pension increases for the 2007 section would be in line with Consumer Prices Index (CPI) changes (assumed to be 3.3% p.a.)
 - Rate of future pension increases for the new and 2007 sections would be in line with the Retail Prices Index (RPI) changes (assumed to be 3.3% p.a.)
2. The 'DC Section' is a defined contribution scheme for staff who joined on or after 1 April 2012. From 6 April 2016, employee and employer contribution rates changed as a result of the closure of the DB Section and staff now being part of the DC Section. The range for employee contributions is 4.5%–8.5%, and the employer contributions will match the employee contribution plus 1% but are capped at 9.5% (2017/18 9%).

The pension cost charge for 2023 was £336k (2022 £297k).

13. Tangible fixed assets

2023 Fixed assets	Freehold land & buildings £'000	Computer equipment £'000	IT software £'000	Furniture & equipment £'000	Total £'000
Cost or valuation					
At 1 January 2023	-	289	219	2	510
Additions	-	85	-	-	85
Disposals	-	(99)	(23)	(1)	(123)
At 31 December 2023	-	275	196	1	472
Depreciation					
At 1 January 2023	-	149	136	2	287
Charge for year	-	63	50	-	113
Disposals	-	(87)	(23)	(1)	(111)
At 31 December 2023	-	125	163	1	289
Net book value					
At 1 January 2023	-	140	83	-	223
At 31 December 2023	-	150	33	-	183

2022 Fixed assets	Freehold land & buildings £'000	Computer equipment £'000	IT software £'000	Furniture & equipment £'000	Total £'000
Cost or valuation					
At 1 January 2022	21	260	246	2	529
Adjustment to 2022	7	(1)	-	-	6
Additions	-	81	-	-	81
Disposals	(28)	(51)	(27)	-	(106)
At 31 December 2022	-	289	219	2	510
Depreciation					
At 1 January 2022	5	136	111	2	254
Adjustment to 2022	-	-	-	-	-
Charge for year	2	59	52	-	113
Disposals	(7)	(46)	(27)	-	(80)
At 31 December 2022	-	149	136	2	287
Net Book Value					
At 1 January 2022	16	124	135	-	275
At 31 December 2022	-	140	83	-	223

14. Capital commitments

At the end of 2023 there were no capital commitments (2022 - nil).

15. Investments

The full investment portfolio (listed and cash equivalent) is managed by Cazenove Capital Management, as delegated by the Trustees.

Investments	2023 £'000	2022 £'000
Listed investments		
Market value at 1 January	882	5,690
Purchases	-	-
Sales	(895)	(4,750)
Net gain / (Loss)	13	(58)
Market value at 31 December	-	882
Investments maturing in more than one year	-	-
Investments maturing in less than one year	-	882
Total market value of listed investments	-	882
Cash and cash equivalents and in hand		
Cash at bank and in hand	666	2,797
Cash equivalents	14,248	11,499
Total cash and cash equivalents and in hand	14,914	14,296

Details of material investments are as follows:

Material investments	2023 % value of portfolio	2022 % value of portfolio
Cash equivalent held by the investment portfolio manager	100.0%	92.9%
United Kingdom Treasury Stock 7.9.22 (1.75%)	0.0%	0.0%
Barclays Bank 12.1.22 (4.25%)	0.0%	0.0%
Friends Life 21.4.22 (8.25%)	0.0%	0.0%
European investment bank EIB 15.12.23 (.875%)	0.0%	3.9%
Coventry Building Society 13.11.23 (Variable%)	0.0%	3.2%

The cash equivalent investments are used to finance the day-to-day running of the ECITB.

16. Debtors

The majority of levy debtors are pre-2023 debts and are fully provided for.

Debtors	2023 £'000	2022 £'000
Levy debtors	302	298
Provision for bad levy debts	(302)	(298)
Net levy debtors	-	-
Non-levy debtors	300	353
Non-levy bad debt provision	(55)	(85)
Total non-levy debtors	245	268
Prepayments and accrued income	701	462
Total debtors	946	730

Balances with intra-governmental bodies	2023 £'000	2022 £'000
Local authorities	-	-
Balances with non-government bodies	946	730
Total	946	730

Debt provision	2023 £'000	2022 £'000
Opening provision against appealed levies and for bad debts	386	545
Levy bad debts due to insolvency or non-payment	3	21
Other bad debts	(30)	32
Reversal of bad debt provision	-	(212)
Closing provisions for bad debts and against appealed levies	359	386

During 2023 no Levy debt (2022- £203,156) was written off in the balance sheet.

17. Creditors

There were no creditors with amounts falling due after more than one year as at 31 December 2023 (2022 - £nil).

Creditors - amounts falling due within one year	2023 £'000	2022 £'000
Creditors	3,996	3,904
Accruals	268	337
Taxation	30	6
Deferred income	2	-
Total creditors falling due within one year	4,296	4,247
Creditors - amounts falling due after more than one year	2023 £'000	2023 £'000
Balances due after more than one year	-	-
Balances with intra-governmental bodies	2023 £'000	2022 £'000
Government bodies	829	620
Local authorities	1	13
Balances with non-government bodies	3,466	3,614
Total creditors	4,296	4,247

The balance with central government bodies at the 2023 year-end includes the sum of £565k in training grants payable to Sellafield Limited and Magnox Limited (2022 - £545k).

Income has been deferred for international services that have been paid on account.

Analysis of deferred income	2023 £'000	2022 £'000
Deferred income released from prior years	-	43
Income deferred in the current year	2	-

18. Financial instruments

Due to the largely non-trading nature of its activities and the requirements of the financial framework set by government, the ECITB is not exposed to the same degree of risk faced by other business entities. Moreover, financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which the financial standard mainly applies.

The ECITB has very limited powers to borrow or invest surplus funds, and financial assets and liabilities are generated by day-to-day operational activities and are not considered to change the risks the organisation faces in undertaking its activities. The ECITB does not hold any embedded derivatives.

Financial assets by category	Notes	2023 £'000	2022 £'000
Investments	Note 15	-	882
Debtors	Note 16	946	730
Cash and Cash Equivalents	Note 23	14,914	14,296
Financial liabilities by category			
Creditors	Note 17	4,296	4,247

Cash and debtors are classified as loans and receivables. Creditors are classified as financial liabilities and investments are classified as fair value through the statement of financial activities.

Investment risk

The ECITB's investment portfolio is invested in accordance with rules approved by the Secretary of State. These only permit investment in a range of high-quality fixed interest-bearing instruments.

Investment in equities is not permitted. The investment portfolio is managed by Cazenove Capital Management, which adheres to these rules.

Interest rate risk

The ECITB has limited exposure to interest rate risk on its financial assets. The risk relates to interest rate fluctuations, which affect its bank accounts. Such fluctuations also affect bond market yields and consequently affect its investment portfolio.

Credit and liquidity risks

The ECITB does not hold any complex financial instruments. The only financial instruments included in the accounts are cash, short-term investments, debtors and creditors (see Notes 15, 16 and 17). Levy, governmental and trade debtors are recognised at fair value less a provision for impairment (bad debts). The fair value equals the carrying value. Bad and doubtful debts are provided for on an individual basis when the ECITB considers that a debt may not be collectable in full, or in part, in accordance with the terms of the relevant transaction.

The organisation has no borrowings and relies primarily on the industrial training levy for its cash requirements. ECITB's principal exposure to risk is primarily attributable to levy debtors. However, this risk is minimised by the ECITB's relationships with most major levy debtors, which includes appropriate due diligence when raising levies and ongoing discussions around training needs, and therefore identifies credit risk issues early on.

The organisation holds reserves, which are sufficient to cover the cost of closing ECITB (ie office close down and redundancies and a fund for legal costs) plus a fund to pay a portion of the outstanding commitments on new entrant (apprenticeship and graduate) contracts. Consequently, the ECITB is not exposed to material liquidity risks.

Foreign currency rate risk

The ECITB trades with parties based overseas (principally training providers). However, in contractual arrangements with such parties, payment of the full consideration to the ECITB must be made in sterling, net of foreign withholding taxes and transaction costs.

All other assets are held in sterling, with the result that there is no exchange risk.

Accordingly, it is not considered that the ECITB is exposed to a material foreign currency rate risk.

19. Financial commitments

Financial commitments at 31 December 2023 are estimated to amount to £13,046k (2022 - £12,706k). These comprise the value of outstanding payments which the ECITB has committed to pay to various parties involved in the training of apprentices and pre-apprentice qualifications. The parties to which such commitments have been made are training providers, industry employers and apprentices. These commitments are contracted for, but not provided in the accounts. The commitments have been categorised by the years in which the apprentice "cohorts" commenced their apprenticeships.

Apprentice cohort	2023 £'000	2022 £'000
2014	-	3
2015	-	-
2016	3	5
2017	39	71
2018	84	262
2019	341	962
2020	554	793
2021	884	3,517
2022	3,893	7,093
2023	7,248	-
Total	13,046	12,706

The commitments in respect of all the cohorts have reduced as a consequence of the progression or completion of apprenticeships during the year. The year-end commitments in respect of these cohorts reflect the reduced numbers still in the process of completing their programmes.

The commitments relating to the 2023 cohort were made upon the commencement of the relevant learners' programmes, and by the year-end grant and programme costs only in respect of the initial months of training had been discharged.

Other financial commitments arising from contracts made with other service providers are not material.

20. Operating leases and commitments

Operating leases and commitments	2023 £'000	2022 £'000
Within 1 year	19	13
Between 2-5 years	6	13
After 5 years	-	-
Total	25	26

The above relates to the occupation of Office Suite Kings House, Kings House Business Centre, Station Road, Kings Langley, Hertfordshire, WD4 8LZ.

The Kings House office is a small, single room to which no alterations have been made. General upkeep is the responsibility of the building owner, therefore, no dilapidations provision is deemed necessary.

21. Unrestricted fund

Unrestricted fund	At 1 January 2023 £'000	Incoming resources £'000	Outgoing resources £'000	Other recognised gains/ losses	As at 31 December 2023
Total unrestricted funds	11,884	33,093	(33,243)	13	11,747

Unrestricted fund	At 1 January 2022 £'000	Incoming resources £'000	Outgoing resources £'000	Other recognised gains/ losses	As at 31 December 2022
Total unrestricted funds	13,872	28,661	(30,591)	(58)	11,884

22. Reconciliation of net income / (expenditure) to net cash flow from operating activities

Reconciliation of net income / (expenditure) to net cash flow from operating activities	Notes	2023 £'000	2022 £'000
Net outgoing resources	SOFA	(137)	(1,988)
Depreciation	Note 13	113	106
(Gains) / losses on investments	Note 15	(13)	58
Investment income	Note 4	(1,161)	(367)
Loss on disposal of fixed assets	Note 8 & 9	11	1
Increase in debtors	Note 16	(216)	(271)
Increase / (decrease) in creditors	Note 17	49	(2,273)
Net cash outflow from operating activities		(1,354)	(4,734)

23. Analysis of changes in cash equivalent

Analysis of changes in cash and cash equivalents	At 1 Jan 2023 £'000	Cashflows £'000	At 31 Dec 2023 £'000
Cash at bank and in hand	2,797	(2,131)	666
Cash held by investment portfolio manager	11,499	2,749	14,248
Total	14,296	618	14,914

All cash is held in commercial banks or financial institutions.

24. Losses and special payments

During the year, no special payments were made and there were no reportable losses over £300,000.

25. Contingent liabilities

There are no contingent liabilities at the balance sheet date. (2022 – No contingent liabilities.)

26. Related party transactions

Some members of the Board of Trustees also hold positions with and/or are employees of organisations with which the ECITB has transacted during the year, or also hold positions with and/or are employees of associated organisations. Details of such positions and employments are declared in the Register of Interests of Trustees, which appears in Appendix C of this report.

For the purposes of this note, such organisations are referred to as “related parties”.

All of the transactions were under normal terms and carried out at arm’s length.

The transactions in the following table comprised the receipt of levy and income from the sale of training services. The sale of services arises from licences granted to the related parties by the ECITB relating to the use of training materials and includes licence fees and the sale of CCNSG Safety Passports. The total sums involved were:

Transactions with related parties under which funds were paid to the ECITB	2023 £'000	2022 £'000
Levy paid to ECITB	3,836	6,403
Sale of training services by ECITB	110	93
Total	3,946	6,496

The amount owed to ECITB by related parties at the balance sheet date is £14k (2022: £26k). The transactions in the following table comprise the payment of grants, the award of qualifications and the procurement of training and assessment services. The total sums involved were:

Transactions with related parties under which payments or value flowed to the related parties	2023 £'000	2022 £'000
Payment of grants	2,391	4,340
Purchase of training and assessment services by ECITB	52	133
Total	2,443	4,473

The amount owed by ECITB to related parties at the balance sheet date is £484k (2022 - £699k).

During 2023 Mark Riley was Chair of the CCNSG Committee and appointed as a Trustee of the ECITB. Mark and his employer, Phillips 66, are working in partnership with the CATCH training facility which was awarded a £300k grant by ECITB to expand its training provision towards the end of 2023 and beginning of 2024. The grant is expected to be paid in full in 2024.

In addition, the ECITB has had various material transactions with other government departments and other central government bodies. Most of these transactions have been with HM Revenue & Customs.

During the year, no key manager, employee or other related party has undertaken any material transactions with ECITB. The remuneration arrangements with members of the ECITB's Executive Team are set out in the remuneration report.

27. Post year-end events

The financial statements were authorised for issue on the date of certification by the Comptroller & Auditor General.

No events have occurred since the balance sheet date that affect the reader's understanding of the financial statements.

Organisational details

The ECITB's Directors

Chief Executive Officer: Andrew Hockey

Chief Operating Officer: Andy Brown

Director of Finance and Business Services: Rory Blyth

Director of Strategy and Policy: David Nash

Complaints

Any complaint concerning conduct of the ECITB should be addressed in the first instance to the Strategy and Policy team at complaints@ecitb.org.uk

Head office and principal address

Office F15
Kings House Business Centre
Home Park Estate
Station Road
Kings Langley
Hertfordshire
WD4 8LZ

Charity registration details

Registered as a charity in England and Wales with The Charity Commission No 264506.

Auditors

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

Bankers

Barclays Bank Plc
22-24 Upper Marlborough Road
St Albans
Herts
AL1 3AL

Appendices - unaudited

Appendix A:

This Appendix shows:

- The members of the ECITB's Board of Trustees during 2023 and at 1 May 2024;
- Changes in membership since 1st January 2023; and
- Meeting attendance records during 2023.

Board

Name	Changes during 2023 and to date	2023 meeting attendance record
Ms L Armstrong		6 of 6
Mr S Hicks		6 of 6
Ms H Hill		6 of 6
Prof J Howe		6 of 6
Mr D Vineall		2 of 6
Mr C Gilmour		4 of 6
Mr P Somers		4 of 6
Ms J Cooper	Resigned February 2023	1 of 1
Mr D Gear		6 of 6
Mr S Hunt		5 of 6
Mr M Fotheringham		0 of 1
Mr M Riley		1 of 1
Mr R Law		0 of 1
Mr P de Leeuw		1 of 1
Mr A Colquhoun		1 of 1
Mr H Higgs		1 of 1

Appendix B

This Appendix shows:

- The members of the Board's committees during 2023 and at 1 May 2024;
- Changes in membership since 1st January 2023; and
- Meeting attendance records during 2023.

Council

Name	Changes during 2023 and to date	2023 meeting attendance record
Mr S Blackman		2 of 3
Mr P Bunyan		1 of 3
Mr C Gammie	Resigned July 2023	0 of 2
Mr A Mitchell		2 of 3
Ms T Shelley		3 of 3
Ms A Thom		3 of 3
Mr P Ventre		3 of 3
Mr M Arnold		2 of 3
Mr A Riley		2 of 3
Mr I Guy		2 of 3
Mr M Stanton		2 of 3
Ms C Childs		0 of 3
Mr C Weldon	New Unite Rep joined after 02/23 Meeting	0 of 1
Mr J Poulter	Replaced C Weldon	1 of 3
Mr J Webster		2 of 3
Mr S Hunt		2 of 3
Mr S Hamilton		3 of 3
Mr G Mulvany	Appointed August 2023	2 of 2
Ms C Odili	Appointed October 2023	2 of 2
Mr J Gibson	New Unite Rep joined after 02/23 Meeting	0 of 1
Mr J Simpson	Replaced J Gibson	2 of 3
Mr J White	Appointed August 2023	1 of 2

Audit & Risk Committee

Name	Changes during 2023 and to date	2023 meeting attendance record
Ms H Hill		4 of 4
Mr C Tall		2 of 4
Mr I Maybrey	Resigned May 2023	2 of 4
Mr B Bhakri	Appointed June 2023	2 of 4
Mr R Watkinson	Appointed June 2023	2 of 4

Qualifications and Awards Committee

Name	Changes during 2023 and to date	2023 meeting attendance record
Mr R Clarke		2 of 3
Mr R Davies		2 of 3
Mr T Stone		2 of 3
Mr D Whitehouse		3 of 3
Prof J Howe (Chair)		2 of 3

Client Contractor National Safety Group (CCNSG)

Name	Changes during 2023 and to date	2023 meeting attendance record
Mr R Clarke		3 of 4
Mr R Miguel		2 of 4
Mr M Riley (Chair)		4 of 4
Mr D White	Resigned February 2023	0 of 4
Mr R Davies		2 of 4
Mr M Ellis		2 of 4
Mr J Murray	Resigned February 2023	0 of 4
Ms E McMullen		4 of 4
Ms C Grainger	Appointed February 2023 resigned August 2023	2 of 2
Ms C Price	Appointed August 2023 (replacing C Grainger)	1 of 2
Mr M Poole		4 of 4
Mr K Robbins	Appointed October 2023	2 of 2
Mr D Boden-Hook	Appointed October 2023	2 of 2
Mr M Lowe	Appointed October 2023	1 of 2

Appendix C

Trustees are appointed by the Secretary of State because of their positions in the industry. The following Board members (who are serving as charitable trustees at 1 May 2024 or who have stepped down since 1 January 2023) have declared the following other interests:

Member	Declared Interest
Mrs L Armstrong	President Shell Pensioner's Association Trustee of Wells Almshouses Fellow Energy Institute Shell Alumni Network
Mr S Hicks	Evero Energy Group and its subsidiaries Member – IET Purple Forge Ltd
Ms H Hill	Head of Hydrogen Strategy, Strategy, Economics, Research and Net Zero (SERN), Ofgem Member of the IMechE
Prof J Howe	University of Lincoln Board Member – COGENT Member: Humber Energy Board
Mr D Vineall	Group Chief People Officer - Nuclear Decommissioning Authority
Mr P Somers	Altrad Services Ltd
Mr S Hunt	Regional Director – Stork UK
Mr C Gilmour	Employee of Crown House Technologies Fellow of the Institution of Mechanical Engineers (FIMechE) Crown House Technologies are part of the Laing O'Rourke group which is in Scope to the CITB
Ms J Cooper	Director of Offshore Wind, Renewable UK Previously employed by Orsted UK Member - Institute of Mechanical Engineers
Mr D Gear	Founder and Director of Voar Energy Ltd Founder and Shareholder at Norn Ltd Board Member of Lerwick Port Authority ExCom Member, Shetland Net Zero Energy Forum 36% Ownership of Voar Energy Ltd 9% Ownership of Norn Ltd
Ms H Higgs	EDF NNB Head of Construction Workforce Capability Non-Executive Director of South West Local Enterprise Partnership (voluntary and on behalf of EDF) Co-Chair Nuclear Strategy Group (on behalf of EDF and due to rotate to others in Q1 2023) Chartered Fellow CIPD Chartered Fellow CIM (Chartered Institute of Marketing) Director OM Marketing (OMM) Ltd, unlisted small company
Mr A Colquhoun	EVP Operations for Altrad UK, Ireland & Nordics Board Member Local Foodbank (Renfrewshire)

Member	Declared Interest
Mr M Fotheringham	Technical Director, Infinity Energy Engineering Limited 'Infinity' Trustee and Board Member, North East Scotland College (NESCol) Chartered Engineer Chartered Project Professional Fellow, Association for Project Management Member Institute of Measurement & Control
Mr M Riley	Project Controls Lead, Phillips 66 Limited Chair of the ECITB CCNSG Committee (Stood down in February 2024) P66 is sponsoring the Humber Skills Plan and CATCH 2.0 Expansion Project and M Riley is the Industry Project Lead for the Sponsorship
Mr P de Leeuw	Director Robert of Gordon University Energy Transition Institute National Energy Skills Accelerator (NESA) – Chair International School of Aberdeen – Board member Government and industry – Advisor Media - commentator Spouse – Chair of Scottish Water Leeuw & Co Ltd – Director Robert Gordon University is liable for the apprenticeship levy General Robert Gordon University activities involvement with Graduate Apprenticeship programmes Offshore Energy workforce forecasting
Mr R Law	Current appointment – Director at Technica Limited – No financial interest. Joint Owner, 'Ferndale Technical Solutions Limited' Statutory Director of Technica Limited Statutory Director of Ferndale Technical Solutions Limited Chartered Member of the IET Technica Limited is 'in scope' organisation and pays the industrial levy



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Accounts



Engineering Construction Industry Training Board

Report of the trustees and accounts for the year ended 31 December 2022

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Contents

<u>Chair's introduction</u>	04
<u>Chief Executive's review</u>	05
<u>About the ECITB</u>	07
<u>Strategic report and performance review 2022</u>	08
<u>Sustainability</u>	13
<u>Commercial activities 2022</u>	14
<u>Looking ahead 2023</u>	14
<u>2022 governance statement</u>	15
<u>Financial report</u>	22
<u>Results for the year</u>	23
<u>Remuneration report</u>	27
<u>The certificate and report of the Comptroller and Auditor General to the Houses of Parliament and the Scottish Parliament</u>	32
<u>Financial accounts for the year ended 31 December 2022</u>	37
<u>Notes forming part of the accounts for the year ended 31 December 2022</u>	40
<u>Organisational details</u>	60
<u>Appendices</u>	61

Chair's introduction

Welcome to the ECITB's Report of the trustees and accounts for 2022. The ECITB ended the year on a high with the confirmation of our strongest levy consultation result in memory.

Eighty-five percent of levy payers, representing 97% of levy paid, voted in favour of our proposals to maintain the current levy rates for the period 2023-25. The Board's decision to hold the rates (at 1.2% for site-based workers and 0.33% for other/off-site workers) reflected its desire to strike the right balance between effectively resourcing support for training and the fragile operating environment that continues to affect many engineering construction companies.

The levy consensus result is a clear vote of confidence in the ECITB. It gives us a strong mandate to implement our plans to support industry and the workforce over the coming three years.

We published our strategy for 2023-25 in the summer of 2022, following extensive consultation with industry and government partners. The strategy seeks to tackle major challenges facing the industry head on, not least the ever-increasing demand for skilled workers, both now and in the future, as engineering construction project activity ramps up. In particular, projects tackling the transition to Net Zero will move from the design phase into construction in the next few years, placing more pressure on the labour market.

Addressing skills shortages is a central component of the strategy and the Board has committed to spending up to 48% of grant expenditure on new entrant programmes over the next strategic period, including apprenticeships, scholarships and careers promotion. We will also continue to support the UK Government's priorities for skills and technical education as set out in our annual Ministerial priorities letter, as well as the skills policies of the devolved governments in Scotland and Wales.

2023 promises to be another successful year for the organisation as we turn to the delivery of the new strategy. In addition to growing the new entrant pool, we will focus on a number of initiatives ranging from enhancing our labour market intelligence capabilities and developing a common competence assurance framework to expanding our blended learning offer to industry. We will also build on our work to identify Net Zero skills needs and equip the workforce with the training they need to navigate the energy transition.

At the end of 2022, Chris Claydon announced his departure as Chief Executive. I am truly grateful for all the hard work Chris has put in over his seven-year tenure at the helm and he leaves the organisation in excellent health. Andy Brown takes over as Interim CEO while we recruit a permanent successor. I am confident that he will successfully guide the organisation as we commence delivery of the new strategy and navigate the UK Government's ITB Review, scheduled for 2023.

As ever, there is much to do. However, the ECITB is in a better position than ever to lead the skills agenda on behalf of our industry and deliver its training needs.



Lynda Armstrong OBE
Chair

Chief Executive's review

I am delighted to take over as Interim CEO of the ECITB and look back at 2022 with a strong feeling of pride and accomplishment. The levy consultation result, and strong industry buy-in to our new strategy, demonstrate the industry's collective recognition in the importance of investing in skills for the future and unequivocal support for the ECITB and our plans. This places us in an excellent position to continue to engage with the industry and other partners as we deliver against this renewed mandate.

Our new strategy will support growth in the engineering construction industry by helping employers to recruit a more diverse workforce and training and certifying them against industry standards. This will help tackle the forecasted labour shortages and skills gaps. Our new business plan, which accompanies the new strategy, sets out our objectives and detailed plans for the next three years.

In addition to securing the levy consensus, the ECITB achieved significant results in 2022. We invested more than £22m in industry training, targeting support for both existing workers and new entrants alike. The latter is vital to the future-skills pipeline. Last year we supported more than 2,000 apprentices, including 820 new starts, which was 30% more than our planned target for the year.

We also continued to progress our scholarship programme with a further 100 scholars on the programme in 2022. This covered a broader geographic spread of providers, including for the first time, learners in the Shetland Islands. Crucially we managed to leverage more than £100k of external funding to support the delivery of the scholarship programme - a clear example of ECITB yielding value for money and helping to make levy funds go as far as possible.

How the ECITB invests the levy is strongly informed by reliable labour market intelligence. At the start of 2022, we published the final reports of our workforce census, conducted in 2021, which mapped data for more than 45,000 workers across 1,360 industrial sites in the UK and offshore. This intelligence has helped to identify occupational shortages and inform the work of the UK Government's Infrastructure and Projects Authority. It is vital we keep an up-to-date picture of the workforce and will therefore be repeating this exercise in 2024.

As the skills standards body, the ECITB plays a leading role in assuring workforce competence. A key part of this role is ensuring training standards and qualifications are employer-led and meet industry needs. This is critical to improving competency levels against a standard which supports cost-effective assurance and helps drive productivity. Last year, we reviewed 24 national occupational standards and training standard suites, including key disciplines such as electrical installation and non-destructive testing. We also launched new products in response to technological changes in industry – this includes piloting the ECITB's drone operating standard in 2022 with an advanced course to follow next year.

In addition, we delivered more than 4,500 technical tests in 2022 as part of the Connected Competence programme, and at the turn of the year, were well positioned to secure the support of several offshore operators for the Connected Competence Client Charter. Our work with the Scottish Government and OPITO to develop the Energy Skills Passport is aimed at securing common recognition of skills to facilitate greater workforce mobility between projects and sectors – an area of key focus as part of the energy transition.

The ECITB further enhanced its support for the acquisition of vital skills for Net Zero in 2022. We continued to grant support learners on our Energy Transition Leadership Programme at the University of Strathclyde and our Energy Transfer Technician Scholarship, including the creation of a wind turbine technician pathway.

Collaboration with organisations including the Industrial Decarbonisation Research and Innovation Centre and the Carbon Capture Storage Association, as well as engagement with clients and contractors involved in the Industrial Clusters, has increased significantly.

Engagement with government partners has also continued to go from strength to strength. We secured representation on a number of high-level government groups, including the UK Government's Green Jobs Delivery Group and the Construction Skills Delivery Group. We also inputted into the Scottish Government's Modern Apprenticeship Review and the Welsh Government's Net Zero Skills Plan. This work is vital to ensure government policies and strategies reflect the needs of the engineering construction industry, and that we collaborate effectively to drive skills delivery for major infrastructure projects. This strategic engagement with governments, trade associations and client organisations means we are in a strong position to make effective skills interventions once contracts start to be let.

Finally, we made important progress in our efforts to champion diversity and inclusion (D&I) in the ECI in 2022. This work is truly vital if the industry is to secure future talent and benefit from the innovation brought by recruiting a diverse talent pool. In 2022, we supported nearly 1,000 learners to undertake D&I training. Next year we will invest further resource in this area as we develop and implement our D&I action plan.

In 2023, our focus will be to deliver the new ECITB strategy, ensuring that industry and learners acquire the skills they need. This will need a collaborative effort with our partners and I look forward to working with all our stakeholders and customers as we implement our plans.



Andy Brown
Interim Chief Executive

About the ECITB

Established in 1991, the ECITB was formed in recognition of the engineering construction industry's vital role in the UK economy, and the requirement for a statutory body to meet the special training needs of the industry. This industry is characterised by a highly mobile labour force and where there are few incentives for individual employers to train.

The engineering construction industry (ECI) delivers and maintains the nation's critical energy infrastructure, including the oil and gas, nuclear and renewables sectors, alongside major process industries, such as chemicals, pharmaceuticals, food processing, water and waste treatment. The ECITB is the skills, standards and qualifications body with statutory responsibility for the development of the engineering construction workforce in Great Britain. It works closely with employers and governments to attract, develop and qualify engineering construction personnel in a wide range of craft, technical and professional skills and disciplines.

The ECITB's vision is to be the leading industry authority on engineering construction skills, working in partnership with business and government to deliver a highly skilled workforce and offering value by enabling industry to compete globally. This means constantly evaluating and improving our focus, our operations, our relationships and our governance.

Charitable activity

The ECITB is a registered charity in England (Registered Charity No. 264506), with one charitable object - to make provision for training persons for employment in the activities of the engineering construction industry. In pursuit of this object, the organisation provides grants for training and assessment, graduates and apprentices. The ECITB develops its own standards, assures the quality of training centres and carries out focussed research to inform reports and bulletins on skills in the industry.

ECITB Mission:

“The ECITB’s mission is to lead the industry in training and developing a highly-skilled workforce.”

Strategic report and performance review 2022

Operating environment

The shift in global geopolitics in 2022 highlighted the importance of establishing long-term energy security, while still committing to the national target of net zero by 2050 (2045 in Scotland). The drive across the UK economy – and more broadly throughout Europe – to establish domestic energy security, has created a growing demand for new investments in renewable energy sources, decarbonisation technologies and nuclear power generation whilst underlining the importance of domestic oil and gas in the immediate term.

The activity at Hinkley Point C (HPC) has continued apace, with the site workforce approaching 10,000 by the end of 2022 and the engineering construction phase now starting. Preparation work to develop skills pathways for Sizewell C has been underway, building on the experience at HPC. Nuclear decommissioning at Sellafield and Dounreay continues, with work on some EDF sites expected to commence in 2023. On the United Kingdom Continental Shelf (UKCS) the offshore oil and gas sector has seen a resurgence, driven by the increase in energy prices globally. The growth in decommissioning also continued with the North Sea Transition Authority predicting a £20 billion project pipeline over the next decade. The Scotwind leasing round in Jan 2022 awarded rights for 25GW potential capacity.

The level of investment in current and future renewable energy projects over the next 10-15 years is now almost twice that of nuclear projects and four times that of oil and gas. With multiple significant carbon capture, hydrogen and fixed offshore wind projects in the design or planning stage, and floating offshore wind projects under discussion, the scale and number of upcoming projects are daunting. It is clear that the current workforce is unable to meet this demand. Workforce pressure has also been evident in 2022 across core engineering construction projects in existing processing sectors, with examples of asset maintenance work being de-scoped due to a lack of labour availability.

Growth prospects are based on new technologies, or technologies that have not previously been deployed at the scale now required. A coherent and innovative skills approach is vital to minimise pressures on the engineering construction workforce, at a time when there is a labour shortage across the industry and its allied sectors. Whilst energy transition provides the industry with an unprecedented opportunity to reinvent itself and diversify recruitment pathways, there remains a real risk that the jobs required for decarbonisation projects will not be filled.

The number of apprenticeship starts across engineering and manufacturing technologies has halved over the last five years. However, those apprenticeship standards that form the backbone of a reliable workforce in engineering construction – mainly at levels 2 and 3 – have maintained their intakes over the same period. The engineering construction industry benefits from a solid training base and this foundation now needs to be built upon with flexible entry pathways that create routes open to larger numbers of new entrants from a broader cross-section of society.

Objectives and achievements in 2022

2022 was the final year of the three-year strategy, Leading Industry Learning 2020-22. Developed in close consultation with industry and other stakeholders, the strategy was endorsed at the 2019 levy consultation. It was accompanied by a three-year business plan which set out delivery plans to achieve the strategic objectives, alongside performance indicators to measure progress.

Throughout 2022 the ECITB delivered a suite of programmes and activities to support industry alongside engaging in extensive consultation to inform the development of the new 2023-25 strategy.

Key deliverables in 2022

- Maintaining the pipeline of new entrants, through investing in excess of £22m in training, which included support for more than 2,000 apprentices across a variety of apprenticeship programmes and more than 250 graduate new entrants and 100 new learners supported on ECITB scholarships. A total of 300 learners have started a scholarship since 2020 and the ECITB attracted more than £100k in external funding in 2022 to support that delivery.
- Continuing to champion the recognition of qualifications and skills to enable skills transferability. In 2022 the ECITB delivered more than 4,500 technical tests under the Connected Competence programme and has trialled site-based assessment. This is a key enabler to unlock the value of a standardised base level of competence for key occupations which will allow the ECI workforce to transition across different sectors more easily. The ECITB has also been an active participant in the Energy Skills Alliance, particularly in the work to develop a common Energy Safety Passport for site access, an ambition which Connected Competence can underpin.
- Accelerating the transition to Net Zero by supporting learners on the Energy Transition Leadership Programme at the University of Strathclyde and the Energy Transfer Technician Scholarship. We have continued our skills mapping, focusing on the occupational requirements of the hydrogen value chain. Our engagement with clients and contractors involved in the Industrial Clusters, particularly the two Track 1 Clusters, has increased significantly. The ECITB has also been an active member of the government's Green Jobs Delivery Group and worked as a key skills partner with the Industrial Decarbonisation Innovation & Research Centre and the Carbon Capture & Storage Association.
- Providing comprehensive insights into the supply and demand of the ECI workforce. In 2022 we completed the publication of the ECITB's 2021 Workforce Census. Three sectoral deep dives and a regional analysis now supplement the overview analysis to complete the suite of five reports. The data has been cited externally and underpins our engagement with government and the development and targeting of ECITB programmes and grant funding across different geographical regions. We have also conducted detailed analysis of demand data sources to inform the development of the new 2023-25 strategy and have commissioned a workforce planning model which is now under development.
- Establishing a blended learning platform for delivering a wide range of online learning and development. This platform has been used in 2022 to deliver digital safety passport material to ECITB scholarship learners. Preparation work is well advanced to deliver a curated learning journey to ECITB learners on other programmes and to provide tailored employer 'academies' through the platform.

The following table provides an overview of ECITB's progress in meeting the three-year business plan objectives that form the basis of the existing, Leading Industry Learning strategy 2020-22.

Key performance indicators

Strategy pillar: Foundations

3 Year Business Plan objective	Performance and achievements in 2022
1 Produce high-quality intelligence on labour market, skills and workforce trends	- Published the final ECITB workforce census reports (five in total). The data collected covers over 45,000 workers across 1,360 sites. - Produced labour demand analysis to inform strategy development and a paper on the impact of skills shortages on industry. - Continued to deliver cross-infrastructure workforce intelligence gathering, in collaboration with the IPA, CITB, NSAR and EDF. - Scoped out and commissioned work to develop the ECITB labour demand model, which is being delivered by Whole Life Consulting. Established industry Technical Reference Group to support delivery.
2 Ensure all employers who should pay the levy do	- Issued 41 Business and Activity Return (BAR) forms to potential leviable establishments. - Undertook 24 establishment reviews of existing leviable establishments. - Seven new establishments added to the Register of Leviable Establishments out of 17 reviews of new establishments. - An additional £352k of levy was raised by either bringing new establishments onto the register or by ensuring that declarations submitted from existing establishments are correct.
3 Ensure National Occupational Standards (NOS), qualifications and training standards reflect industry requirements	- Four additional NOS suites reviewed, including non-destructive testing and electrical installation. 24 training standards across eight disciplines created / reviewed. 12 ECITB training courses created / reviewed. 20 technical tests across nine disciplines and 11 apprentice phase tests/other tests created / reviewed. - More than 50 in-scope and out-of-scope employers attended approximately 100 ECITB standards working group meetings. 282 regulated qualification certifications; 444 newly registered candidates (in addition to those still in assessment who neither registered nor certificated in 2022).
4 Enhance data collection and evaluation methods to drive continuous improvement	Completed an independent evaluation of the Train to Retain programme by CEBR.
5 Help the industry develop more inclusive cultures and encourage greater workforce diversity	984 learners supported to undertake D&I training in 2022. - The ECITB Diversity and Inclusion Group (IDEA) industry round table to inform action planning; IDEA Chair recognised as Executive Leader of the Year at the Engineering Talent Awards. - International Women in Engineering Day (INWED) virtual roundtable, 6k views; Black History Month magazine feature and website space, 60-120k reach. - Started embedding Equality Impact Assessment for compliance with Public Sector Equality Duty.

Strategy pillar: Meeting current skills needs

3 Year Business Plan objective	Performance and achievements in 2022
1. Address priority skills shortages and provide training solutions to tackle skills gaps	- Funded more than £22m of training for and on behalf of employers to close skills gaps and shortages in the industry. 50% increase in the number of mentees supported on ECITB's Project Management Mentoring Programme compared to 2021. - Launched Applied Project Management Bootcamp in collaboration with providers. £50k of external funding secured through the bootcamp model. - Established Northern Competency Cluster to facilitate collaborative action between operators and contractors to address regional skills shortages.
2. Support the training and recruitment of new entrants into the industry	- Total number of apprentices supported - 2187 in Dec (varies month by month, includes new starts and those already on the programme). 820 apprentice starts. 263 graduate starts in 2022. - Scholars: 100 new starts in 2022, 300 supported in total. - Funded the training of 60 HSO Bronze Operatives (£60,000). - Levered in over £100k external funding for the Scholarship Programme.
3. Support the retention and development of essential skills	- Developed and delivered pipefitting and rigging multi-skilling programme in conjunction with Altrad Babcock, ACT Now and Drax. - Facilitated and grant-supported bespoke fast-track pipefitting upskilling initiative at AIS, providing an alternative route for companies to develop existing personnel.
4. Improve access to quality and cost-effective training including through blended learning and digital methods	- Delivered training/testing to more than 41,000 UK delegates in 2022 (ECITB licensed products). - Conducted 210 provider audits. 39 providers improved their audit grade from grade three (requires improvement) to grade two (good) or grade one (outstanding). - Approved six new UK providers, 120 trainers/testers and 12 ECITB Provider Approval Scheme (PCAS) courses. - Approved 24 international providers, 80 trainers and eight PCAS courses. - Piloted and tested the ECITB LXP to 250 users and released the beta platform in December 2022. 13 organisations started using the LXP in December 2022 for training interventions online through the ECITB Learn Academy. 130 courses undertaken by learners by year-end. - Built five white-labelled employer academies in Nov/Dec 2022.
5. Enable greater transferability of skills between sectors and projects	- Mapped core Connected Competence standards for offshore wind and nuclear to ascertain the scope for transferability between sectors. - Delivered 4,502 technical tests as part of Connected Competence allowing transferability of personnel across companies reducing time and cost associated with onboarding and re-training.

Strategy pillar: Preparing for the future

3 Year Business Plan objective	Performance and achievements in 2022
1. Support the delivery of industrial strategies and industry roadmaps, including the nuclear, offshore wind and North Sea Transition deals	- Supported the North Sea Transition Deal People and Skills Delivery Plan, including Skills Passport work with the Scottish Government. - Developed Military to Offshore Wind Programme and launched Wind Turbine Equipment Statutory Inspection Standards, developed in collaboration with developers and supply chain companies. - Delivered the Nuclear Project Management Mentoring Programme across the Nuclear Decommissioning Authority (NDA) estate. - Continued to support Hinkley Point Support Operative (HSO) Bronze Programme (new entrants) and piloted the HSO Electrical Silver Programme for upskilling of electrical general operatives. - Supported the creation of the Mechanical Centre of Excellence for Hinkley Point C (HPC) to deliver training and mock-up facilities to de-risk key elements of the build.
2. Enable Engineering Construction Industry (ECI) companies to harness IR4 technologies to improve productivity by having the right skills	£100k of grant support awarded to support IR4-related training in 2022. - Embedded digital passport into scholarship provision with 135 completions to date. - Developed, launched and piloted the ECITB Industrial Drone Operating Standard. One provider is currently licensed to deliver training. An advanced course to be developed in 2023.
3. Work with UK and devolved governments to shape education and skills policies to meet industry needs	- Promoted ECI skills needs through membership of UK Government's Green Jobs Delivery Group and Construction Skills Delivery Group. - Broadened engagement across policy and analyst teams in DfE, BEIS and the Scottish and Welsh Governments. Participated in Skills Development Scotland (SDS) Engineering Modern Apprenticeship Review and supported the creation of the Welsh Government's Net Zero Skills Strategy. - Worked with DfE to introduce more flexibility into the T-level industry placements rules. Changes announced by DfE in Q1 2023. - Secured co-funding for training ECI learners, including through the Bootcamps (£116k, England) and ETZ Ltd (£100k, Scotland) - Responded to eight consultations from government departments / other ALBs and one from the Scottish Government. Submitted written evidence to enquiries held by the BEIS and Science and Technology Commons Select Committees.

3 Year Business Plan objective	Performance and achievements in 2022
4. Work collaboratively to support industry to prepare the workforce for the transition to a Net Zero carbon economy	- Supported 30 learners on the Energy Transition Leadership Programme and 17 Energy Transfer Technician scholars. - Expanded our links with the industrial clusters and grew understanding of skills and labour requirements of the two Track 1 clusters. - Co-hosted the Industrial Decarbonisation Research and Innovation Centre (IDRIC) skills policy event in London in October and spoke at various Net Zero events cementing ECITB's position as a key player/thought-leader on Net Zero skills. - Developed hydrogen skills mapping work and tested with industry. - Referenced as a key partner in the UK Government's Hydrogen Action Plan, as well as the Carbon Capture and Storage Association's (CCSA) Carbon Capture and Storage Supply Chain and Skills Plan.

Sustainability

In 2022 ECITB captured key sustainability measures to review our impact on the environment and help identify future steps we can take to reduce our overall impact. These are set out in the table below.

2022 is the first year in which this data has been collected. The information contained in this section has not been audited and does not form part of the auditors' opinion on the accounts.

	2022
Paper	
Reams (number)	50
Amount spent on paper (£)	500
Travel	
Expenditure on official business travel (£)	167,661
Domestic flights:	
Quantity of flights	195
emissions (tCO ₂ e)	27
distance (km)	105,843
International flights:	
Quantity of flights	92
emissions (tCO ₂ e)	52
distance (km)	349,896
Trains:	
emissions (tCO ₂ e)	8
distance (km)	235,377
Utilities	
Electricity used (kwh)	900
Total water consumption (m ³)	1.32
Total energy indirect emissions (kwh)	900
Total other indirect emissions – gross (tCO ₂ e)	88

Commercial activities 2022

The ECITB's commercial activities comprise operations in Great Britain and overseas, primarily in the Middle East, South East Asia and East Africa. Commercial income is derived from a variety of sources including:

- Licence income – whereby the ECITB grants licences to training providers (ATPs) to use its training materials and tests.
- Fees payable by the ATPs in respect of learners using ECITB training courses.
- Registration of an issuance of vocational qualifications.

Commercial activities in Great Britain

The main source of income within Great Britain derives from the issuance of Client Contractor National Safety Group (CCNSG) Safety Passports. Income from CCNSG and ICE passports and technical tests increased slightly during 2022 from £754k to £764k. Overall numbers were above those in 2021 due to a resurgence of construction and consequent training activity after the reductions caused by Covid 19.

International commercial activities

ECITB operates in three main areas overseas, namely the Middle East, South East Asia and East Africa. Gross international commercial income in 2022 was £583k. This was a £92k (18%) increase on 2021 after bad debts. Income was mainly delivered through charges for International Training Provider Licences. The consistent performance to 2021 was due to low delivery and therefore delegate fees, as training and some major projects continued to be restricted across the world due to the pandemic.

The number of providers on our books continued to grow during 2022 despite the continuing lockdowns in our territories during the first half of the year.

Looking ahead: 2023

2023 marks the first year of an exciting three-year strategy period for the ECITB. Full details of the strategy and its KPIs can be found on the ECITB's website, to which we would encourage readers of this Report of the trustees and accounts to refer.

Financial projections 2023

The 2023 operational plan and financial budget are based on the ECITB's strategic priorities and objectives. Given the ambitious 2023-25 strategy, high demand for training grants in 2022 and levy income that is still recovering from covid impacts in 2022 due to reductions in the workforce in 2020-21, we expect the ECITB to continue to be able to draw down on its reserves and therefore run at a deficit in 2023.

The 2023 budget currently anticipates a £2.2m deficit, using reserves to support training during a period of lower levy receipts and high post-pandemic demand. Key assumptions within this budget include:

- A £2m increase in levy during the year, however, more funds may become available as a result of establishment reviews.
- A number of projects around technology, systems and blended learning support to industry are in the discovery phases, with 2023 budgeting for significant development. It is possible that less budget will be required in 2023 as discovery and full project initiation progresses.

2022 Governance Statement

Scope of Responsibility

As Chief Executive and Accounting Officer, I have responsibility for maintaining a sound system of governance and internal control that supports the achievement of the ECITB's purposes, strategic objectives and policies, while safeguarding the funds and assets for which I have responsibility in accordance with *Managing Public Money*. This means that the ECITB's funds and assets are properly accounted for and are used efficiently and effectively.

The Purpose of the Governance Statement

The Governance Statement supplements the financial information in the accounts by explaining how the ECITB's governance and control structure directs, and reviews plans and performance. The statement shows how the ECITB applies the principles of good governance and reviews the effectiveness of these arrangements.

Governance Framework of the Organisation

The ECITB is a statutory body (an Industrial Training Board (ITB)) governed by the Industrial Training Act 1982 ("the Act"). The Industrial Training (Engineering Construction Board) Order 1991 (Statutory Instrument 1991 No. 1305) defines the activities of the ECITB and the engineering construction industry. Details of the powers and responsibilities of the ECITB, as well as the restrictions placed on it, are described in the Act. The ECITB is a Non-Departmental Public Body (NDPB), and reports to its government sponsor body, the Department for Education (DfE).

The ECITB has responsibilities to Parliament and to its industry. It was formed in recognition of the engineering construction industry's vital role in the UK economy, and the requirements for an ITB to undertake the responsibilities of meeting the special training needs of an industry where the labour force is highly mobile, and where there is less opportunity for individual employers to train.

The ECITB is established for exclusively charitable purposes and is a registered charity in England and Wales. It also undertakes its charitable activities in Scotland. The charitable activities of the ECITB are largely funded by the statutory levy established by the Act and confirmed by levy orders passed by both Houses of Parliament. The levy applies to all in-scope establishments operated by industry employers to ensure equity across employers in the industry in the provision of training.

Following a formal consultation with levy-paying employers in 2019 relating to future industrial training levy arrangements, the Industrial Training Levy (Engineering Construction Board) Order 2020 -Statutory Instrument No. 972 (the 'Levy Order') was passed by Parliament on 10th September 2020. Levy income during the financial years 2021 to 2023 inclusive will be collected under the terms of the 2020 Order. This was the first time that the ECITB conducted a consultation based on a rise in the levy.

During the year, a formal consultation with levy-paying employers occurred relating to proposals for future industrial training levy arrangements. The proposals for 2023-25, to maintain levy rates at 1.2% of gross labour emoluments for site workers and 0.33% for the offsite/other workers, were accepted by the levy- payers. In a resoundingly positive response, 85% of levy-paying employers, representing 97% of the industrial training levy paid, voted in favour. The new Industrial Training Levy (Engineering Construction Board) Order is planned to be laid in 2023.

The Board is responsible for establishing and monitoring appropriate policies to fulfil the objectives of the ECITB as an ITB. The Accounting Officer is responsible for managing the implementation of agreed policies and is accountable to the Board, the principal AO (Permanent Secretary of DfE) and Parliament.

The Board

Records of the members of the ECITB's Board of Trustees during 2022 and at January 2023, together with changes in membership since 1st January 2022 and meeting attendance records meeting attendance records are shown in Appendix A. Corresponding information relating to the Board's sub-committees are shown in Appendix B.

The Board is responsible for shaping ECITB's future direction and strategy and is accountable for corporate governance. It provides leadership, advice, and challenge in the management performance of the organisation. It has identified strategic matters, over which only it can approve key decisions, and has delegated responsibilities for operational and other matters to committees (see below) and the CEO. The Board oversees the implementation of business and financial plans and has approved the strategic report within this document.

In addition to serving on the Board, some trustees also participate in policy making as members of the committees. With the exception of the Board members, the other committees include other volunteers from the industry.

The members of the Board are appointed by the Secretary of State, and the Board's composition reflects the main stakeholders in the engineering construction industry. In view of the charitable nature of the organisation, Board members are trustees, and have an overriding obligation to place the interests of the beneficiaries above all others, including their own. They also need to take account of any guidance issued by the Charity Commission.

During 2022 the tenure of two trustees came to an end. In 2022 the Board met on six occasions. Average attendance at the Board over the year was 88% (2021 – 86%).

The Council

The Council consists of up to 25 members representing the broad and various interests of the industry.

The Council is an integral part of the ECITB governance and acts as the voice of the engineering construction industry. The Council possesses and will provide a wide, representative perspective and expert understanding of the industry. Its broad purpose and role is to provide advice to and consult with the Board on matters of strategic interest. Through its engagement with the Board the Council will help the Board to set priorities for the industry and will play a crucial advisory role.

The Audit & Risk Committee

The Trustees maintain an overview of internal control and risk management issues through the Audit & Risk Committee. The Committee's terms of reference are to promote the highest standards of propriety in the operation of the ECITB by maintaining an overview of its financial and other governance systems to ensure their effectiveness and integrity of operation. The Board appoints members of the Committee. Its Chair is a trustee of the Board.

The Accounting Officer, Director of Finance & Business Services and the Board Secretary attend meetings of the Audit & Risk Committee to assist the Committee in its review of the ECITB's management of risk, and ensure that advice from members concerning the identification, assessment and management of risk is taken into account. Representatives of the internal and external auditors (the Government Internal Audit Agency (GIAA) and the National Audit Office respectively) attend all meetings. These representatives have free and confidential access to the Chair of the Committee.

The Committee regularly reviews the ECITB's risk register. The information received during the year enabled the Committee to provide a recommendation to the Accounting Officer and the Board to approve and sign the Report of the trustees and accounts.

The Remuneration & Nomination Committee

The Committee reports to the Board and is responsible for formulating and recommending the policy relating to the remuneration for the ECITB staff.

The Committee is also responsible for identifying candidates to the Secretary of State to fill Board vacancies as and when they arise.

The Q&A Committee

The Committee oversees the governance of the ECITB's qualifications and awards, including the ECITB's compliance with regulatory conditions and principles set by Ofqual, the Scottish Qualifications Authority and Qualifications Wales.

The CCNSG Committee

The CCNSG is responsible for the management of the CCNSG's nationally accredited safety passport scheme. The ECITB manages the operation of the scheme, and the CCNSG retains responsibility for the strategic direction of the Scheme, including the Scheme's content, the standards for approval of training providers, the future development of the Scheme and its integrity assurance.

The Operations & Grants Committee

The Committee is responsible for overseeing and delegating authority and responsibility for the day to day management of activities in accordance with appropriate management and control systems.

The Committee reports to the Board to review and formulate the ECITB's training grant policy and schemes. The remit also includes the ECITB's grant systems and decision-making processes to ensure that all aspects relating to grants are clearly defined and fall within the ECITB's statutory remit and discretion.

The committee comprises of the Executive; the Chief Executive, the Board Secretary and directors, as appointed by the Chief Executive following consultation with the Board.

Regions

The ECITB operates a regional structure to ensure that delivery of training support and services is driven by the demands of industry on a regional basis. During 2022 there were 11 regional forums and 1 national forums. Each forum comprises industry employers, and either represents a geographical area, or a significant industry sector. Each forum normally meets three times a year under the chairmanship of a Regional Chair, who has been elected by the members of the forum.

The Regional Chairs are Members of the Council and support the achievement of the Board's strategic goals by contributing to the development of the ECITB's regional strategies and operating plans. The chairs of the regional fora meet periodically in order to discuss matters of common interest concerning training and skills development, and to exchange best practices in these areas.

The ECITB also works closely with other key regional stakeholders, such as industry clients, skills development or local enterprise partnerships, local authorities and funding bodies, training providers, and trade unions.

ECITB Management and Staff

The Board have delegated responsibility for the implementation of the ECITB's strategic plans, and the management of the organisation to the Chief Executive.

The Chief Executive leads the organisation's executive management team ("the Executive"), which in 2022 comprised the Chief Executive, the Board Secretary, the Director of Finance & Business Services, the Director of Operations and the Director of Strategy & Policy and Deputy Director of Strategy and Policy. The members of the Executive are responsible for ensuring that the activities of their departments achieve the ECITB's strategic and operational objectives efficiently, to the highest quality standards, and in compliance with the law. Meetings of the Executive occur weekly, and the members report concerning their areas of responsibility, including measurement of performance against key performance indicators.

Overview of Corporate Governance, Board Effectiveness and Performance

To be effective, the Board must be fully informed of the work of the ECITB across its areas of activity. As Chief Executive, I and senior staff provide reports, information and discussion papers to the Board, covering progress against objectives, KPIs, the management of risks and financial control. Additionally, reports relating to matters considered by the Board's committees are submitted to the Board.

At each Board meeting, the Board receives verbal updates on the performance of each Committee, including the Audit and Risk Committee and the Remuneration and Nominations Committee. Specifically, in 2022 the Chair of the Audit and Risk Committee reported regularly on matters relating to risk management, internal controls and audit related issues, cyber security and IT projects. The Chair of the Remuneration and Nominations Committee reported on the Annual Pay Review of ECITB staff and notably, in 2022 it reported on progress on identifying potential candidates for the CEO role and updates on the recruitment process.

The senior staff and Committee reports, the information and discussion papers and the KPIs reviewed by the Board include financial and non-financial data, obtained by reliable sources with a proven track record of providing reliable and high-quality data. The data is diligently collected to ensure that the information presented to the Board is accurate, complete and reliable, enabling the Board to make informed decisions.

These measures enable the Board to monitor, advise on, challenge and lead the performance of the organisation against its strategic goals and objectives. They have also enabled the Board to balance strategic priorities with support for employers' immediate skills and competence needs. The governance arrangements and decision-making processes described above also support a culture of openness and transparency, which in turn ensures that the Board is able to make decisions with a high degree of clarity and consensus.

A review of all actions coming out of 2022 Board meetings was conducted at the end of the year and the Board confirmed that all actions had been completed or were progressing as planned. Additionally, during 2022 an independent Board effectiveness review was conducted, in line with the over-riding principles of the UK Government's ALB (arm's length body) board effectiveness review and in accordance with the UK Corporate Governance Code. The headline assessment was that there was a strong core in the Board's processes and activities which were well-led by the Chair and professionally delivered by the executive team, which enabled the Board to fulfil its mandate more than adequately, notwithstanding the environment in which it operated.

Conflicts of Interest

As a public body ECITB abides by principles of regularity and propriety, and ensures that its work is not adversely impacted by a conflict of interest. Board members and executive staff are required to complete a declaration of any interests. The Register of Trustees' Interests has been maintained by the Board Secretary. No significant company directorships or other interests were held by Board members or staff that conflicted with their role and responsibilities.

I consider that the ECITB's transparency of decision-making and scrutiny by stakeholders through the governance arrangements described in this statement enables it to appropriately manage potential conflicts of interest.

Whistle Blowing

The ECITB is committed to achieving and maintaining high standards of behaviour at work, service to the public and in all our working practices. The ECITB's whistle blowing policy is designed to enable and encourage ECITB staff to express concern or disclose information at an appropriate level if it is believed there is evidence of malpractice. The ECITB seeks to maintain a culture where people are encouraged to speak out, with confidence that they can do so without adverse consequences, and that appropriate action will be taken. In 2022 no allegations were raised under the ECITB's whistle blowing policy.

Risk Management

The ECITB's system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is designed to identify and prioritise risks to the achievement of the ECITB's policies, aims and objectives. It is designed to evaluate the likelihood of risks and their impact, and to manage them efficiently and effectively.

The ECITB's system of internal control has been in place throughout the year-ended 31st December 2022 (and up to the date of this letter), and accords with HM Treasury guidance. A number of specific sources contribute to this annual governance review, including:

- reports and recommendations from the Audit & Risk Committee;
- the GIAA's Internal Audit annual report;
- the report and recommendations from the National Audit Office;
- reports from members of the Executive and senior managers, outlining the governance, risk and control arrangements in their business areas;
- external reports relating to the ECITB;
- legislative and regulatory guidelines, including those relating to charitable status, and the use of public money.

The Risk Management Framework

The ECITB has an established risk management policy, which is reviewed annually by the Audit & Risk Committee. The Audit & Risk Committee and the Board regularly review the ECITB's strategic risk register and I report to these committees on strategic risks several times per year. The Board is responsible for assessing the organisation's risk appetite and tolerance towards risk – this is regularly reviewed as part of an annual standing agenda.

During 2022, GIAA conducted an audit on ECITB's Risk Management. As a result of the audit's recommendations, the Board will review and agree ECITB's risk appetite statement, during the first meeting in 2023, which will set out the extent to which ECITB is able to take risk. In 2023, ECITB will be reviewing and updating the risk management policy in accordance with the revised risk appetite statement.

Risk overview

The most significant risks faced by ECITB during 2022, which could impact on the delivery of its strategic objectives are shown below:

- Compliance Risk/Cyber failure – Data Loss from online systems causing breach of personal and/or sensitive data resulting in potential losses/damage to data subjects/owners and risks of non-compliance (regulatory and governmental).
- Programme Risk – Blended learning and IT strategy does not meet anticipated deliverables, due to time, cost, quality, security and engagement. This is mixed with the risk of developing the wrong product outside of ECITB's evolving time and resource constraints.
- 2022 Levy consensus - The industry will not support ECITB by voting against the levy proposal at the next levy consultation in 2022
- Programme Risk –Net Zero - Risk that ECITB will fail to deliver and communicate adequate responses to the Net Zero transition to a quality, time and budget acceptable to Industry and within ECITB's resource envelope.
- Project Risk – Failure to deliver Connected Competence - Risk that Connected Competence does not realise the cost benefits associated with the claims and stakeholders' expectations.
- Compliance Risk - Failure to comply with statutory duties or other legal responsibilities.
- Recruitment and Retention - Failure to retain and recruit suitable calibre staff to deliver ECITB's services to the required standard.
- IT Supplier Failure Risk - Commercial failure of a key IT supplier
- Government Policy Changes - Government policy change undermines the basis of the levy.

The ECITB's approach to Data Security and Information Risk

The ECITB's management information systems enable and support business processes and organisational performance. The ECITB's emphasis remains to ensure data handling practices are simple, rigorous and efficient. Information security is of vital importance to the operation and reputation of the ECITB. Its Chief Information Officer has operational responsibility for this. During 2022 no disclosures or reports were submitted to the Information Commissioner's Office (ICO).

To achieve its aims the ECITB collects and makes use of personal information about individuals, such as employers, their learners (including apprentices), employees, applicants for posts and suppliers. The ECITB is committed to protecting the rights and freedoms of individuals relating to the processing of their personal data, and complies with its obligations and responsibilities under current Data Protection legislation.

During 2021, ECITB implemented measures to ensure IT and data security and compliance with data protection regulations through the formation of a Technical Change Security Board (TCSB), consisting of but not limited, to the Finance Director, the Board Secretary & DPO, the Chief Information Officer and the IT Manager. The activities of these forums were embedded during 2022. One of the TCBS's main purposes is IT and Data Security governance to ensure:

- Security – The protection of devices, systems, networks and data from criminal, fraudulent and other unauthorised access and exploitation.
- Confidentiality — Ensuring that information is accessible only to authorised users.
- Integrity — Safeguarding the accuracy and completeness of data.
- Compliance – with government and legal standards.

ECITB has in place a number of policies and procedures including a Data Protection Policy, an Information Security Policy and Data Retention & Disposal Policy for handling data securely against data protection requirements and the relevant guidelines issued by the ICO. These are regularly reviewed by the TCSB. In 2021, these policies were reviewed by the Government Internal Audit Agency (GIAA) during their Cyber Security audit and ECITB's Audit and Risk Committee and were updated, as required.

During the year one of our main service providers migrated from one data centre to another.

Internal Audit

The GIAA has responsibility for the ECITB's internal audit and operates to standards and requirements defined by HM Treasury, which include the submission of an independent opinion on the adequacy and effectiveness of the system of internal control, and the provision of assurance relating to the ECITB's governance and risk management systems. Reports are submitted to the Audit & Risk Committee concerning audits undertaken and the implementation of recommendations. The GIAA has a direct reporting line to the Audit & Risk Committee to ensure independence.

I have concluded from the GIAA's reports that the ECITB has adequate and effective systems over risk, control and governance which provide reasonable assurance regarding effective and efficient achievement of the ECITB's objectives.

Conclusion

As Accounting Officer, I have responsibility for reviewing the effectiveness of the systems of governance and internal control. My review of the effectiveness of these systems is informed by the members of the Executive and senior managers within the organisation (who have responsibility for the development and maintenance of the internal control framework), the work of the GIAA, comments made by the National Audit Office in its management letter and other reports. I am also advised on the effectiveness of the system of internal control by the Board and the Audit & Risk Committee. When weaknesses are identified, plans to address them and ensure continuous improvement of the system are put in place.

This Governance Statement represents the conclusions of my review of the effectiveness of the ECITB's governance framework, risk management and internal controls in 2022. I am satisfied that the governance arrangements and the risk and control framework used in 2022 were sufficient to continue managing risks effectively, and ensure that the operating and financial risks were fully understood by the Board. I have concluded that the ECITB's system of governance, risk management and internal control supports the achievement of the ECITB's aims and objectives.



Andy Brown

Interim Chief Executive and Accounting Officer

Financial report

Statement of the ECITB's and the Accounting Officer's responsibilities

Under section 8 (1) of the Industrial Training Act 1982, the Board of Trustees of the ECITB is required to prepare a statement of accounts for each financial year in the form, and on the basis within, the Accounts Direction issued by the Secretary of State with responsibility for the ECITB, with the consent of the Treasury. The accounts are prepared on an accruals accounting basis and must show a true and fair view of the ECITB's state of affairs at the year-end and of its income and expenditure, balance sheet and cash flows for the financial year.

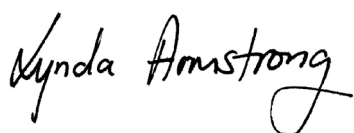
In preparing the accounts the Trustees and Accounting Officer are to have regard to the requirements of the Government Financial Reporting Manual and in particular to:

- 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;
- Make judgements and estimates on a reasonable basis;
- State whether applicable accounting standards, as set out in the Government Financial Reporting Manual and in the Statement of Recommended Practice: Accounting and Reporting for Charities (Charities SORP (FRS 102)), have been followed and disclose and explain any material departures in the financial statements; and
- Prepare the financial statements on a going concern basis, unless it is inappropriate to do so.

The Accounting Officer and Board of Trustees confirm:

- The Report of the trustees and accounts as a whole are fair, balanced and understandable;
- They take personal responsibility for the Report of the trustees and accounts and the judgements required for determining that they are fair, balanced and understandable ;
- There is no relevant information of which the auditor is unaware; and
- They have taken all the steps they ought to ensure the auditor is aware of all relevant audit information.

The Chief Executive of the ECITB has been designated by the Secretary of State as the Accounting Officer for the ECITB. His relevant responsibilities as Accounting Officer, include responsibility for the propriety and regularity of the public finances for which he is answerable, for the keeping of proper records and for safeguarding the ECITB's assets as set out in Managing Public Money published by HM Treasury.



Lynda Armstrong OBE
Chair
15 June 2023



Andy Brown
Interim Chief Executive and Accounting
Officer
15 June 2023

Results for the year

A summary statement of financial activities for the period 1 January 2022 to 31 December 2022 (with comparative information for 2021) is shown immediately below. This has been extracted from the audited financial statements which appear in full later in this report.

Statement of financial activities for the year ended 31 December 2022

Income	2022 £'000	2021 £'000
Levy	26,251	28,734
Investment income	367	202
Non levy income	2,043	1,908
Total Income	28,661	30,844

Expenditure	2022 £'000	2021 £'000
Investment management costs, bad debt provision, levy collection costs and provision against appealed levies	374	298
Charitable activities	30,217	33,361
Total expenditure before other gains and losses	30,591	33,659

Net income / (expenditure) before other gains and losses	(1,930)	(2,815)
Gains / (losses) on revaluation of fixed assets	-	-
Gains / (losses) on investment assets	(58)	(190)
Net movement in funds surplus / (deficit)	(1,988)	(3,005)

Reconciliation of funds	2022 £'000	2021 £'000
Total funds brought forward at 1 January	13,872	16,877
Total funds carried forward at 31 December	11,884	13,872

Balance sheet	2022 £'000	2021 £'000
Fixed assets		
Tangible assets	223	275
Investments maturing in more than one year	-	899
	223	1,174

Current Assets	15,908	19,218
Creditors: amounts falling due within one year	(4,247)	(6,520)
Net current assets	11,661	12,698
Net assets less liabilities	11,884	13,872

Fund	2022 £'000	2021 £'000
Unrestricted fund	11,884	13,872

Incoming resources

Levy income in 2022 amounted to £26.3m (2021: £28.7m). This represents the gross levy assessed during the year, together with any adjustments for levies assessed in earlier years. Levy rates on costs of on-site workers remained at 1.2% and, on costs of all other workers increased from 0.22% in 2021 to 0.27% in 2022. Levy exemption levels remained unchanged from 2018 for both site-based and other workers at £1m and £275k respectively. The decrease in levy income is driven by the fall in employer emoluments and a decreased size of the workforce during the base period of 2020/21 as a result of the pandemic.

Other incoming resources totalled £2m (2021: £1.9m) mainly comprised of income from sales and sponsorships and are broadly in line with 2021.

Investment income, from quoted investments and interest on cash deposits, amounted to £367k (2021: £202k). Investment performance has increased compared to 2021 due to increasing interest rates throughout 2022.

Expenditure

Expenditure on charitable activity amounted to £30.2m which was £3.1m (9%) lower than in 2021. This was due to increased grant support during the pandemic in 2021.

Total costs of delivery of the service, comprising direct and support costs, were £10.9m (2021: £10.2m).

Levy collection costs saw a slight increase to £276k (2021: £251k), £25k higher than 2021.

Net movement in funds

The net decrease in resources for the year, after recognised gains and losses, amounted to £2m (2021: net decrease in resources was £3m). This was a conscious decision to use reserves and aligns with the three-year strategy.

Balance sheet at 31 December 2022

Assets

Current assets decreased by £4.2m, as a result of additional payment runs in December, reducing creditors and a planned decrease in reserves.

At 31 December, investments and cash amounted to £15.2m (2021: £19.7m).

Year-end debtors amounted to £730k (2021: £459k) - a £271k increase. Debtors at the end of both 2022 and 2021 comprised levy and trade debtors, prepayments and accrued income.

Creditors

Year-end creditors amounted to £4.2m (2021: £6.5m). The decrease is driven by additional payment runs in December and fewer grants awarded in December 2022 compared to 2021.

The funds of the charity

The year-end balance sheet shows total charity funds of £11.9m (2021: £13.9m).

Reserves policy

The Reserves policy at the end of 2022 remained the same as at 2021, however, it has been recalculated based on current commitments. The minimum level of reserves the Trustees consider necessary is £6.5m to accord with its policy of holding reserves to cover the full costs of winding up the ECITB, estimated to be around £3.2m, and a further discretionary fund to support the costs of apprentices taken on under ECITB funding arrangements, set at £3.3m.

The ECITB does not hold any restricted funds and all reserves are reported as unrestricted. Of the £11.9m funds held at the end of the reporting period, around £12.7m are theoretically committed (to be funded through current and future resources), primarily in agreements to issue grants for apprentices and graduates, resulting in a technical calculation of £0.8m more commitment than reserve funds available. The ECITB's reserves policy relates to total unrestricted reserves, rather than the theoretical calculation of available reserves after the deduction of commitments. This is because the contracts that ECITB has entered into in respect of commitments to issue grants for apprentices and graduates are liabilities contingent on ECITB's decision to pay the grant. It is at ECITB's discretion if and how much grant to pay in respect of these commitments.

No material amounts have been designated or otherwise committed at the end of the reporting period.

Investment policy and performance

The ECITB is required by section 17(5) of the Industrial Training Act 1982 to invest money in accordance with guidelines approved by the Secretary of State with responsibility for the ECITB. The investment guidelines appear in the Financial Memorandum issued by the then Secretary of State for the Department for Business, Innovation and Skills, and in '*Managing Public Money*' issued by HM Treasury. These permit investment in a range of high-quality interest-bearing instruments with investment in equities being precluded.

The management of investments is contracted to Cazenove Capital Management, which is required to operate within these guidelines.

Investment performance is measured against a benchmark, namely the FTSE UK Government Bond Fixed Up to 5 Year Index. In the period from 14th September 2004 (when the investment manager took over the portfolio) to 31st December 2022, the performance of the long-term portfolio, after the deduction of management fees, was 62.2% compared to the benchmark of 49.8%. The portfolio's annual return to 31st December 2022 was 0.6% (benchmark return -4.2%).

Auditors

The ECITB's external auditor is the Comptroller and Auditor General who is appointed under Section 8 of the Industrial Training Act 1982.

Remuneration report

Unaudited information

Staff appointments

Most permanent employees of the ECITB are employed under open-ended contracts of employment, which may be terminated on one month's notice (subject to statutory increases in employees' entitlements to notice). The contracts of employment of senior managers may be terminated on three months' notice.

Four employees were engaged under fixed-term contracts of employment.

The ECITB and Unite (a trade union) have entered into a voluntary agreement. Under its terms, the union represents employees on a collective basis on specified matters. The ECITB meets periodically with representatives of the union to discuss matters such as the annual basic salary review, holidays, sick pay and pensions.

Staff sickness absence

The ECITB monitors levels of staff sickness absence. In 2022, the sickness absence rate was 1.5% (2021 – 1.5%), equivalent to 3.4 working days per employee (2021 – 3.4 working days).

Off-payroll arrangements

During the year, the ECITB had no 'off-payroll' engagements.

Audited information

Senior staff costs and pensions

Decisions on remuneration are delegated to the Remuneration and Nominations Committee, which determines general policy on remuneration and the individual remuneration package for the Chief Executive.

The contracts of employment of the directors are, in all material respects, in line with those of most other employees of the ECITB. The exceptions are a notice period of three months (six months' notice for the Chief Executive) rather than one month, and the entitlement to private medical insurance.

The directors are entitled to membership of the ITB Pension Funds, which is a contributory defined contribution scheme, on the same basis as other members of staff. Benefits mainly comprise employer pension contributions that are employee-matched plus 1% to a maximum of 9.5% employer contributions for all bandings. None of the directors is employed on a fixed-term contract.

The information comprising the remainder of the Remuneration Report has been audited.

Details of the individual remuneration packages and benefits for the directors are set out overleaf.

Benefits in kind represent private health insurance.

Year	Salary £'000	Pension benefit £'000	Benefits in kind (to nearest £100)	Performance pay £'000	Total £'000	Date of appt to position
C J Claydon, Chief Executive						
2022	150-155	10 - 15	1,700	10 - 15	180 -185	
2021	150-155	10 - 15	1,600	20 - 25	185 -190	24.08.15
A Brown, Director of Operations						
2022	120 - 125	10 - 15	1,900	10 - 15	140 - 145	
2021	140 - 145	5 - 10	1,800	5 - 10	130 - 135	01.04.13
R Blyth, Director of Finance and Business Services						
2022	105 - 110	5 - 10	1,000	5 - 10	125 - 130	
2021	95 - 100	5 - 10	900	10 - 15	115 - 120	16.03.19
David Nash, Director of Strategy and Policy						
2022	100 - 105	5 - 10	1,200	5 - 10	115 - 120	
2021	95 - 100	5 - 10	1,500	5 - 10	110 - 115	01.01.20

Fair pay disclosures

Highest paid director ratios compared to the organisation's workforce:

Disclosure	2022			2021		
	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
	3.7: 1	3.3: 1	2.7: 1	4.3: 1	3.7: 1	2.9: 1

ECITB is required to disclose the relationship between the remuneration of its highest-paid director and the 25th percentile, median and 75th percentile remuneration of the organisation's workforce. The decrease in these ratios year on year was mainly due to the highest paid director being awarded a reduced bonus in 2022 - £10,000 (2021 - £20,000). In 2021 no employees received remuneration in excess of the highest-paid director (2021 - none).

The average salary and allowance increase for FTE employees in 2022 was 7.6% due to an across-the-board pay rise of 3%, a one-off cost of living allowance for employees earning less than £50k and internal promotions to more senior positions in the year. The average performance and pay increase was broadly flat year on year. The highest paid director's salary and allowance fell by 3.5% mainly due to a reduced performance bonus which fell by 50% (2021 – 4,344% increase).

Employees representing each quartile of pay

Percentile	Total pay and benefits 2022 £'000	Total pay and benefits 2021 £'000	Salary 2022 £'000	Salary 2021 £'000
25th percentile	46	44	41	40
Median	52	49	48	46
75th percentile	63	62	59	58

Total pay and benefits year-on-year saw a slight increase due to the 3% pay rise awarded in 2022.

Full-time equivalent remuneration ranged from £21,000 to £165,000 (2021 from £23,000 to £172,000). Total remuneration includes salary, non-consolidated performance-related pay, benefits-in-kind plus severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

Staff numbers and costs are disclosed in notes 10 and 11 to the accounts.

Senior staff pensions entitlements

Defined benefit pension

On 5th April 2016, the accrual of pension benefits in the Defined Benefits Section of ITB Pension Funds (ITB) ceased for all senior staff and other employees. From 6th April 2016, pension benefits accrued in the Defined Contribution Section of ITB. There is, therefore, no defined benefit increase to be reported in 2022 (2021 - Nil).

Defined contribution pension

Employer contributions paid into the Defined Contribution Pension Scheme on behalf of the Executive Team were as follows:

Name	Normal contribution 2022 £'000	Normal contribution 2021 £'000
C J Claydon	14	14
A Brown	11	10
R Blyth	10	8
David Nash	8	7

Trustees' costs

In accordance with her appointment by the Secretary of State, the Chair of the Board is entitled to remuneration. During the year, the Chair, Ms L Armstrong, received a salary of £30,000 (2021 - £30,000). No other trustees received compensation for the performance of their duties in the year (2021: £0).

In 2022, 12 trustees (2021 – 13) incurred travel and subsistence expenses, which were reimbursed by the ECITB. In 2022, these expenses amounted to £25,177 (2021 - £6,145).

The ECITB does not provide pension benefits for any of the trustees.

Appendix A of this report contains a list of current trustees and former trustees who held office during 2022.

Trade union time – unaudited information

The ECITB is required to disclose the number of employees engaged in, and the amount of time spent on, union activities. These figures are disclosed below – these are not subject to audit.

Relevant union officials

	Full time equivalent number
Number of employees who were relevant union officials during the relevant period	1

Percentage of time spend on facility time

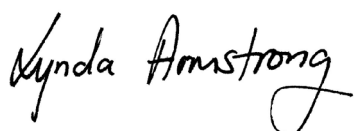
Percentage of time	Number of employees
0%	-
1-50%	1
51%-99%	-
100%	-

Percentage of pay bill spent on facility time

Total cost of facility time £'000	1
Total pay bill £'000	5,561
Percentage of total pay bill spent on facility time	0

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours:	-



Lynda Armstrong OBE
Chair
15 June 2023



Andy Brown
Interim Chief Executive and Accounting Officer
15 June 2023

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 Engineering Construction Industry Training Board for the year ended 31 December 2022, under the Industrial Training Act 1982 and the Charities Act 2011.

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

- Balance Sheet as at 31 December 2022;
- Statement of Financial Activities for the year then ended;
- Statement of Cash Flows 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 Engineering Construction Industry Training Board's affairs as at 31 December 2022 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 Industrial Training Act 1982 and Secretary of State directions issued thereunder and in accordance with 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 and report.

Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2019. I am independent of the Engineering 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 Engineering 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 Engineering 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 Trustees 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 Report of the Trustees including the appendices, but does not include the financial statements nor my auditor's certificate. The Trustees 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 Report of the Trustees 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 Engineering Construction Industry Training Board and its environment obtained in the course of the audit, I have not identified material misstatements in the Report of the Trustees.

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 Engineering 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 Industrial Training Act 1982 and Secretary of State directions issued thereunder and by the Charities Act 2011 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 Trustees and Accounting Officer for the financial statements

As explained more fully in the Statement of the ECITB's and the Accounting Officer's responsibilities, the Trustees 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 Engineering 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;
- ensuring that the financial statements give a true and fair view and are prepared in accordance with the Industrial Training Act 1982 and Secretary of State directions issued thereunder and in accordance with the Charities Act 2011;
- ensuring that the Report of the Trustees, which includes the Remuneration Report, is prepared with regard to HM Treasury's Government Financial Reporting Manual; and
- assessing the Engineering 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 Trustees and the Accounting Officer either intends to liquidate the entity or to cease operations, or has 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 and Secretary of State directions issued thereunder, and section 144 of the Charities Act 2011.

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 Engineering Construction Industry Training Board's accounting policies and key performance indicators.

- inquired of management, Engineering Construction Industry Training Board's Internal Auditors and those charged with governance, including obtaining and reviewing supporting documentation relating to the Engineering 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 Engineering Construction Industry Training Board's controls relating to the Engineering Construction Industry Training Board's compliance with the Industrial Training Act 1982, Charities Act 2011, and Managing Public Money
- inquired of management, Engineering Construction Industry Training Board's Internal Auditors 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 Engineering Construction Industry Training Board's for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions, bias in management estimates and within grant claims. In common with all audits under ISAs (UK), I am also required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of the Engineering Construction Industry Training Board's framework of authority and other legal and regulatory frameworks in which the Engineering 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 Engineering Construction Industry Training Board. The key laws and regulations I considered in this context included the Industrial Training Act 1982, Charities Act 2011, Managing Public Money, employment law and tax legislation.

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 Trustees and internal audit reports;
- in addressing the risk of fraud through management override of controls, I tested the appropriateness of journal entries and other adjustments; assessed whether the judgements on estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- performing substantive testing covering the regularity assertion, including for grant expenditure where the risk of fraud or irregularity may be increased

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 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.

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

23 June 2023

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

Financial accounts for the year ended 31 December 2022

Statement of financial activities for the year ended 31 December 2022

The statement of financial activities reflects all gains and losses during the year to 31 December 2022. All activities are continuing. All funds are unrestricted.

The notes on pages 40 to 59 form part of these financial statements.

Income	Notes	2022 £'000	2021 £'000
Income from other trading activities			
Income from investments	Note 4	367	202
Income from charitable activities			
Total non-levy income	Note 3	2,043	1,908
Levy	Note 2	26,251	28,734
Total income		28,661	30,844

Expenditure			
Expenditure on Raising funds			
Investment management costs		16	27
Provisions for bad debts and against appealed levies	Note 5	82	20
Levy collection costs		276	251
Total costs of raising funds		374	298
Expenditure on Charitable activities			
Total costs of charitable activities	Note 6	30,217	33,361
Total expenditure		30,591	33,659

Net gains / (losses) on investments	Note 15	(58)	(190)
Net income / (expenditure)		(1,988)	(3,005)

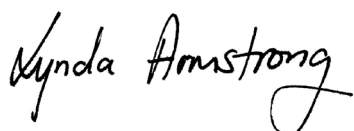
Other recognised gains / (losses)			
Gains / (losses) on revaluation of fixed assets	Note 13	-	-
Net movement in funds	Note 21	(1,988)	(3,005)

Reconciliation of funds			
Total funds brought forward at 1 January		13,872	16,877
Total funds carried forward at 31 December	Note 21	11,884	13,872

Balance sheet as at 31 December 2022

The accounts were approved by the Board on 19 May 2023.

	Notes	2022 £'000	2021 £'000
Fixed assets			
Tangible assets	<i>Note 13</i>	223	275
Investments maturing in more than one year	<i>Note 15</i>	-	899
Total fixed assets		223	1,174
Current assets			
Debtors	<i>Note 16</i>	730	459
Investments maturing in less than one year	<i>Note 15</i>	882	4,791
Cash and cash equivalents and in hand	<i>Note 23</i>	14,296	13,968
Total current assets		15,908	19,218
Creditors			
Amounts falling due within one year	<i>Note 17</i>	(4,247)	(6,520)
Net current assets		11,661	12,698
Total assets less liabilities		11,884	13,872
The funds of the charity			
Unrestricted fund	<i>Note 21</i>	11,884	13,872
Total charity funds		11,884	13,872



Lynda Armstrong OBE
Chair
15 June 2023



Andy Brown
Interim Chief Executive and Accounting
Officer
15 June 2023

The notes on pages 40 to 59 form part of these financial statements

Statement of cash flows for the year-ended 31 December 2022

There are no cash flows from financing activities.

Cash flows from operating activities	Notes	2022 £'000	2021 £'000
Net cash used in operating activities	<i>Note 22</i>	(4,734)	(4,636)
Cash flows from investing activities			
Investment income	<i>Note 4</i>	367	202
Purchase of property, plant and equipment		(81)	(81)
Proceeds from the sale of property, plant and equipment	<i>Note 13</i>	26	1,436
Proceeds from the sale of investments	<i>Note 15</i>	4,750	2,900
Purchase of investments	<i>Note 15</i>	-	-
Net cash provided by investing activities		5,062	4,457

Change in cash and cash equivalents in the reporting period	<i>Note 23</i>	328	(179)

Reconciliation of changes in cash, cash equivalents and in hand		2022 £'000	2021 £'000
Balance at 1 January	<i>Note 23</i>	13,968	14,147
Change in cash and cash equivalents in the reporting period	<i>Note 23</i>	328	(179)
Balance at 31 December		14,296	13,968

The notes on pages 40 to 59 form part of these financial statements.

Notes forming part of the accounts for the year ended 31 December 2022

1 Accounting policies

Going concern

These accounts are prepared on a going concern basis. The use of the going concern basis of accounting is appropriate because there are no material uncertainties related to events or conditions that may cast significant doubt about the ability of the ECITB to continue as a going concern.

Management's view is that the residual and any potential future impacts from the coronavirus do not affect ECITB as a going concern – the ITB is established by statute and has a legal right and obligation to collect levy from qualifying employers. Consultation with employers confirmed their support for ECITB's mandate in this regard to be renewed up to and including 2026, which will give ECITB funds for continuing operation until the beginning of 2027. The passing of secondary legislation to enshrine this mandate in law is planned for and expected during 2023. During 2023 a formal central government review of the Industrial Training Boards is planned. On current timelines, the likelihood is that this will report towards the end of 2023 or during 2024. The strong employer mandate and current government support give no reason to expect the legislation not to be passed and for the ITB review to affect the presumption that the ECITB's accounts should be prepared on a going concern basis. In this context, whilst there is always some uncertainty around recommendations that might stem from an ITB review, if the review were to make recommendations that would materially affect the future of the ECITB, it is highly unlikely and impractical for changes to be mandated to take place within 12 months of the signing date of these accounts.

In terms of liquidity, ECITB holds £11.9m of reserves at the end of 2022 and levy income in the year has been assessed on what represents approximately 4% growth in underlying emoluments in the industry year on year. ECITB's going concern assumption would be threatened if more than half of the billed 2023 levy income were not collected in-year. However, if this were to be the case, training expenditure would be reduced as it is unlikely to be paid to employers who do not pay their 2023 levy demand. This scenario is extremely unlikely and is not deemed a strategic risk. However, the ECITB would mitigate it by adapting its charitable activities to match its financial resources such that it did not affect the going concern assumption.

In terms of ECITB's strategy and business plan, these were reviewed during 2022 and industry was consulted on them. With levy income higher in 2023 than in 2022 and the long-term requirements of engineering construction industry training expected to accelerate with the UK's energy transition, the review exercise reconfirmed much of the strategy and plan and that ECITB has the resources to meet both.

Accounting convention

These accounts have been prepared in accordance with the Industrial Training Act 1982 and the Charities SORP (FRS 102) ("the SORP"), adapted in 2019. An accounts direction issued by the Secretary of State requires that the ECITB prepares accounts in accordance with Treasury guidance. Consequently, these accounts follow the principles in the 2022/23 *The HM Treasury Financial Reporting Manual (FReM)* where it goes beyond the requirements of the SORP.

The accounts are prepared under the historical cost convention, as modified by the revaluation of Land and Buildings and Investments.

The ECITB is a public benefit entity.

Levy income

Levy income is recognised on an annual cycle in the year in which it is raised, together with adjustments in respect of previous levies raised. The levy receivable relating to the base period ended 5 April 2021 was raised in January 2022 and recognised as income in 2022.

Other categories of income

All income including sales, sponsorship and investment income is recognised on an accruals basis at the point it meets the SORP recognition criteria. Non-levy income is reported against the charitable activity to which it relates (see Note 3).

Investment management costs

Investment management costs are recognised on an accruals basis.

Charitable expenditure

Charitable expenditure includes all expenditure attributable to the charitable activity.

Grants payable

Grants are recognised as liabilities when the relevant training milestones and/ or grant conditions have been achieved or met.

Grants are recognised when all the evidence required has been submitted, at which point, such grants are recognised as grant creditors.

All grants are paid to employers when evidence of relevant training milestones and or grant conditions have been received. Such milestones and conditions are agreed with the employer prior to the commencement of the relevant training activity. Some grants are paid without the requirement for the employer to submit a claim. However, the ECITB requires employers to submit claims and evidence of training activity for regional discretionary grants and grants relating to some training courses (for example, post graduate - or equivalent - programmes, assessor verifier training and some technical training courses).

The ECITB only records accrued grants in respect of interim and commencement apprenticeships and graduate grants, when there is a high likelihood that the evidential requirements, confirming these grants should be paid, will be satisfied. Accruals are only made for other courses where evidence has been provided after the balance sheet date for training which took place prior to the balance sheet date and it has been agreed that the claim will be paid.

Grants are recorded against charitable activity in a manner that reflects the use of the resources.

Direct and support costs

Direct costs (Note 8) are all costs, including staff costs that are directly related and attributable to the pursuance of the organisation's charitable activity.

Support costs (Note 9) largely relate to the organisation's central functions. Included within support costs are governance costs.

Land and buildings

The 2021 freehold land and buildings comprised a set of garages which were sold in 2022.

Other assets

Apart from freehold property, fixed assets are stated at their historical cost, less accumulated depreciation.

Capitalisation

Fixed assets costing below £500 are not capitalised.

Depreciation

Depreciation on fixed assets (other than freehold land and buildings and motor vehicles) is provided on cost or valuation, in equal annual instalments, by class of asset over the estimated lives of each class, from the date on which the assets are brought into use. The assets are depreciated over the following periods:

Furniture and equipment	10 years
Plant and machinery Other tools and equipment	3 years
Computer equipment and IT software	4 years

No depreciation is provided on freehold land.

Depreciation on freehold buildings is provided on the last revalued existing use value over the remaining useful life of the asset. The annual depreciation provision is calculated by dividing the latest revalued amount by the number of years of remaining useful life. By the end of the year, all freehold buildings had been sold.

Depreciation on motor vehicles was provided on an initial value, which is calculated by deducting the anticipated residual value at the end of the vehicle's estimated life from the cost price. The initial value of the vehicle was depreciated in equal annual instalments over a period of five years from the date of purchase.

Investments

Investments are carried at market value. Realised and unrealised gains and losses are reflected in the statement of financial activities.

Cash and cash equivalents

Cash balances represent amounts held in banks. Cash equivalents represent amounts held by the investment portfolio manager. Cash equivalents are readily convertible to cash.

Debtors

Short-term debtors are measured at transaction price (which is usually the invoice price), less any impairment losses for bad and doubtful debts.

Debt provision

Debts are provided for on an individual basis when the ECITB considers that a debt may not be recoverable in full, or in part, in accordance with the terms of the relevant transaction. Full doubtful debt provisions are made in the following circumstances:

- When there is a strong possibility that a debt will not be recovered.
- When any debt is older than six months.

When a formal appeal against an assessment for industrial training levy is made by an employer a full provision in respect of the appealed levy is made in the accounts. This is because, in the ECITB's experience:

- Once litigation has commenced, neither the outcome of the appeal nor the probability of success can be predicted with certainty
- The legal process leading to a decision by the court invariably takes longer than six months, and a decision is not made until the ensuing financial period or even later.

The provision in respect of the appealed levy remains in place until such time as the litigation discontinues, either through the withdrawal of the relevant levy assessment(s) or appeal(s), a decision of the court or a settlement between the parties.

In the statement of financial activities the doubtful debts charge and provisions against appealed levies are treated as expenses within cost of generating funds.

Creditors

Short term creditors are measured at transaction price (which is usually the invoice price).

Pensions

The ECITB is a participating employer in the ITB Pension Funds, which is constituted a multi-employer defined benefit and contribution scheme. The Fund became a Master Trust during 2019. The Defined Benefit scheme comprises an Open Fund and Closed Fund. It is not possible to identify separately the proportion of assets and funding level in these funds attributable to the ECITB. Therefore, in accordance with the provisions of FRS 102 relating to multi-employer schemes, the Open Fund and Closed Fund have been accounted for as a defined contribution scheme. In accordance with FRS 102, the ECITB recognises any liabilities in respect of its obligation to pay any deficit contributions to the ITB Pension Funds relating to members' accrued benefits in the Defined Benefit scheme.

Active ECITB members accrue pension benefits in the ITB Pension Fund's Defined Contribution Section. Pension contributions are charged to the statement of financial activities as incurred. Pension deficit contributions are recognised when the ECITB enters the obligation.

Corporation Tax

As a registered charity in England and Wales, the ECITB is exempt from Corporation Tax on its primary purpose activities. As a result, there is no Corporation Tax to pay.

Value Added Tax

The ECITB is registered for VAT. However, the ECITB is not able to recover VAT in full on most supplies of goods and services which it receives. Thus, all costs are shown inclusive of the irrecoverable element of VAT.

Fund

The ECITB's fund is available to the trustees to apply for the general purposes of the charity as governed by the Industrial Training Act 1982 (as amended) and related regulations. As such, the fund is unrestricted because the trustees are free to use it for any of the charity's purposes. Income generated from assets held in the fund is unrestricted income.

2. Levy receivable

	2022	2021
Number of establishments wholly or mainly engaged in engineering construction activities (leviable establishments)	298	320
Number of employers operating leviable establishments	280	297
Number of leviable establishments subject to payment of levy	233	244
Number of employers operating leviable establishments subject to payment of levy (levy-paying in-scope employers)	213	221
Number of leviable establishments exempt from payment of levy	65	76
Number of employers operating leviable establishments exempt from payment of levy (non-levy paying in-scope employers)	65	76

	2022 £'000	2021 £'000
Levy receivable	26,251	28,734

In 2022 no employers formally appealed levy assessments raised in the year (2021 - 0 employer).

3. Non levy income

Non levy income		2022 £'000	2021 £'000
From sales		2,043	1,908

Sources of sales income	Income stream	2022 income £'000	2021 income £'000
UK employers	ECITB Project Management Conference	3	113
	VQ registration and certification - Awards Qualifications & Technical	112	82
UK training providers	ECI Training & Development Awards event	47	50
	Apprentice certification	1	1
	Technical training and test licence fees and course and test income	453	370
	Supervisory and PMSC licence fees and training course income	46	47
	CCNSG licence fees and safety passport income	798	754
Overseas training providers	Apprenticeship Learner Income	196	128
	Technical training and test licence fees and course and test income	387	363
		2,043	1,908

No grant in aid is receivable by the ECITB.

4. Investment income

Investment income	2022 £'000	2021 £'000
Income from quoted investments	61	175
Income from cash deposits	306	27
Total	367	202

5. Charge/ (credit) for provisions for bad debts and against appealed levies

Charge/ (credit) for provisions for bad debts and against appealed levies	2022 £'000	2021 £'000
Levy bad debts due to insolvency or non-payment	21	29
Levy assessments under appeal	38	77
Reversal of previous year's levy bad debt provision	(9)	(27)
Trade bad debts	32	(59)
Total	82	20

6. Charitable activity

Charitable activities	2022 £'000	2021 £'000
Grant funding (note 7)	19,327	23,204
Direct costs (note 8)	7,518	7,361
Support costs (note 9)	3,372	2,796
Total	30,217	33,361

Notes 8 and 9 give the split of costs by category. Both direct costs and support costs above exclude any costs related to the collection of levy income.

7. Grant funding

Of the £19.3m of grants made to employers in 2022, grants amounting to £16.5m were paid to the employers in the following list. In many cases, grants have been awarded to more than one employer in the same group of companies. When this occurred, the grants paid to such employers have been aggregated in the following list, which identifies the 50 largest employers or employer groups in terms of grant values.

Employer	£
*Altrad Services Ltd	1,763,844
Sellafield Ltd	1,507,730
Bilfinger UK Ltd	1,214,266
*Wood Group UK Ltd	1,193,076
Magnox Ltd	1,013,165
Petrofac Facilities Management Ltd	874,265
*Jacobs UK Ltd	821,990
Worley Group UK Ltd	764,727
Atkins Ltd	682,000
Dounreay Site Restoration Ltd	639,056
NNB Generation Company Ltd	607,757
*Stork Technical Services UK Ltd	535,339
Siemens Energy Ltd	414,966
Oceaneering International Services Ltd	397,063
Cavendish Ltd	356,057
MWH Treatment Ltd	260,725
Semco Maritime Ltd	224,746
BGEN Ltd	210,101
Aker Solutions Ltd	188,190
Applus UK Ltd	181,905
Nuvia Limited	176,460
Ponticelli UK Ltd	168,941
Subsea 7 Ltd	161,521
Fluor Ltd	157,930
MII Engineering Limited	148,443
WSP UK Ltd	139,790
Trillium Flow Services UK Limited	135,474
Shepley Engineers Ltd	111,260
On Line Design & Engineering Ltd	99,740

Employer	£
EJ Musk Process Services Ltd	97,278
Technip UK Ltd	88,954
Intelect Ltd	83,403
Atlantic Projects Company Limited	74,718
Techno Engineering Ltd	74,580
Peter J Douglas Engineering Ltd	72,915
Blackrow Engineering CO. Ltd	72,380
FieldCore Service Solutions International LLC	69,205
Kellogg Brown & Root Ltd	68,771
Costain Oil Gas & Process Ltd	66,040
East Midlands Instrument Company Ltd	63,320
VWS Ltd	63,135
Allied Protek Engineering Solutions Ltd	61,540
Aquaterra Energy Ltd	61,382
Ledwood Mechanical Engineering Ltd	61,210
One-Dyas UK Ltd	57,570
Boskalis Subsea Services Ltd	57,258
C. & P. Engineering Services Ltd	52,260
EFAB Industrial Solutions Ltd	51,400
Wisbech Electrical Ltd	51,315
Hornbill Engineering Ltd	49,410
Sub Total	16,548,571
Other Grants	2,778,834
Total	19,327,405

* A member of the Board of Trustees is employed by this employer or an associated company.

For comparative purposes, the top 50 largest employers or employer groups in terms of grant values for 2021 were:

Employer	£
Magnox Ltd	1,571,967
Sellafield Ltd	1,521,850
*Wood Group UK Ltd	1,362,828
Altrad Engineering Services Ltd	1,281,053
Bilfinger UK Ltd	1,268,541
*Jacobs UK Ltd	1,122,748
Worley Group UK Ltd	1,084,781
*Petrofac Facilities Management Ltd	1,063,344
Stork Technical Services Ltd	897,151
Dounreay Site Restoration Ltd	743,237
NNB Generation Company Ltd	592,729
*NUVIA Limited	494,430
*Doosan Babcock Ltd	484,850
Oceaneering International Services Ltd	424,454
Cavendish Ltd	400,404
Siemens plc	386,462
Atkins Ltd	314,750
Aker Solutions Ltd	313,056
Fluor Ltd	302,427
AMEC Foster Wheeler Energy Ltd	263,115
Worley Europe Ltd	249,056
Applus UK Ltd	244,492
Xodus Group Ltd	243,113
Trillium Flow Services UK Limited	218,075
WSP UK Ltd	214,967
BGEN Ltd	204,335
Technip UK Ltd	189,526

Employer	£
FieldCore Service Solutions International LLC	188,890
DP Services Holdings Ltd	179,620
Dornan Engineering Services Ltd	173,051
Semco Maritime Ltd	152,155
On Line Design & Engineering Ltd	150,058
Peter J Douglas Engineering Ltd	147,345
Kent Energies UK Limited	134,220
EJ Musk Process Services Ltd	123,886
Granherne Ltd	111,020
Subsea 7 Ltd	106,029
Shepley Engineers Ltd	105,020
MII Engineering Limited	95,142
Rhyal Engineering Ltd	86,752
Allied Protek Engineering Solutions Ltd	83,351
Pipex Ltd	79,010
Engenda Group Ltd	74,502
Appollo Engineering Ltd	74,070
Hornbill Engineering Ltd	71,615
VWS Ltd	69,576
ENGIE Fabricom UK Ltd	66,583
One-Dyas UK Ltd	66,468
C. & P. Engineering Services Ltd	66,250
Blackrow Engineering CO. Ltd	66,150
Sub total	19,928,504
Other grants	3,275,748
Total	23,204,252

* A member of the Board of Trustees is employed by this employer or an associated company.

8. Direct costs

Direct costs comprise costs which have been directly incurred in fulfilling the charitable activity of the organisation.

Staff costs have been categorised as direct costs when the staff time can be clearly and accurately allocated to the charitable activity. For example, regional staff are exclusively engaged in the charitable activity, and their time devoted to each head of activity is recorded. Similarly, Product Development staff manage projects which fall under one or other charitable heading, and their costs have been allocated accordingly.

Other examples of direct costs include training provider costs, which have mostly been incurred in consideration of services provided by training providers in the training and assessment of apprentices. Product development costs largely relate to consultancy costs incurred in the development of training products and materials used in the re-skilling and skill enhancement of existing industry workers.

Depreciation relates to cars and equipment in the possession of staff who are clearly engaged in one or more charitable activities.

Other direct costs have been allocated to the cost types reflecting the activity in which the cost arose.

The proportions of direct costs allocated to charitable activity are as follows:

Activity	2022 total £'000	2021 total £'000
Apprentice allowances, travel and subsistence	649	273
Apprentice training and assessment costs	1,896	2,296
Apprenticeship recruitment costs	15	53
Awarding organisation administration	19	19
Depreciation on assets in staff possession	-	1
ECITB Active Cup	115	113
ECITB awarding body external verification	2	2
Professional, administrative and commission fees incurred in international commercial activities	117	145
Product development	125	39
(Profit) / loss on disposal of Fixed Assets	-	(10)
Regional costs	161	475
Safety Passport issue and administration	104	83
Staff costs (salary, NI and pensions) (Note 10)	3,667	3,538
Staff travel and subsistence	298	148
Talent retention solution services	6	67
Blending learning strategy	152	53
Connected Competence	192	66
Total	7,518	7,361

Charitable activity	2022 %	2021 %
Proportion of direct costs allocated to charitable activities	99	99
Proportion of direct costs allocated to levy collection costs	1	1
Total	100	100

Levy collection costs comprise staff costs directly responsible for levy collection (including salaries and expenses) and also costs in relation to debt collection and appeals.

The above proportions have been used as the basis for allocating support costs to the charitable activity (see Notes 6 and 9).

9. Support costs

Support costs largely comprise the costs of central functions and governance which cannot be allocated to the charitable activity with the same degree of certainty as direct costs. The types of costs falling within this category are:

Function	Activity	2022 £'000	2021 £'000
Corporate Affairs	Policy, marketing and communications	206	161
Finance & Legal	Depreciation categorised as a support cost	113	101
	(Profit) / loss on disposal of fixed assets	2	(28)
Human Resources	Support staff costs (including salary, NI and pensions)	1,722	1,580
	Support staff travel and subsistence	157	139
	Agency costs	38	56
	Other professional fees	139	71
	Staff recruitment and training	45	103
Information Technology project costs		52	89
Information Technology and communications		566	313
Head office infrastructure (includes buildings and office consumables costs)		225	129
Governance		107	82
Total		3,372	2,796

Support costs are 20% higher than 2021.

The cost of the statutory audit for 2021 is included within governance costs. The quoted cost of the 2022 audit was £60k (2021 - £45k).

10. Staff costs

Staff costs	2022 £'000	2021 £'000
Salaries	4,723	4,376
Social security costs	541	476
Pension costs (standard contributions)	297	278
Agency costs	100	218
Other personnel costs	5	27
Total	5,666	5,375

Staff costs include the salaries and other employment benefits received by senior staff and the Chair's salary (see remuneration report).

Salaries include gross salaries, performance-related pay or bonuses, overtime, and allowances (such as car and private or home office allowances) to the extent that they are subject to UK taxation. The ECITB operates a performance-related incentive scheme in which all employees are eligible to participate (after completing initial periods of employment in their roles). In 2022, the total incentive award amounted to an average 3.9% of the total basic salary (2021 – 3.8%).

There were no termination costs in 2022 (2021 - £6k).

11. Staff numbers

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

	Directly employed	Temporary	2022 number	2021 number
Total	76	4	80	79

Employees earning over £60,000 per annum including benefits in kind, excluding pension contributions	2022 number	2021 number
£60,001 - £70,000	9	10
£70,001 - £80,000	4	6
£80,001 - £90,000	4	1
£90,001 - £100,000	-	-
£100,001 - £110,000	-	2
£110,001 - £120,000	3	1
£120,001 - £130,000	-	1
£130,001 - £140,000	1	-
£140,001 - £150,000	-	-
£150,001 - £160,000	-	-
£160,001 - £170,000	1	1
	22	22

The number of people of each gender who were employed by the ECITB as at 31 December:

Category	2022			2021		
	Female	Male	Total	Female	Male	Total
Directors	-	4	4	-	4	4
Other employees	34	47	81	29	50	79
Total	34	51	85	29	54	83

12. Industry training board pension funds

ECITB is a participating employer in the ITB Pension Fund Scheme, which has two sections. Firstly, a multi-employer defined benefit (DB) section (closed to future accrual 5 April 2016) and, secondly, a defined contribution (DC) section for all staff who joined after 1 April 2012.

Being a multi-employer scheme, FRS 102 states that the DB scheme must be accounted for as a DC scheme, as the proportion of assets and funding level attributable to ECITB cannot be separately identified.

The two sections are:

1. The '2007 Section' was a defined benefits scheme for staff who joined before 5 April 2016. As at 5 April 2016, all current members of the DB scheme became deferred members of the Scheme and were transferred across to the 'DC Section' as at 6 April 2016, and the Scheme closed to future accrual. The most recent triennial valuation of the scheme was performed as at 31 March 2021.

The principal future assumptions used are as follows.

- Real rate of return (net of pension increases) would be -2.4% p.a.
- Nominal rate of investment return on assets would be 0.85% p.a.
- Rate of future pension increases for the 2007 section would be in line with Consumer Prices Index (CPI) changes (assumed to be 3.3% p.a.)
- Rate of future pension increases for the new and 2007 sections would be in line with the Retail Prices Index (RPI) changes (assumed to be 3.3% p.a.)

2. The 'DC Section' is a defined contribution scheme for staff who joined on or after 1 April 2012. From 6 April 2016, employee and employer contribution rates changed as a result of the closure of the DB Section and staff now being part of the DC Section. The range for employee contributions is 4.5%–8.5%, and the employer contributions will match the employee contribution plus 1% but are capped at 9.5% (2017/18 9%).

The pension cost charge for 2022 was £297k (2021 £278k).

13. Tangible fixed assets

2022 Tangible fixed assets	Freehold land & buildings £'000	Plant & machinery £'000	Computer equipment £'000	IT software £'000	Furniture & equipment £'000	Total £'000

Cost or valuation

At 1 January 2022	21	(0)	260	246	2	529
Adjustment to 2022	7		(1)			6
Revaluation	-	-	-	-	-	-
Additions	-	-	81	-	-	81
Disposals	(28)	-	(51)	(27)	-	(106)
At 31 December 2022	(0)	(0)	289	219	2	510

Depreciation

At 1 January 2022	5	-	136	111	2	254
Adjustment to 2022						
Charge for year	2	-	59	52	0	113
Revaluation	-	-	-	-	-	-
Disposals	(7)	-	(46)	(27)	-	(80)
At 31 December 2022	-	-	149	136	2	287

Net book value

At 1 January 2022	16	(0)	124	135	0	275
At 31 December 2022	(0)	(0)	140	83	0	223

2021 Tangible fixed assets	Freehold land & buildings £'000	Plant & machinery £'000	Computer equipment £'000	IT software £'000	Furniture & equipment £'000	Total £'000

Cost or valuation

At 1 January 2021	1,391	57	257	246	80	2,031
Adjustment to 2021	-	-	14	-	(14)	-
Revaluation	-	-	-	-	-	-
Additions	-	-	81	-	-	81
Disposals	(1,370)	(57)	(92)	-	(64)	(1,583)
At 31 December 2021	21	(0)	260	246	2	529

Depreciation

At 1 January 2021	-	48	165	57	60	330
Adjustment to 2021	-	-	7	1	(8)	-
Charge for year	5	1	48	53	1	108
Revaluation	-	-	-	-	-	-
Disposals	-	(49)	(84)	-	(51)	(184)
At 31 December 2021	5	-	136	111	2	254

Net Book Value

At 1 January 2021	1,391	9	92	189	20	1,701
At 31 December 2021	16	(0)	124	135	0	275

Land and buildings comprised a garage in Kings Langley, Hertfordshire, held at cost and sold during 2022.

14. Capital commitments

At the end of 2022 there were no capital commitments (2021 - nil).

15. Investments

The full investment portfolio (listed and cash equivalent) is managed by Cazenove Capital Management, as delegated by the Trustees.

Listed investments	2022 £'000	2021 £'000
Market value at 1 January	5,690	8,780
Purchases	-	-
Sales	(4,750)	(2,900)
Net gain / (Loss)	(58)	(190)
Market value at 31 December	882	5,690
Investments maturing in more than one year	-	899
Investments maturing in less than one year	882	4,791
Total market value of listed investments	882	5,690
Cash and cash equivalents and in hand	2022 £'000	2021 £'000
Cash at bank and in hand	2,797	1,209
Cash equivalents	11,499	12,759
Total cash and cash equivalents and in hand	14,296	13,968

	2022 % value of portfolio	2021 % value of portfolio
Cash equivalent held by the investment portfolio manager	92.9%	69.1%
United Kingdom Treasury Stock 7.9.22 (1.75%)	0.0%	15.9%
Barclays Bank 12.1.22 (4.25%)	0.0%	7.3%
Friends Life 21.4.22 (8.25%)	0.0%	2.8%
European Investment Bank EIB 15.12.23 (.875%)	3.9%	2.7%
Coventry Building Society 13.11.23 (Variable%)	3.2%	2.2%

Details of material investments are as follows:

The cash equivalent investments are used to finance the day-to-day running of the ECITB. Investments may be converted to cash within a very short period, typically two weeks.

16. Debtors

The majority of levy debtors are pre-2022 debts and have fully provided for.

Debtors	2022 £'000	2021 £'000
Levy debtors	298	487
Provision for bad levy debts	(298)	(487)
Net levy debtors	(0)	-
Non-levy debtors	353	280
Non-levy bad debt provision	(85)	(55)
Total non-levy debtors	268	225
Prepayments and accrued income	462	232
Other debtors	-	2
Total debtors	730	459

Balances with intra-governmental bodies	2022 £'000	2021 £'000
Local authorities	-	-
Balances with non-government bodies	730	459
Total	730	459

Debt provision	2022 £'000	2021 £'000
Opening provision against appealed levies and for bad debts	545	601
Levy bad debts due to insolvency or non-payment	21	29
Other bad debts	32	(60)
Reversal of bad debt provision	(212)	(27)
Closing provisions for bad debts and against appealed levies	386	543

During 2022 levy debts of £203,156 (2021- £nil) were written off in the balance sheet. These were previously provided for in full.

17. Creditors

Creditors - amounts falling due within one year	2022 £'000	2021 £'000
Creditors	3,904	5,083
Accruals	337	1,373
Taxation	6	21
Deferred income	-	43
Total creditors falling due within one year	4,247	6,520

There were no creditors with amounts falling due after more than one year as at 31 December 2022 (2021 - £nil).

Balances with intra-governmental bodies	2022 £'000	2021 £'000
Government bodies	620	1,663
Local authorities	13	5
Balances with non-government bodies	3,614	4,852
Total creditors	4,247	6,520

The balance with central government bodies at the 2022 year-end includes the sum of £545k in training grants payable to Sellafield Limited, Magnox Limited and Dounreay Site Restoration Ltd (2021 - £1,562k).

Income has been deferred for international consultancy services that have been invoiced but for which the service was yet to be delivered.

Analysis of deferred income	2022 £'000	2021 £'000
Deferred income released from prior years	43	7
Income deferred in the current year	-	43

18. Financial instruments

Due to the largely non-trading nature of its activities and the requirements of the financial framework set by government, the ECITB is not exposed to the same degree of risk faced by other business entities. Moreover, financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which the financial standard mainly applies.

The ECITB has very limited powers to borrow or invest surplus funds, and financial assets and liabilities are generated by day-to-day operational activities and are not considered to change the risks the organisation faces in undertaking its activities. The ECITB does not hold any embedded derivatives.

Financial assets by category	Note	2022 £'000	2021 £'000
Investments	Note 15	882	5,690
Debtors	Note 16	730	459
Cash and Cash Equivalents	Note 23	14,296	13,968
Financial liabilities by category	Note	2022 £'000	2021 £'000
Creditors	Note 17	4,247	6,520

Cash and debtors are classified as loans and receivables. Creditors are classified as financial liabilities and investments are classified as fair value through the statement of financial activities.

Investment risk

The ECITB's investment portfolio is invested in accordance with rules approved by the Secretary of State. These only permit investment in a range of high quality fixed interest-bearing instruments. Investment in equities is not permitted. The investment portfolio is managed by Cazenove Capital Management, which adheres to these rules.

Interest rate risk

The ECITB has limited exposure to interest rate risk on its financial assets. The risk relates to interest rate fluctuations, which affect its bank accounts. Such fluctuations also affect bond market yields and consequently affect its investment portfolio.

Credit and liquidity risks

The ECITB does not hold any complex financial instruments. The only financial instruments included in the accounts are cash, short-term investments, debtors and creditors (see Notes 15, 16 and 17). Levy, governmental and trade debtors are recognised at fair value less a provision for impairment (bad debts). The fair value equals the carrying value. Bad and doubtful debts are provided for on an individual basis when the ECITB considers that a debt may not be collectable in full, or in part, in accordance with the terms of the relevant transaction.

The organisation has no borrowings and relies primarily on the industrial training levy for its cash requirements. ECITB's principal exposure to risk is primarily attributable to levy debtors. However, this risk is minimised by the ECITB's relationships with most major levy debtors, which includes appropriate due diligence when raising levies and ongoing discussions around training needs, and therefore identifies credit risk issues early on. The organisation holds reserves, which are sufficient to cover the cost of closing ECITB (ie office close down and redundancies and a fund for legal costs) plus a discretionary fund to pay a portion of the outstanding commitments on new entrant (apprenticeship and graduate) contracts. Consequently, the ECITB is not exposed to material liquidity risks.

Foreign currency rate risk

The ECITB trades with parties based overseas (principally training providers). However, in contractual arrangements with such parties, payment of the full consideration to the ECITB must be made in sterling, net of foreign withholding taxes and transaction costs.

All other assets are held in sterling, with the result that there is no exchange risk. Accordingly, it is not considered that the ECITB is exposed to a material foreign currency rate risk.

19. Financial commitments

Financial commitments at 31 December 2022 are estimated to amount to £12,706k (2021 - £12,499k). These comprise the value of outstanding payments which the ECITB has committed to pay to various parties involved in the training of apprentices and pre-apprentice qualifications. The parties to which such commitments have been made are training providers, industry employers and apprentices. These commitments are contracted for, but not provided in the accounts. The commitments have been categorised by the years in which the apprentice “cohorts” commenced their apprenticeships.

Apprentice cohort	2022 £'000	2021 £'000
2014	3	3
2015	-	-
2016	5	23
2017	71	180
2018	262	775
2019	962	1,704
2020	793	3,093
2021	3,517	6,721
2022	7,093	-
Total	12,706	12,499

The commitments in respect of all the cohorts have reduced as a consequence of the progression or completion of apprenticeships during the year. The year-end commitments in respect of these cohorts reflect the reduced numbers still in the process of completing their programmes. The commitments relating to the 2022 cohort were made upon the commencement of the relevant learners’ programmes, and by the year-end grant and programme costs only in respect of the initial months of training had been discharged.

Other financial commitments arising from contracts made with other service providers are not material.

20. Operating leases and commitments

	2022 £'000	2021 £'000
Within 1 year	13	13
Between 2-5 years	13	13
After 5 years	-	-
Total	26	26

The above relates to the occupation of Office Suite KD3 First Floor, KD Tower, Cotterells, Hemel Hempstead, HP1 1FW.

Our spend on the property to date has been to install ethernet and air conditioning purification which would both stay as improvements to the property.

After two years, no damage or other alterations have been made, therefore our current estimate of a dilapidation charge is £nil.

21. Unrestricted fund

Unrestricted fund	At 1 January 2022 £'000	Incoming resources £'000	Outgoing resources £'000	Transfer between funds	Other recognised gains/ losses	As at 31 December 2022
Revaluation reserve	-	-	-	-	-	-
General funds	13,872	28,661	(30,591)	-	(58)	11,884
Total unrestricted funds	13,872	28,661	(30,591)	-	(58)	11,884

Unrestricted fund	At 1 January 2021 £'000	Incoming resources £'000	Outgoing resources £'000	Transfer between funds	Other recognised gains/ losses	As at 31 December 2021
Revaluation reserve	1,318	-	-	(1,318)	-	-
General funds	15,559	30,844	(33,659)	1,318	(190)	13,872
Total unrestricted funds	16,877	30,844	(33,659)	-	(190)	13,872

22. Reconciliation of net income / (expenditure) to net cash flow from operating activities

	Note	2022 £'000	2021 £'000
Net incoming / (outgoing) resources	SOFA	(1,988)	(3,005)
Depreciation	Note 13	106	108
(Gains) / losses on investments	Note 15	58	190
Investment income	Note 4	(367)	(202)
(Gain) / loss on disposal of fixed assets	Note 8 & 9	1	(38)
Decrease / (increase) in debtors	Note 16	(271)	37
Increase / (decrease) in creditors	Note 17	(2,273)	(1,726)
Net cash outflow from operating activities		(4,734)	(4,636)

23. Analysis of changes in cash equivalent

Analysis of changes in cash and cash equivalents	At 1 Jan 2022 £'000	Cashflows £'000	At 31 Dec 2022 £'000
Cash at bank and in hand	1,209	1,588	2,797
Cash held by investment portfolio manager	12,759	(1,260)	11,499
Total	13,968	328	14,296

All cash is held in commercial banks or financial institutions.

24. Contingent liabilities

There are no contingent liabilities at the balance sheet date. (2021 – No contingent liabilities.)

25. Related party transactions

Some members of the Board of Trustees also hold positions with and/or are employees of organisations with which the ECITB has transacted during the year, or also hold positions with and/or are employees of associated organisations. Details of such positions and employments are declared in the Register of Interests of Trustees, which appears in Appendix C of this report.

For the purposes of this note, such organisations are referred to as “related parties”.

All of the transactions were under normal terms and carried out at arm’s length.

The transactions in the following table comprised the receipt of levy and income from the sale of training services. The sale of services arises from licences granted to the related parties by the ECITB relating to the use of training materials, and includes licence fees and the sale of CCNSG Safety Passports. The total sums involved were:

Transactions with related parties under which funds were paid to the ECITB	2022 £'000	2021 £'000
Levy paid to ECITB	6,403	9,256
Sale of training services by ECITB	93	18
Total	6,496	9,274

The amount owed to ECITB by related parties at the balance sheet date is £26k (2021: £6k). The transactions in the following table comprise the payment of grants, the award of qualifications and the procurement of training and assessment services. The total sums involved were:

Transactions with related parties under which payments or value flowed to the related parties	2022 £'000	2021 £'000
Payment of grants	4,340	6,235
Purchase of training and assessment services by ECITB	133	42
Total	4,473	6,277

The amount owed by ECITB to related parties at the balance sheet date is £699k (2021 - £0k).

In addition, the ECITB has had various material transactions with other government departments and other central government bodies. Most of these transactions have been with HM Revenue & Customs.

During the year, no key manager, employee or other related party has undertaken any material transactions with ECITB. The remuneration arrangements with members of the ECITB’s Executive Team are set out in the remuneration report.

26. Post year-end events

The financial statements were authorised for issue on the date of certification by the Comptroller & Auditor General.

No events have occurred since the balance sheet date that affect the reader’s understanding of the financial statements.

Organisational details

ECITB's directors

Interim Chief Executive Officer: Andy Brown
Director of Finance and Business Services: Rory Blyth
Director of Strategy and Policy: David Nash
Interim Director of Operations: Matthew Oates

Complaints

Any complaint concerning conduct of the ECITB should be addressed in the first instance to the Strategy and Policy team at complaints@ecitb.org.uk

Head office and principal address

Office Suite KD3 First Floor
KD Tower, Cotterells
Hemel Hempstead
HP1 1FW

Charity registration details

Registered as a charity in England and Wales with The Charity Commission No 264506.

Auditors

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

Bankers

Barclays Bank Plc
22-24 Upper Marlborough Road
St Albans
Herts
AL1 3AL

Appendices - unaudited

Appendix A:

This appendix shows:

- The members of the ECITB's Board of Trustees during 2022 and at 19 May 2023;
- Changes in membership since 1st January 2022; and
- Meeting attendance records during 2022.

Name	Changes during 2022 and to date	2022 meeting attendance record
Ms L Armstrong		6 of 6
Mr C Claypole	Tenure expired May 2022	1 of 2
Mr S Hicks		6 of 6
Ms H Hill		5 of 6
Prof J Howe		4 of 6
Ms D James	Tenure expired May 2022	2 of 2
Mr D Vineall		5 of 6
Mr C Gilmour		6 of 6
Mr P Somers		4 of 6
Ms J Cooper	Stepped down February 2023	6 of 6
Mr D Gear		5 of 6
Mr S Hunt		6 of 6

Appendix B

This appendix shows:

- The members of the Board's committees during 2022 and at 19 May 2023;
- Changes in membership since 1st January 2022; and
- Meeting attendance records during 2022.

Name	Changes during 2022 and to date	2022 meeting attendance record
Mr S Blackman		2 of 2
Mr P Bunyan		2 of 2
Mr M Crichton	Resigned June 2022	N/A
Mr C Claypole	Tenure expired May 2022	N/A
Mr M Hockey	Deceased	1 of 2
Mr C Gammie		2 of 2
Mr W Lindsay	Appointed in May 2022 and resigned December 2022	2 of 2
Mr A Mitchell		1 of 2
Ms T Shelley		2 of 2
Ms A Thom		1 of 2
Mr P Ventre		2 of 2
Mr M Arnold		1 of 2
Mr A Riley		2 of 2
Ms H Westcott	Resigned February 2022	N/A
Mr I Guy		0 of 2
Mr M Stanton		2 of 2
Mr G Stirling	Stepped down due to OCA disolvment	N/A
Mr K Scott	Stepped down due to OCA disolvment	N/A
Ms C Childs		0 of 2
Mr C Weldon		1 of 2
Mr J Webster	Appointed in February 2022	2 of 2
Mr S Hunt		1 of 2
Mr S Hamilton	Appointed in December 2022	N/A

Audit & Risk Committee

Name	Changes during 2022 and to date	2022 meeting attendance record
Ms H Hill		4 of 4
Mr C Tall		4 of 4
Mr A Coppola	Resigned March 2022	1 of 1
Mr I Maybrey		3 of 4

Qualifications and Awards Committee

Name	Changes during 2022 and to date	2022 meeting attendance record
Mr R Clarke		3 of 3
Mr R Davies		2 of 3
Mr T Stone		1 of 3
Mr D Whitehouse		2 of 3
Prof J Howe (Chair)		2 of 3

Client Contractor National Safety Group (CCNSG)

Name	Changes during 2022 and to date	2022 meeting attendance record
Mr R Clarke		2 of 3
Mr R Miguel		1 of 3
Mr M Riley (Chair)		2 of 3
Mr D White		2 of 3
Mr R Davies		2 of 3
Ms D Boyle	Resigned May 2022	2 of 3
Mr M Ellis		2 of 3
Mr J Murray		1 of 3
Ms E McMullen	Appointed in December 2022	N/A
Mr M Poole	Appointed in December 2022	N/A

Appendix C

Trustees are appointed by the Secretary of State because of their positions in the industry. The following Board members (who are serving as charitable trustees at 19 May 2022 or who have stepped down since 1 January 2022) have declared the following other interests:

Member	Declared interest
Mrs L Armstrong	
Mr C Claypole	Managing Director, Site Service Engineering Ltd Stocks Group Limited (which includes levy payer, Site Service Engineering) Director, Winterton Rangers Community Interest Club Director, Winterton Sports and Agricultural Society
Mr S Hicks	Bioenergy Infrastructure Group Member – IET Purple Forge Ltd
Ms H Hill	Ofgem - Strategy and Decarbonisation Fellow, Institution of Mechanical Engineers
Prof J Howe	Professor of Energy - University of Chester Board Member – COGENT Chair: North West Hydrogen Alliance (This body has ECI Members)
Ms D James	VP Nuclear Power - Jacobs
Mr D Vineall	Group Chief People Office - Nuclear Decommissioning Authority
Mr P Somers	CEO UK, Ireland & Nordic - Altrad Services Ltd
Mr S Hunt	Regional Director – Stork UK
Mr C Gilmour	Vice President Nuclear & Defence Sector of Altrad Babcock Limited Board Member of Engineering Construction Industry Association (ECIA) ECIA representative on National Joint Council (NJC) Spokesperson for the Sizewell C Consortium Fellow of the Institution of Mechanical Engineers
Ms J Cooper	Director of Offshore Wind Member - Institute of Mechanical Engineers
Mr D Gear	Founder and Director of Voar Energy Ltd Founder and Advisor at Norn Ltd General Manager and Director of Peterson Shetland Ltd General Manager of Peterson Decommissioning Ltd Executive Committee Member of the Shetland Net Zero Energy Forum.



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Engineering Construction Industry Training Board

Report of the trustees and
accounts for the year-ended
31 December 2021

HC 302
SG/2022/104



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Engineering Construction Industry Training Board

**Report of the trustees and accounts for the year-ended
31st December 2021**

Presented to Parliament pursuant to Section 8(4) of the Industrial Training Act 1982
Ordered by the House of Commons to be printed 30th June 2022.

HC 302
SG/2022/104

Contents

Chair's Introduction	5
Chief Executive's Review	7
About the ECITB	10
Strategic Report & Performance Review 2021	11
Commercial Activities 2021	21
Looking Ahead: 2022	22
2021 Governance Statement	23
Financial Report	31
Results for the Year	32
Remuneration Report	36
The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament and the Scottish Parliament	41
Financial Accounts for the year ended 31 December 2021	46
Notes forming part of the Accounts for the year ended 31 December 2021	49
Organisational Details	75
Appendices	76

Chair's introduction

2021 was another challenging year for the engineering construction industry as the impact of the Covid-19 pandemic continued to be felt.

The ECITB's priority in 2021 was to build on measures we enacted at the start of the pandemic to support industry and secure the future of the workforce. This includes Train to Retain, which continued to provide vital support for apprentices, graduates and trainees at risk of redundancy. We recognise that the climate is still tough for many in-scope companies and, while headcount growth is forecast to exceed 2019 levels by 2023, the Board will continue to back further measures to support recovery.

Striking a positive note for industry, Government has begun to accelerate the transition to net zero (by 2045 in Scotland and 2050 across the rest of the UK) with the announcement of the first two carbon capture clusters in the North West and East Coast of England.

In the North West we will see a collaboration of organisations undertake a project (Hynet) which will combine hydrogen production and carbon capture, with the potential to cut the region's carbon emissions by 25% in just 5 years - the equivalent of taking 4 million cars off the road.

And The East Coast Cluster, an alliance between the Endurance Partnership, Net Zero Teesside and Zero Carbon Humber, aims to remove nearly 50% of all UK industrial cluster carbon emissions. The anticipated activity across Humber and Teesside is expected to support up to 25,000 jobs a year between 2023 and 2050.

As well as the industrial clusters, there will be substantial opportunities for ECI companies to work on decarbonising dispersed sites, including oil and gas platforms, refineries and power stations. The ECITB has a vital role in enabling the transfer of workers between sectors including by collaborating with industry partners to enhance and standardise competence assurance through programmes such Connected Competence.



In the short term, the biggest challenge facing industry is the shortage of workers. Like many other sectors of the economy, engineering construction is under pressure from an increasingly tight labour market. The evidence suggests labour demand and competition for skills is escalating, including from allied industries such as construction and defence. Providing pathways into industry for young people and existing workers alike will be critical to overcoming this challenge.

That's why the ECITB has supported almost two thousand apprentices and over 500 graduates during the current strategy period and will continue to support the industry to recruit new entrants who will drive the energy transition over the coming decades. In parallel, the ECITB's Scholarship scheme will provide employers with the opportunity to recruit new entrants who have already received training, either to be fast-tracked into the advanced stage of an apprenticeship or recruited directly to site.

Recognising the complexity of the road ahead, we will continue to increase our dialogue with the governments in Scotland, England and Wales to articulate and jointly tackle the skills challenges we will have to address. Our position as a public body and a government facing advocate of the ECI has never been more important than it is now.

A handwritten signature in black ink that reads "Lynda Armstrong". The signature is written in a cursive, flowing style.

Lynda Armstrong OBE
Chair

Chief Executive's review

At the start of 2021, the ECITB adjusted its strategy in response to ongoing impact of the Covid-19 pandemic, building on measures that we enacted in 2020 to tackle the key challenges facing industry.

To support the retention of apprentices and graduates in the engineering construction workforce, the ECITB extended the Train to Retain initiative. The programme closed at the end of 2021 having supported over 500 apprentices, trainees and graduates. An independent evaluation report by Cebr found the programme provided a £1.9m net benefit to industry. In addition to the financial benefit, the learners we supported expanded their skillsets in a range of different areas, bringing added value to their employers. We aim to build on the success of the programme in other initiatives we plan to develop this year and into the next strategy period.

In the area of new entrants, we introduced the ECITB Scholarship programme to counteract the 50% fall in apprenticeship starts that we saw at the start of the pandemic. Focused on craft and technician disciplines, the ECITB Scholars will acquire vital skills and qualifications to commence their careers in our industry. In 2021, we introduced the Energy Transfer Technician Scholarship to prepare a cohort of new entrants with the training they need to successfully work on net zero projects.

Notwithstanding the pandemic, 2021 saw a welcome recovery in training levels across the industry with demand for grant support exceeding our initial expectations. The ECITB provided more than £26m of grant support to help address skills gaps and shortages across the year. This has required us to draw down just over £3m from our reserves and we anticipate the need to spend a further £4m from ECITB reserves in 2022. Going forward, we will need to strike a balanced approach across all areas of funding to ensure affordability and value for money to levy payers.



The impact of the pandemic on training providers has been a key concern and we are committed to supporting the provider network who are vital to training delivery. Last year we carried out 176 provider audits and took steps to improve collaboration and partnership working with our providers through programmes such as the scholarship.

We have also looked to accelerate our use of remote and online training alongside face-to-face learning and are developing a new blended learning strategy, which includes a new learner experience platform and a digital passport which we are piloting with scholars.

The ECITB has an important role to play in bringing industry challenges, opportunities and concerns to the attention of Government policymakers. In 2021 we worked with Ministers and officials through fora such as the Construction Skills Delivery Group and the Green Jobs Taskforce and on a range of policy areas, including T-level industrial placements, qualifications and net zero. We have also established the Net Zero Network to bring industry, government and academic together to share best practice and insights and to shape the ECITB's net zero offer.

Key to achieving influence is our evidence-driven approach, which was the basis of our Workforce Census exercise last year. I'd like to thank all who supported this work. It has been really well received, not only in government but by our wider stakeholders as well. The census captured data from over 50% of our in-scope establishments, employing over 45,000 workers across over 1,300 locations, and the data provides a comprehensive picture of the workforce cross the eight sectors of the industry that we represent.

Finally, diversity and inclusion are clear areas for improvement across the industry. We need a more diverse workforce to help develop the way we operate and to grow workforce numbers to meet future demand. Last year, we carried out reviews of our training standards to ensure equality, diversity and inclusion principles are embedded throughout the ECITB's training products, launched two new D&I standards and grant supported nearly 3,000 learners to undertake diversity and inclusion training. Our work in this area will increase this year and will be at the heart of our new strategy for the period 2023 -25, which will launch in the summer.



Chris Claydon
Chief Executive

ECITB Mission:

“The ECITB’s mission is to lead the industry in training and developing a highly-skilled workforce.”



About the ECITB

Established in 1991 the ECITB was formed in recognition of the engineering construction industry's vital role in the UK economy, and the requirement for a statutory body to meet the special training needs of the industry: an industry that is characterised by a highly mobile labour force and where there are few incentives for individual employers to train.

The engineering construction industry (ECI) delivers and maintains the nation's critical energy infrastructure, including the oil and gas, nuclear and renewables sectors, alongside major process industries, such as chemicals, pharmaceuticals, food processing, water and waste treatment. The ECITB is the skills, standards and qualifications body with statutory responsibility for the development of the engineering construction workforce in Great Britain. It works closely with employers and governments to attract, develop and qualify engineering construction personnel in a wide range of craft, technical and professional skills and disciplines.

The ECITB's vision is to be the leading industry authority on engineering construction skills, working in partnership with business and government to deliver a highly skilled workforce and offering value by enabling industry to compete globally. This means constantly evaluating and improving our focus, our operations, our relationships and our governance.

Charitable Activity:

The ECITB is a registered charity in England (Registered Charity No. 264506), with one charitable object to make provision for training persons for employment in the activities of the engineering construction industry. In pursuit of this object the organisation provides grants for training and assessment, graduates and apprentices. The ECITB develops its own standards, assures the quality of training centres and carries out focussed research to inform reports and bulletins on skills in the industry.



HRH The Princess Royal met with ECITB Scholars on a visit to East Coast College, Suffolk in November 2021.

Strategic Report and Performance Review 2021

Operating Environment

In 2021 the world began to adjust to living with COVID-19, as industry and business across the globe started to recover from the hard-hitting economic shocks that were experienced at the start of the pandemic in 2020. The engineering construction industry was no exception, and by the end of the year, the sector had adapted to what became known as the 'new normal'. Nevertheless, the pandemic has had a significant impact on workforce numbers with the ECI workforce as a whole decreasing by 15.25% in 2021, when compared to 2019. More positively, the workforce is expected to recover to 102% of its 2019 level by 2023 highlighting that the recovery is very much in train.

The ECI is facing a period of transition as the economy pivots towards net zero. In practice, this will likely mean a gradual decline in our dependence on hydrocarbons – albeit the war in Ukraine and the associated surge in oil and gas prices has reinforced calls to expand domestic production – alongside significant growth in renewables and nuclear power generation.

ECI companies working in the oil and gas sector fared better than anticipated in 2021, with workforce numbers dropping by only 4.12 points compared to 15.25 in the industry as a whole. Growth confidence also appears to be high, with the workforce expected to recover and exceed 2019 levels by 9.35% by 2023. This is compared to an increase of only 2.4% for the wider ECI. Much of this growth trajectory is linked to the key role that the oil and gas workforce will play in the net zero transition. Hydrogen, CCS and Wind are three large potential areas of growth for companies currently operating in the oil and gas sector.



Chanice Matthews, ECITB Scholar at Pembrokeshire College.

Overall workforce levels in nuclear remained relatively stable in 2021, despite the reduction that some sites placed on workforce numbers during the winter lockdown. Progress continued to be made at Hinkley Point C, with the mechanical, electrical, heating and ventilation (MEH) phases starting in early 2022. The project is on track to be operational by 2026, when it will generate 7% of the UK's electricity needs, while the government also announced its intention to make a final decision on funding options for Sizewell C in 2022. Significant levels of decommissioning activity are also on the horizon. Hunterston B and Hinkley Point B power stations are planning to end power generation in 2022, and all seven of EDF's nuclear stations will end power generation by 2030.



In 2021, the Food and Drink, Chemicals, and Water Treatment sector all saw a decrease in overall workforce number, compared to their 2019 levels. However, all three of these sectors have started to recover.

It has been difficult to assess the full impact of EU exit on the ECI, especially as effects of EU exit may also have been complicated by the effects of COVID-19. However, when asked, the vast majority of Engineering Construction companies declared they were prepared for Brexit. The most prominent concern is uncertainty in the supply chain, with SMEs operating in the steel, cement and bricks and paper sectors expressing most concern.

The transition to Net Zero presents both challenges and opportunities for the ECI. The hosting of the UN COP26 Climate Change conference in Glasgow in November 2021 helped to cast a spotlight on the role of the energy and process industries in achieving net zero by 2050. With government aiming for two low carbon Industrial Clusters to be operational by 2025 (four by 2030), alongside 1GW of Hydrogen production capacity by 2025 (5GW by 2030), it is vital that skills investment is central to industry planning.

Objectives and Achievements in 2021

2021 saw the ECITB enter the second year of the three-year strategy, Leading Industry Learning 2020-22. Developed in close consultation with industry representatives, the strategy was endorsed at the 2019 levy consultation, and was accompanied by a three-year business plan, setting out delivery plans to achieve the strategic objectives, alongside performance indicators to measure progress.

Throughout 2021 the ECITB delivered a suite of programmes and activities services to support industry.

Key deliverables in 2021 included:

- **Maintaining the pipeline of new entrants**, through investing over £26m in training, which included supporting nearly 2000 apprentices across a variety of apprenticeship programmes and continuing the ECITB scholarship that was introduced in 2020, a two-year classroom based programme designed to prepare young people for a career in craft or technical trade.
- **Retaining essential skills in industry**, through the continuation of the Train to Retain scheme, which was launched in 2020. Since its launch, this scheme supported over 500 young engineers in the industry who would have otherwise been at risk of redundancy. The ECITB has also worked on recognition of qualifications and skills through its Connected Competence programme to allow the ECI workforce to transition across different sectors more easily.
- **Accelerating transition**, towards net zero through programmes such as the Energy Transition Leadership programme and the Energy Transfer Technician Scholarship. We have also undertaken detailed skills mapping on the occupational requirements for net zero and started to build up our engagement with clients and contractors involved in the Industrial Clusters with the view to positioning the ECITB as a key partner for skills development and delivery.
- **Providing comprehensive insights into the make-up of the ECI workforce**, through the launch of the ECITBs 2021 Workforce Census. The Census analyses the ECI workforce on a demographic and occupational level and includes data accounting for over 1300 ECI sites. The data will inform our engagement with government and the development and targeting of ECITB programmes and grant funding across different geographical regions.

As the ECITB continues with the implementation of its 2020-2022 strategy, Leading Industry Learning, digital learning programmes and preparing the workforce for the transition to net zero have been prioritised. The updated strategy was published at the beginning of January 2021 and is available at www.ecitb.org.uk.

The following table provides an overview of ECITB progress in meeting the 3-year business plan objectives that form the basis of the existing, Leading Industry Learning strategy.

Key performance indicators

Strategy Pillar	3 Year Business plan objective	Performance in 2021
Foundations	1. Produce high-quality intelligence on labour market, skills and workforce trends	- Conducted the first ECITB workforce census exercise. This consisted of gathering granular data on workforce, skills and hiring intentions from 153 in-scope employers (establishments) (50% of all in-scope employers). The data collected covers over 45,000 workers operating across over 1360 locations in Great Britain and its offshore waters. - Published the summary census report in September 2021. Sector specific reports including nuclear and oil and gas to follow in early 2021, along with a regional breakdown. - Commissioned by BEIS to contribute to the Prime Minister's construction skills stock take exercise in November 2021. Provided supply and demand level data. - Supported cross-infrastructure workforce intelligence gathering, in collaboration with the IPA, CITB, NSAR, Cogent, NSSG and EU Skills. - Collaborating with various external research projects, including the University of Chester's net zero skills study which will be published in 2022.
	2. Ensure all employers who should pay the levy do	- Issued 41 Business and Activity Return (BAR) forms to potential liable establishments. - Undertook 18 Desk top Reviews of potential liable establishments which did not result in further action (this is the first step of the lead verification process and BARs are not issued if prima facie evidence does not exist to support the conclusion that a liable establishment exists). - Undertook 30 Establishment Reviews of existing liable establishments - An additional £489k of levy was raised by either bringing new establishments onto the register or by ensuring that declarations submitted from existing establishments are correct. - Increased the resource in the Levy Team by recruiting an additional Levy Manager.

Strategy Pillar	3 Year Business plan objective	Performance in 2021
Foundations	3. Ensure National Occupational Standards (NOS), qualifications and training standards reflect industry requirements	- Reviewed 14 out of 19 NOS suites. A total of 128 NOS reviewed in 2021 and there are now 92 refreshed NOS of which 22 are new. - Launched 1 new cross-sector qualification: Level 6 Diploma in Advanced Project Controls Practice and Techniques (RQF) with pathways in estimating, planning and scheduling, cost engineering and integrated project controls practice 8 new training standards developed, including the Wind Turbine Lift Maintenance Standard and the ECITB D&I Standard, 34 reviewed 49 technical tests developed, derived from NOS, 4 reviewed 5 ECITB courses updated (Supervisor/PC) 145 working groups held (82 for HPC alone), 71 organisations engaged in working groups
	4. Enhance data collection and evaluation methods in order to drive continuous improvement	- Published the 2020 Impact report, highlighting our achievements and outcomes during the pandemic. - Commissioned second (2021) Customer Satisfaction Survey and Stakeholder survey. Fieldwork completed in Autumn 2021. - Commissioned an independent evaluation into the Train to Retain programme (to be published soon)
	5. Help the industry develop more inclusive cultures and encourage greater workforce diversity	2897 learners supported to undertake D&I training. - Employer support for Developing Female Leadership Training; - Employer support for “Women as Leaders” with Cranfield University, 3 new providers plus 2 existing providers approved for ECITB D&I standards delivery 5 PCAS D&I courses run in 2021 34 learners on ECITB PCAS D&I training (excluding ECITB staff)

Strategy Pillar	3 Year Business plan objective	Performance in 2021
Meeting current skills needs	6. Address priority skills shortages and provide training solutions to tackle skills gaps	- Funded > £26m of training for and on behalf of employers to close skills gaps and shortages in the industry - Developed training standards to meet the statutory requirement for wind turbine lifting equipment maintenance and inspection. Successfully piloted in early 2022 - Improved Project Management competences through PM Mentoring and Chartered Project Professional programmes 84 learners on targeted ECITB supervisory programme in the Midlands. - Upskilling programme for pipefitting in the North - Welding development (RCC-M) and assessment (Welding Tests) for HPC - Mechanical Centre of Excellence (training simulator) build for HPC
	7. Support the training and recruitment of new entrants into the industry	- Total apprentice supported in 2021 - 1973 - Total new apprentice starts 2021 - 646 - Total graduate starts 2021 - 247 - Total scholars supported in 2021 - 210 - Total new scholars 2021 - 133
	8. Support the retention and development of essential skills	Nearly £4.7m investment in the Train to Retain Programme has supported over 500 Apprentices, Trainees & Graduates across 39 employers between August 2020 and December 2021.



(L to R) Dan, Jack and Connor working on 'Industrial Internet of Things' projects as part of their Modern Apprenticeship in Engineering Maintenance (Electrical) with Fife-based DPS Group.

Strategy Pillar	3 Year Business plan objective	Performance in 2021
Meeting current skills needs	9. Improve access to quality and cost effective training including through blended learning and digital methods	• Conducted 176 provider audits in 2021. 22 providers have improved their audit grade from a grade 3 (requires improvement) to grade 2 • Approved 14 new providers (8 Tech and 6 M&P) • 30 PCAS (ECITB Provider Approval Scheme) courses approved (22 Tech 8 M&P) • 147 trainers/testers approved (125 tech and 22 Management & Professional) • 42 International trainers approved • 15 International additional programs/providers approved • 7 National ATP events held • The Blended Learning Strategy launched in 2021 has achieved the following milestones; - o On-line learning platform released to all Scholarship providers in late May 21. All providers in the Scholarship programme now have an instance created and access to the learning materials. - o The digital passport content and structure was developed in 2021 and is about to go live to Scholars on the 25th January 2022. Internal testing begins 14/01/22. - o The re-brand and re-build of CCNSG V8 commenced in 2021 and the first stage was completed by end of Q1 2022. This will then allow a self-study online programme to be developed.
	10. Enable greater transferability of skills between sectors and projects, including through the Connected Competence Programme	• Connected Competence maintains strong support from upstream employers with additional interest now from downstream asset owners. Nuclear New Build using Connected Competence tests as part of onboarding. • Site-based digital assessment for Connected Competence trialed for further development in 2022. • On-line testing of ECITB knowledge tests initiated through on-line platform. • ECITB continue to run the flagship PM Mentoring programme, in 2021 this also included a cross-sector PM mentoring group with 5 successful pairings from a range of sectors – upstream oil & gas, downstream oil & gas, subsea, nuclear, multisector consultancies

Strategy Pillar	3 Year Business plan objective	Performance in 2021
Preparing for the future	11. Support the delivery of industrial strategies and industry roadmaps, including the nuclear, offshore wind and North Sea Transition deals.	- The ECITB has supported the following industrial strategies - North Sea Transition Deal: we have participated in the Energy Skills Alliance Leadership Group, All Energy Apprenticeship, Standards Group and the Careers group. - Offshore Wind Sector Deal: we have worked with the sector on transferability schemes and development of standards, notably the new turbine equipment statutory inspection standards developed in collaboration with developers and supply chain companies. We have also supported LMI activities for the Offshore Wind Industry Council. - Nuclear Sector Deal: through our support for the NSSG. Our grant funding for D&I training in the nuclear industry is also a key element in the delivery of the NSD. In addition, we have participated in the NSSG Landscape Review.
	12. Enable ECI companies to harness IR4 technologies to improve productivity by having the right skills	- ECITB set up and ran Project Data Academy, a 3 month practitioner based programme developing the capability to use tools and systems to maximise the use of project data. 25 learners participated in the pilot and plans in place to run this in 2022 - To assess the readiness of industry to optimise IR 4.0 technologies, the ECITB have supported a PhD student at Robert Gordon University in researching IR 4.0 maturity and developing a research tool. This will be implemented in 2022. - Regional analysis of digital skills development includes uses of e-learning; advanced CAD training, Digital Transformation Leadership through partner approach with provider, Enterprise Product Data Management training.

Strategy Pillar	3 Year Business plan objective	Performance in 2021
Preparing for the future	13. Work with UK and devolved Governments to shape education and skills policies to meet industry needs	• Participation in the BEIS/DfE Construction Skills Delivery Group and the Green Jobs Taskforce. • Active ongoing engagement with DfE on T-levels including developing the concept of simulated environments for industrial placements (which would benefit employers in high-hazard environments). Additional engagement on traineeships, bootcamps, National Skills Fund and the Level 3 free qualifications offer. • Growing engagement with BEIS particularly with the industrial decarbonization and construction skills team. • Responded to 10 consultations from Government departments and other ALBs. Submitted written evidence to enquiries held by the Environmental Audit Committee and the Hydrogen APPG. Spoke at events held by the Hydrogen APPG and the APPG for Skills, Careers and Employment for its Skills Commission report launch. • Spoke at green careers event at COP26 alongside Minister for Higher and Further Education, Michelle Donelan. • Written engagement with Ministers including Alex Burghart, Kwasi Kwarteng, Annie Marie Trevelyan and Lia Nici the PM's Further Education ambassador.

Strategy Pillar	3 Year Business plan objective	Performance in 2021
Preparing for the future	14. Work collaboratively to support industry to prepare the workforce for the transition to a net zero carbon economy.	• Significant amount of stakeholder engagement in the area of net zero in 2021, including building our links with the Industrial clusters, government, academia and industry. • We have undertaken detailed analysis of the types of skills that will be required for net zero and gap analysis with existing skills sets. Work now underway to understand workforce volume requirement. • Built ECITB profile as a thought leader in the area of skills for net zero, through various comment articles, speaking at events (including COP26) and participation in groups such as the Green Jobs taskforce. • Launched ECITB net zero webpage, with links to free NZ related training courses. • Launched Energy Transition Leadership Programme. Programme designed with Strathclyde & RGU universities and first 2 modules successfully piloted through remote delivery. • Piloted DNV Energy Transition Course. Worked with DNV to convert simulation course to remote delivery and completed first pilot programme • The ECITB established the Net Zero Network; a cross industry group of 30+ contractors, clients, education providers, policy officers and consultants have joined forces to provide the ECITB with advice and guidance on workforce issues and training needs. • The ECITB Project Management Steering Group has started to focus project capability for energy transition. This led to the biennial PM Conference in October focusing on providing good practice advice on preparing for carbon neutral project delivery. The ECITB Project Collaboration Toolkit has been presented to carbon capture and H2 production projects as an opportunity to support more collaborative behaviours in a much more complex stakeholder environment. • Established internal Net Zero Programme Board to provide direction and accountability for all ECITB NZ activity

Commercial Activities 2021

The ECITB's commercial activities comprise operations in Great Britain and overseas, primarily the Middle East, South East Asia and East Africa. Commercial income is derived from a variety of sources including:

- Licence income – whereby the ECITB grants licences to Training Providers (ATPs) to use its training materials and tests
- Fees payable by the ATPs in respect of learners using ECITB training courses
- Registration of an issuance of vocational qualifications

Commercial Activities in Great Britain

The main source of income within Great Britain derives from the issuance of Client Contractor National Safety Group (CCNSG) Safety Passports. Income from CCNSG and ICE passports and technical tests increased during 2021 from £742k to £754k with overall numbers above those in 2020 due to a resurgence of construction and consequent training activity after the reductions caused by Covid 19.

International Commercial Activities

ECITB operates in 3 main areas overseas, namely the Middle East, South East Asia and East Africa. Gross International Commercial Income in 2021 was £491k which was in line with 2021 after bad debts. Income was mainly delivered through charges for International Training Provider Licences. The consistent performance to 2020 was due to low delivery and therefore delegate fees, as training and some major projects continued to be restricted across the world due to the pandemic.

The quantity of providers on our books continued to grow during 2021 despite the global lockdown and the international commercial team grew again with a view to significantly growing back sales when training restrictions are finally lifted.

Looking Ahead: 2022

2022 marks the final year of an exciting three year strategy period for the ECITB. Full details of the strategy and its KPIs can be found on the ECITB's website, to which we would encourage readers of this annual report to refer.

Financial Projections 2021

The 2022 operational plan and financial budget are based on the ECITB's strategic priorities and objectives. Given the ambitious 2020-22 strategy, high demand for training grants in 2021 and reduction in levy income in 2022 due to reductions in the workforce in 2020-21, we expect the ECITB to continue to be able to draw down on its reserves and therefore run at a deficit in 2022.

The 2022 budget currently anticipates a £4m deficit, utilising reserves to support training during a period of lower levy receipts and high post-pandemic demand. Key assumptions within this budget include:

- No material increase in levy during the year, however, more funds may become available as a result of establishment reviews
- A number of projects around technology, systems and blended learning support to industry are in the discovery phases, with 2022 budget for significant development. It is possible that less budget will be required in 2022 as discovery and full project initiation progresses.



Training provider Altrad incorporates virtual reality technology into their classroom training.

2021 Governance Statement

Scope of Responsibility

As Chief Executive and Accounting Officer, I have responsibility for maintaining a sound system of governance and internal control that supports the achievement of the ECITB's purposes, strategic objectives and policies, while safeguarding the funds and assets for which I have responsibility in accordance with Managing Public Money. This means that the ECITB's funds and assets are properly accounted for, and are used efficiently and effectively.

The Purpose of the Governance Statement

The Governance Statement supplements the financial information in the accounts by explaining how the ECITB's governance and control structure directs and reviews plans and performance. The statement shows how the ECITB applies the principles of good governance, and reviews the effectiveness of these arrangements.

Governance Framework of the Organisation

The ECITB is a statutory body (an Industrial Training Board (ITB)) governed by the Industrial Training Act 1982 ("the Act"). The Industrial Training (Engineering Construction Board) Order 1991 (Statutory Instrument 1991 No. 1305) defines the activities of the ECITB and the engineering construction industry. Details of the powers and responsibilities of the ECITB, as well as the restrictions placed on it, are described in the Act. The ECITB is a Non-Departmental Public Body (NDPB), and reports to its government sponsor body, the Department for Education (DfE).

The ECITB has responsibilities to Parliament and to its industry. It was formed in recognition of the engineering construction industry's vital role in the UK economy, and the requirements for an ITB to undertake the responsibilities of meeting the special training needs of an industry where the labour force is highly mobile, and where there is less opportunity for individual employers to train.

The ECITB is established for exclusively charitable purposes and is a registered charity in England and Wales. It also undertakes its charitable activities in Scotland. The charitable activities of the ECITB are largely funded by the statutory levy established by the Act and confirmed by levy orders passed by both Houses of Parliament. The levy applies to all in-scope establishments operated by industry employers to ensure equity across employers in the industry in the provision of training.

Following a formal consultation with levy-paying employers in 2019 relating to future industrial training levy arrangements, the Industrial Training Levy (Engineering Construction Board) Order 2020 -Statutory Instrument No. 972 (the 'Levy Order') was passed by Parliament on 10th September 2020. Levy income during the financial years 2021 to 2023 inclusive will be collected under the terms of the 2020 Order. This was the first time that the ECITB conducted a consultation based on a rise in the levy.

The Board is responsible for establishing and monitoring appropriate policies to fulfil the objectives of the ECITB as an ITB. The Accounting Officer is responsible for managing the implementation of agreed policies and is accountable to the Board, the principal AO (Permanent Secretary of DfE) and Parliament.

The Board

The members of the ECITB's Board of Trustees during 2021 and at March 2022, together with changes in membership since 1st January 2021 and 2021 meeting attendance records are shown in Appendix A. Corresponding information relating to the Board's sub-committees are shown in Appendix B.

The Board is responsible for shaping ECITB's future direction and strategy, and is accountable for corporate governance. It provides leadership, advice and challenge in the management performance of the organisation. It has identified strategic matters, over which only it can approve key decisions, and has delegated responsibilities for operational and other matters to committees (see below) and the CEO. The Board oversees the implementation of business and financial plans and has approved the strategic report within this document.

In addition to serving on the Board, some trustees also participate in policy making as members of the committees. With the exception of the Board members, the other committees include other volunteers from the industry.

The members of the Board are appointed by the Secretary of State, and the Board's composition reflects the main stakeholders in the engineering construction industry. In view of the charitable nature of the organisation, Board members are trustees, and have an overriding obligation to place the interests of the beneficiaries above all others, including their own. They also need to take account of any guidance issued by The Charity Commission.

During 2021 one trustee's tenure came to an end and the trustee decided not to stand for a second term. In 2021 the Board met on six occasions. Average attendance at the Board over the year was 86% (2020 – 84%).

A review of all actions coming out of 2021 Board meetings was conducted at the end of the year and the Board confirmed that all actions had been completed or were progressing as planned.

The Council

The Council consists of up to 25 members representing the broad and various interests of the industry,

The Council is an integral part of the ECITB governance and acts as the voice of the engineering construction industry. The Council possesses and will provide a wide, representative perspective and expert understanding of the industry. Its broad purpose and role is to provide advice to and consult with the Board on matters of strategic interest. Through its engagement with the Board the Council will help the Board to set priorities for the industry and will play a crucial advisory role.

The Audit & Risk Committee

The Trustees maintain an overview of internal control and risk management issues through the Audit & Risk Committee. The Committee's terms of reference are to promote the highest standards of propriety in the operation of the ECITB by maintaining an overview of its financial and other governance systems to ensure their effectiveness and integrity of operation. The Board appoints members of the Committee. Its Chair is a trustee of the Board.

The Accounting Officer, Director of Finance & Business Services and the Board Secretary attend meetings of the Audit & Risk Committee to assist the Committee in its review of the ECITB's management of risk, and ensure that advice from members concerning the identification, assessment and management of risk is taken into account. Representatives of the internal and external auditors (the Government Internal Audit Agency (GIAA) and the National Audit Office respectively) attend all meetings. These representatives have free and confidential access to the Chairman of the Committee.

The Committee regularly reviews the ECITB's risk register. The information received during the year enabled the Committee to provide a recommendation to the Accounting Officer and the Board to approve and sign the annual report and accounts.

The Remuneration & Nomination Committee

The Committee reports to the Board and is responsible for formulating and recommending the policy relating to the remuneration for the ECITB staff.

The Committee is also responsible for identifying candidates to the Secretary of State to fill Board vacancies as and when they arise.

The Q&A Committee

The Committee oversees the governance of the ECITB's qualifications and awards, including the ECITB's compliance with regulatory conditions and principles set by Ofqual, the Scottish Qualifications Authority and Qualifications Wales.

The CCNSG Committee

The CCNSG is responsible for the management of the CCNSG's nationally accredited safety passport scheme. The ECITB manages the operation of the scheme, and the CCNSG retains responsibility for the strategic direction of the Scheme, including the Scheme's content, the standards for approval of training providers, the future development of the Scheme and its integrity assurance.

The Operations & Grants Committee

The Committee is responsible for overseeing and delegating authority and responsibility for the day to day management of activities in accordance with appropriate management and control systems.

The Committee reports to the Board to review and formulate the ECITB's training grant policy and schemes. The remit also includes the ECITB's grant systems and decision-making processes to ensure that all aspects relating to grants are clearly defined and fall within the ECITB's statutory remit and discretion.

The committee comprises of the Executive; the Chief Executive, the Board Secretary and directors, as appointed by the Chief Executive following consultation with the Board.

Regions

The ECITB operates a regional structure to ensure that delivery of training support and services is driven by the demands of industry on a regional basis. In 2021 there were 16 regional forums and 1 national forum. Each forum comprises industry employers, and either represents a geographical area, or a significant industry sector. Each forum normally meets three times a year under the chairmanship of a Regional Chair, who has been elected by the members of the forum.

The Regional Chairs are Members of the Council and support the achievement of the Board's strategic goals by contributing to the development of the ECITB's regional strategies and operating plans. The chairs of the regional fora meet periodically in order to discuss matters of common interest concerning training and skills development, and to exchange best practices in these areas.

The ECITB also works closely with other key regional stakeholders, such as industry clients, skills development or local enterprise partnerships, local authorities and funding bodies, training providers, and trade unions.

ECITB Management and Staff

The Board have delegated responsibility for the implementation of the ECITB's strategic plans, and the management of the organisation to the Chief Executive.

The Chief Executive leads the organisation's executive management team ("the Executive"), which in 2021 comprised the Chief Executive, the Board Secretary, the Director of Finance & Business Services, the Director of Operations and the Director of Strategy & Policy. The members of the Executive are responsible for ensuring that the activities of their departments achieve the

ECITB's strategic and operational objectives efficiently, to the highest quality standards, and in compliance with the law. Meetings of the Executive occur weekly, and the members report concerning their areas of responsibility, including measurement of performance against key performance indicators.

Overview of Board Effectiveness and Performance

To be effective, the Board must be fully informed of the work of the ECITB across its areas of activity. As Chief Executive, I and senior staff provide reports, information and discussion papers to the Board, covering progress against objectives, KPIs, the management of risks and financial control. Additionally, reports relating to matters considered by the Board's committees are submitted to the Board.

These measures enable the Board to monitor, advise on, challenge and lead the performance of the organisation. They have also enabled the Board to balance strategic priorities with support for employers' immediate skills and competence needs. The governance arrangements and decision-making processes described above also support a culture of openness and transparency, which in turn ensures that the Board is able to make decisions with a high degree of clarity and consensus.

Conflicts of Interest

As a public body ECITB abides by principles of regularity and propriety, and ensures that its work is not adversely impacted by a conflict of interest. Board members and executive staff are required to complete a declaration of any interests. The Register of Trustees' Interests appears in Appendix C. No significant company directorships or other interests were held by Board members or staff that conflicted with their role and responsibilities.

I consider that the ECITB's transparency of decision-making and scrutiny by stakeholders through the governance arrangements described in this statement enables it to appropriately manage potential conflicts of interest.

Whistle Blowing

The ECITB is committed to achieving and maintaining high standards of behaviour at work, service to the public and in all our working practices. The ECITB's whistle blowing policy is designed to enable and encourage ECITB staff to express concern or disclose information at an appropriate level if it is believed there is evidence of malpractice. The ECITB seeks to maintain a culture where people are encouraged to speak out, with confidence that they can do so without adverse consequences, and that appropriate action will be taken. In 2021 no allegations were raised under the ECITB's whistle blowing policy.

Risk Management

The ECITB's system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is designed to identify and prioritise risks to the achievement of the ECITB's policies, aims and objectives. It is designed to evaluate the likelihood of risks and their impact, and to manage them efficiently and effectively.

The ECITB's system of internal control has been in place throughout the year-ended 31st December 2021 (and up to the date of approval of the 2021 Trustees' report and accounts), and accords with HM Treasury guidance. A number of specific sources contribute to my annual governance review, including:

- reports and recommendations from the Audit & Risk Committee;
- the GIAA's Internal Audit annual report;
- the report and recommendations from the National Audit Office;
- reports from members of the Executive and senior managers, outlining the governance, risk and control arrangements in their business areas;
- external reports relating to the ECITB
- legislative and regulatory guidelines, including those relating to charitable status, and the use of public money.

The Risk Management Framework

The ECITB has an established risk management policy, which is reviewed annually by the Audit & Risk Committee. The Audit & Risk Committee and the Board regularly review the ECITB's strategic risk register and I report to these committees on strategic risks several times per year.

The Board is responsible for assessing the organisation's risk appetite and tolerance towards risk – this is regularly reviewed as part of an annual standing agenda.

Risk overview

The most significant risks faced by ECITB during 2021, which could impact on the delivery of its strategic objectives are shown below:

- Compliance Risk – Failure to implement and maintain appropriate cyber and data security measures to keep pace with the rapidly changing cyber threat landscape.
- Programme Risk – Failure to deliver blended learning and technology infrastructure that keeps pace with technological change and stakeholder expectations. This is mixed with the risk of developing the wrong product outside of ECITB's evolving time and resource constraints.

- 2022 Levy consensus. This covers the risk that C-19's impact on industry and ECITB's response to it will negatively impact perception of ECITB and the perceived affordability of ECITB
- Programme Risk – Net Zero - this is the risk that ECITB will fail to deliver and communicate adequate responses to the Net Zero transition to a quality, time and budget acceptable to Industry and within ECITB's resource envelope.
- Project Risk – Failure to deliver the ambitious Connected Competence program
- Compliance Risk - Failure to comply with statutory duties or other legal responsibilities.
- Failure to retain and recruit suitable calibre staff to deliver ECITB's services to the required standard
- IT Supplier Failure Risk - Commercial failure of a key IT supplier
- Government policy change undermines the basis of the levy.

The ECITB's approach to Data Security and Information Risk

The ECITB's management information systems enable and support business processes and organisational performance. The ECITB's emphasis remains to ensure data handling practices are simple, rigorous and efficient. Information security is of vital importance to the operation and reputation of the ECITB. Its Chief Information Officer has operational responsibility for this. During 2021 no disclosures or reports were submitted to the Information Commissioner's Office (ICO).

To achieve its aims the ECITB collects and makes use of personal information about individuals, such as employers, their learners (including apprentices), employees, applicants for posts and suppliers. The ECITB is committed to protecting the rights and freedoms of individuals relating to the processing of their personal data,

and complies with its obligations and responsibilities under current Data Protection legislation.

During 2021, ECITB implemented measures to ensure IT and data security and compliance with data protection regulations through the formation of a Technical Change Security Board (TCSB), consisting of but not limited, to the Finance Director, the Board Secretary & DPO, the Chief Information Officer and the IT Manager. One of the TCSB's main purposes is IT and Data Security governance to ensure:

- Security – The protection of devices, systems, networks and data from criminal, fraudulent and other unauthorised access and exploitation.
- Confidentiality — Ensuring that information is accessible only to authorised users.
- Integrity — Safeguarding the accuracy and completeness of data.
- Compliance – with government and legal standards.

ECITB has in place a number of policies and procedures including a Data Protection Policy, an Information Security Policy and Data Retention & Disposal Policy for handling data securely against data protection requirements and the relevant guidelines issued by the ICO. These are regularly reviewed by the TCSB. In 2021, these policies were reviewed by the Government Internal Audit Agency (GIAA) during their Cyber Security audit and ECITB's Audit and Risk Committee and were updated, as required.

During 2021 there were no major changes to the ECITB's data storage.

Internal Audit

The GIAA has responsibility for the ECITB's internal audit and operates to standards and requirements defined by HM Treasury, which include the submission of an independent opinion on the adequacy and effectiveness of the system of internal control, and the provision of assurance relating to the ECITB's governance and risk management systems. Reports are submitted to the Audit & Risk Committee concerning audits undertaken and the implementation of recommendations. The GIAA has a direct reporting line to the Audit & Risk Committee to ensure independence.

I have concluded from the GIAA's reports that the ECITB has adequate and effective systems over risk, control and governance which provide reasonable assurance regarding effective and efficient achievement of the ECITB's objectives.

Conclusion

As Accounting Officer, I have responsibility for reviewing the effectiveness of the systems of governance and internal control. My review of the effectiveness of these systems is informed by the members of the Executive and senior managers within the organisation (who have responsibility for the development and maintenance of the internal control framework), the work of the GIAA, comments made by the National Audit Office in its management letter and other reports. I am also advised on the effectiveness of the system of internal control by the Board and the Audit & Risk Committee. When weaknesses are identified, plans to address them and ensure continuous improvement of the system are put in place.

This Governance Statement represents the conclusions of my review of the effectiveness of the ECITB's governance framework, risk management and internal controls in 2021. I am satisfied that the governance arrangements and the risk and control framework used in 2021 were sufficient to continue managing risks effectively, and ensure that the operating and financial risks were fully understood by the Board. I have concluded that the ECITB's system of governance, risk management and internal control supports the achievement of the ECITB's aims and objectives.



Chief Executive
C J Claydon
Chief Executive and Accounting Officer
10th June 2022



Engineering Construction Industry Training Board

**Report of the Trustees and
Accounts for the Year-Ended
31 December 2021**

Financial Report

Statement of the ECITB's and the Accounting Officer's Responsibilities

Under section 8 (1) of the Industrial Training Act 1982, the Board of Trustees of the ECITB is required to prepare a statement of accounts for each financial year in the form and on the basis within the Accounts Direction issued by the Secretary of State with responsibility for the ECITB with the consent of the Treasury. The accounts are prepared on an accruals accounting basis and must show a true and fair view of the ECITB's state of affairs at the year-end and of its income and expenditure, Balance Sheet and cash flows for the financial year.

In preparing the accounts the Trustees and Accounting Officer are required to comply with the requirements of the Government Financial Reporting Manual and in particular to:-

- 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;
- Make judgements and estimates on a reasonable basis;
- State whether applicable accounting standards as set out in the Government Financial Reporting Manual and in the Statement of Recommended Practice: Accounting and Reporting for Charities (Charities SORP (FRS 102)) have been followed and disclose and explain any material departures in the financial statements; and
- Prepare the financial statements on a going concern basis, unless it is inappropriate to do so.

The Accounting Officer and Board of Trustees confirm:

- The annual report and accounts as a whole are fair, balanced and understandable and they take personal responsibility for the annual report and accounts and the judgements required for determining that are fair, balanced and understandable ;
- There is no relevant information of which the auditor is unaware; and
- They have taken all the steps they ought to ensure the auditor is aware of all relevant audit information.

The Chief Executive of the ECITB has been designated by the Secretary of State as the Accounting Officer for the ECITB. His relevant responsibilities as Accounting Officer, including his responsibility for the propriety and regularity of the public finances for which he is answerable, and for the keeping of proper records and for safeguarding the ECITB's assets are set out in Managing Public Money published by HM Treasury.



L A Armstrong
Chairman
10th June 2022



C J Claydon
Chief Executive and Accounting Officer
10th June 2022

Results for the Year

A Summary Statement of Financial Activities for the period 1 January 2021 to 31 December 2021 (with comparative information for 2020) is shown immediately below. This has been extracted from the audited financial statements which appear in full later in this report.

Statement of Financial Activities for Year ended 31 December 2021

Income	2021 £'000	2020 £'000
Levy	28,734	27,805
Investment Income	202	300
Non Levy Income	1,908	1,704
Total Income	30,844	29,809

Expenditure		
Investment management costs, Bad debt provision, levy collection costs and provision against appealed levies	298	324
Charitable activities	33,361	28,549
Total expenditure before other gains and losses	33,659	28,873
Net income / (expenditure) before other gains and losses	(2,815)	936
Gains / (Losses) on revaluation of fixed assets	-	393
Gains / (losses) on investment assets	(190)	(91)
Net Movement in Funds Surplus / (Deficit)	(3,005)	1,238

Reconciliation of Funds		
Total funds brought forward at 1 January	16,877	15,639
Total funds carried forward at 31 December	13,872	16,877

Balance Sheet		
Fixed Assets		
Tangible Assets	275	1,701
Investments maturing in more than one year	899	5,862
	1,174	7,563
Current Assets	19,218	17,562
Creditors: amounts falling due within one year	(6,520)	(8,248)
Net current assets	12,698	9,314
Net assets less liabilities	13,872	16,877

Fund		
Unrestricted fund	13,872	16,877

Incoming Resources

Levy income in 2021 amounted to £28.7m (2020: £27.8m). This represents the gross levy assessed during the year, together with any adjustments for levies assessed in earlier years. Levy rates on costs of on-site workers remained at 1.2% and, on costs of all other workers increased from 0.14% to 0.22%. Levy exemption levels remained unchanged from 2018 for both site based and other workers at £1,000,000 and £275,000 respectively. The increase in levy income is driven by the increase in levy rates for off-site workers and more establishments being assessed.

Other incoming resources totalled £1.9m (2020: £1.7m) mainly comprised of income from sales and sponsorships and is broadly in line with 2020.

Investment income, from quoted investments and interest on cash deposits, amounted to £202k (2020: £300k). Investment performance has reduced compared to 2020 due to ongoing low investment yields, which, as noted last year, are expected to prevail into the foreseeable future.

Expenditure

Expenditure on the charitable activity amounted to £33.4m which was £4.8m (16.8%) higher than 2020. This was driven by using reserves to increase grants made available during the pandemic.

Total costs of delivery of the service, comprising direct and support costs were £10.2m (2020: £8.8m).

Levy collection costs saw a slight decrease to £251k (2020: £268k), £17k lower than 2020.

Net Movement in Funds

The net decrease in resources for the year after recognised gains and losses amounted to £3m (2020: Net increase in resources of £1.2m). This was a conscious decision to use reserves and aligns to the 3 year strategy.

Balance Sheet at 31 December 2021

Assets

Current assets increased by £1,656k, as a result of long term investments nearing maturity.

At 31 December, investments and cash amounted to £19.7m (2020: £22.9m).

Year end debtors amounted to £459k (2020: £497k) a £38k decrease. Debtors at the end of both 2021 and 2020 comprised levy and trade debtors, prepayments and accrued income.

Creditors

Year-end creditors amounted to £6.5m (2020: £8.2m). The decrease is driven by a large payment run towards the end of December compared to a large payment run during the first week in January for the 2020 year end.

The Funds of the Charity

The year-end balance sheet shows total charity funds of £13.9m (2020: £16.9m).

Reserves Policy

The Reserves Requirement at the end of 2021 remained the same as at 2020, however, it has been recalculated based on current commitments. The minimum level of reserves the Trustees consider necessary is £6m in order to accord with its policy to hold reserves to cover the full costs of winding up the ECITB estimated to be around £3m and a further fund to support the costs of apprentices taken on under ECITB funding arrangements, set at £3m.

The ECITB does not hold any restricted funds and all reserves are reported as unrestricted. Of the £13.9m funds held at the end of the reporting period, c. £20k can only be realised by disposing of tangible fixed assets and a further £12.5m are theoretically committed, primarily in agreements to issue grants for apprentices and graduates, resulting in a technical calculation of £1.4m available reserves. The ECITB reserve policy relates to total unrestricted reserves, rather than the theoretical calculation of available reserves after deduction of commitments. This is because the contracts that ECITB has entered into in respect of commitments to issue grants for apprentices and graduates, are liabilities contingent on ECITB's decision to pay the grant. It is at ECITB's discretion if and how much grant to pay in respect of these commitments.

No material amounts have been designated or otherwise committed at the end of the reporting period.



Learners take part in a pilot for the ECITB's new training standard to support the safe and effective delivery of wind turbine statutory equipment inspection and maintenance.

Investment Policy and Performance

The ECITB is required by section 17(5) of the Industrial Training Act 1982 to invest money in accordance with guidelines approved by the Secretary of State with responsibility for the ECITB. The investment guidelines appear in the Financial Memorandum issued by the Secretary of State, and in Managing Public Money, issued by HM Treasury. These permit investment in a range of high quality interest bearing instruments with investment in equities being precluded. The management of investments is contracted to Cazenove Capital Management, which is required to operate within these guidelines.

Investment performance is measured against a benchmark, namely the FTSE UK Government Bond Fixed Up to 5 Year Index. In the period from 14th September 2004 (when the investment manager took over the portfolio) to 31st December 2021, the performance of the long-term portfolio, after the deduction of management fees, was 62.4% compared to the benchmark 56.4%. The portfolio's annual return to 31st December 2021 was -0.4% (benchmark return -1.6%).

Auditors

The ECITB's external auditor is the Comptroller and Auditor General who is appointed under Section 8 of the Industrial Training Act 1982.

Remuneration Report

Unaudited Information

Staff Appointments

Most permanent employees of the ECITB are employed under open-ended contracts of employment, which may be terminated on one month's notice (subject to statutory increases in employees' entitlements to notice). The contracts of employment of senior managers may be terminated on three months' notice.

Four employees were engaged under fixed term contracts of employment.

The ECITB and Unite (a trade union) have entered into a voluntary agreement. Under its terms the union represents employees on a collective basis on specified matters. The ECITB meets periodically with representatives of the union to discuss matters such as the annual basic salary review, holidays, sick pay and pensions.

Staff Sickness Absence

The ECITB monitors levels of staff sickness absence. In 2021, the sickness absence rate was 1.5% (2020 – 1.6%), equivalent to 3.4 working days per employee (2020 – 3.6 working days).

Off payroll arrangements

During the year, the ECITB had no 'off-payroll' engagements.

Audited Information

Senior Staff Costs and Pensions

Decisions on remuneration are delegated to the Remuneration and Nominations Committee, which determines general policy on remuneration and the individual remuneration package for the the Chief Executive.

The contracts of employment of the directors are, in all material respects, in line with those of most other employees of the ECITB. The exceptions are a notice period of three months (six months' notice for the Chief Executive) rather than one month, and the entitlement to private medical insurance.

The directors are entitled to membership of the ITB Pension Funds, which is a contributory defined contribution scheme, on the same basis as other members of staff. None of the directors is employed on a fixed term contract.

The information comprising the remainder of the Remuneration Report has been audited.

Details of the individual remuneration packages and benefits for the directors are set out overleaf.

2021					2020					
Salary £'000	Pension Benefit £'000	Benefit in kind (to nearest £100)	Performance Pay £'000	Total Salary £'000	Salary £'000	Pension Benefit £'000	Benefit in kind (to nearest £100)	Performance Pay £'000	Total Salary £'000	Date of appointment to position
C J Claydon, Chief Executive										
150-155	10-15	1,600	20-25	185-190	150-155	10-15	1,700	0-5	165-170	24.08.15
A Brown, Director of Operations										
110-115	5-10	1,800	5-10	130-135	110-115	5-10	1,900	0-5	125-130	01.04.13
N Spencer, Director of Development & Quality*										
0	0	0	0	0	25-30	0-5	1,400	0	25-30 (FYE 105-110)	01.11.03
R Blyth, Director of Finance and Administration										
95-100	5-10	900	10-15	115-120	95-100	5-10	500	0-5	105-110	16.03.19
David Nash, Director of Strategy & Policy										
95-100	5-10	1,500	5-10	110-115	95-100	5-10	0	0-5	105-110	01.01.20

* N Spencer resigned as a director on 3 April 2020.

Benefits in kind represent private health insurance.

Fair pay disclosures

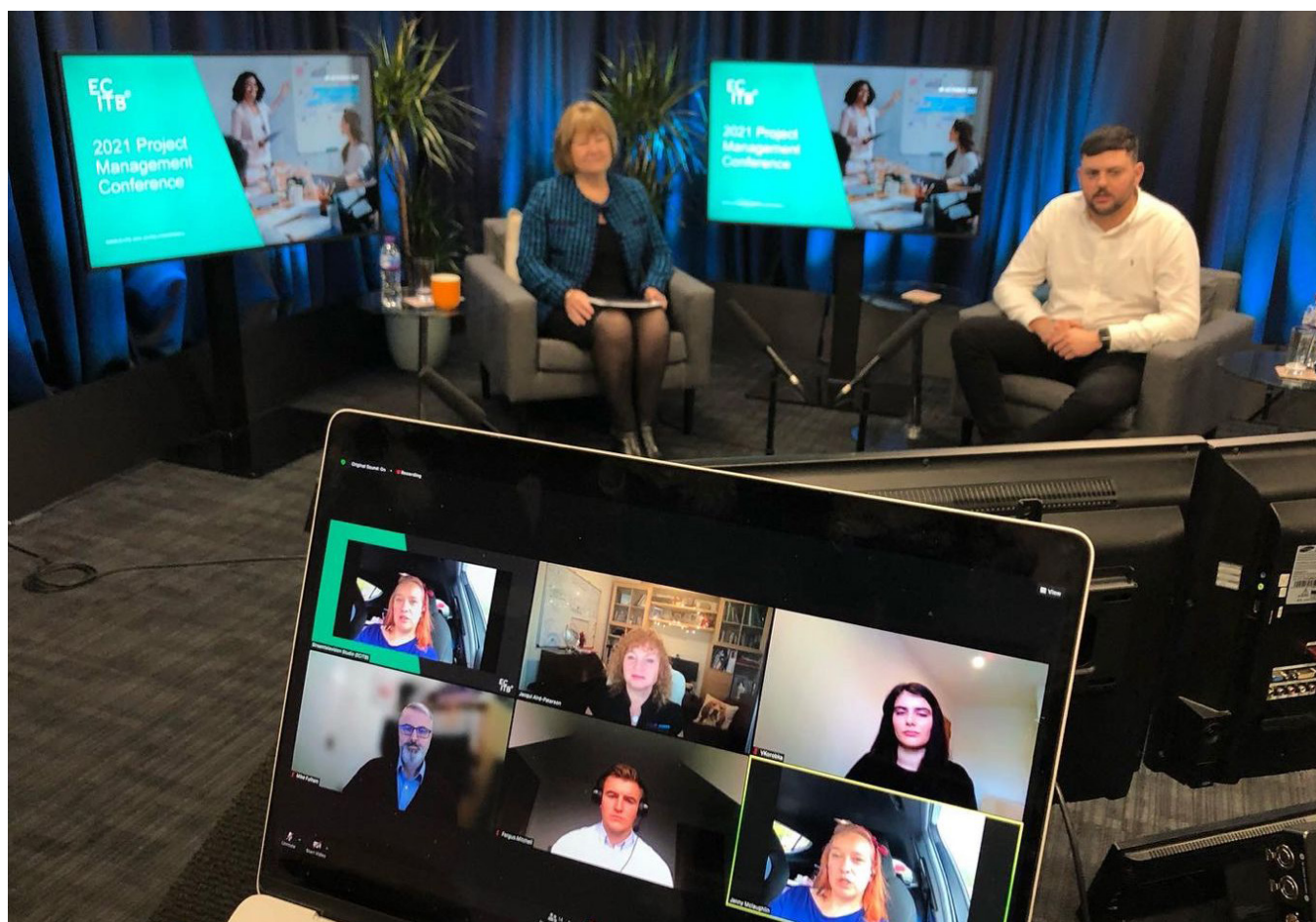
Highest paid director ratios compared to the organisation's workforce:

Disclosure	2021			2020		
	25 th percentile pay ratio	Median pay ratio	75 th percentile pay ratio	25 th percentile pay ratio	Median pay ratio	75 th percentile pay ratio
	4.3 : 1	3.7 : 1	2.9 : 1	3.9 : 1	3.4 : 1	2.7 : 1

ECITB is required to disclose the relationship between the remuneration of its highest-paid director and the 25th percentile, median and 75th percentile remuneration of the organisation's workforce. The slight increase in these ratios year on year was due to the highest paid director not taking a bonus (other than an all staff one-off bonus of £450) in 2020 but receiving a bonus of £20,000 in 2021 giving him a year on year total performance pay and bonus increase of 4,344%. However the salary and allowance

remained the same for both 2021 and 2020. In 2021 no employees received remuneration in excess of the highest-paid director (2020 - none).

The average salary and allowance increase for FTE employees, in 2021, was 3.3% due to more senior appointments in the year. The average performance and pay increase was 98.1% due to the introduction of a new performance related pay scheme in 2021.



The ECITB presented the 2021 Project Management Offence, live from Aberdeen in October.

Employees representing each quartile of pay:

Percentile	Total pay and benefits 2021 £'000	Total pay and benefits 2020 £'000	Salary 2021 £'000	Salary 2020 £'000
25 th percentile	44	44	40	40
Median	49	49	46	46
75 th percentile	62	63	58	58

Total pay and benefits year on year remained relatively flat. Benefits mainly comprise employer pension contributions that are employee matched plus 1% to a maximum of 9.5% employer contributions for all bandings.

Full time equivalent remuneration ranged from £23,000 to £172,000 (2020 from £23,000 to £166,000). Total remuneration includes salary, non-consolidated performance-related pay, benefits-in-kind plus severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

Staff numbers and costs are disclosed in notes 10 and 11 to the accounts.

Senior Staff Pensions Entitlements

Defined Benefit Pension

On 5th April 2016 the accrual of pension benefits in the Defined Benefits Section of ITB Pension Funds (ITB) ceased for all senior staff and other employees. From 6th April 2016, pension benefits accrued in the Defined Contribution Section of ITB. There is, therefore, no defined benefit increase to be reported on in 2021 (2020 - Nil).

Defined Contribution pension

Employer contributions paid into the Defined Contribution Pension Scheme on behalf of the Executive Team were as follows:

Name	Normal contribution 2021 £'000	Normal contribution 2020 £'000
C J Claydon	14	13
A Brown	10	10
R Blyth	8	8
D Nash	7	6
N Spencer	0	1

Trustees' Costs

In accordance with her appointment by the Secretary of State, the Chairman of the Board is entitled to remuneration. During the year, the Chair, Ms L Armstrong, received a salary of £30,000 (2020 - £31,600). No other trustees received compensation for the performance of their duties in the year (2020 : £400).

In 2021, 13 trustees (2020 - 9) incurred travel, accommodation and subsistence expenses, which were reimbursed by the ECITB. In 2021, these expenses amounted to £6,145 (2020 - £12,119).

The ECITB does not provide pension benefits for any of the trustees.

Appendix A of this report contains a list of current trustees and former trustees who held office during 2021.

Trade Union Time – Unaudited information

The ECITB is required to disclose the number of employees engaged in and the amount of time spent on Union activities. These figures are disclosed below – these are not subject to audit.

Relevant Union Officials

Name	Full Time Equivalent Number
Number of employees who were relevant union officials during the relevant period	1

Percentage of time spend on facility time

Percentage of time	Number of employees
0%	-
1-50%	1
51-99%	-
100%	-

Percentage of pay bill spent on facility time	
Total cost of facility time £'000	1
Total pay bill £'000	5,130
Percentage of total pay bill spent on facility time	0

Paid trade union activities	
Time spent on paid trade union activities as a percentage of total paid facility time hours	-



L A Armstrong
Chairman
10th June 2022



C J Claydon
Chief Executive and Accounting Officer
10th June 2022

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 Engineering Construction Industry Training Board for the year ended 31 December 2021 under the Industrial Training Act 1982. The financial statements comprise: the Engineering Construction Industry Training Board's:

- Balance sheet as at 31 December 2021;
- Statement of Financial Activities, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity 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 Engineering Construction Industry Training Board's affairs as at 31 December 2021 and its income and expenditure for the year then ended;
- have been properly prepared in accordance with the Industrial Training Act 1982 and Secretary of State directions issued thereunder.

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 of Public Sector Entities in the United Kingdom. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2019. I have also elected to apply the ethical standards relevant to listed entities. I am independent of the Engineering 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 Engineering 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 Engineering 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 Trustees 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 Report of the Trustees but does not include the financial statements nor my auditor's certificate thereafter. The Trustees 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.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If 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 Report of the Trustees 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 Engineering Construction Industry Training Board and its environment obtained in the course of the audit, I have not identified material misstatements in the Report of the Trustees.

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

- I have not received all of the information and explanations I require for my audit; or
- adequate accounting records have not been kept by the Engineering Construction Industry Training Board or returns adequate for my audit have not been received from branches not visited by my staff; 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 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 Trustees and Accounting Officer

As explained more fully in the Statement of the ECITB's and the Accounting Officer's Responsibilities, the Trustees and the Accounting Officer are responsible for:

- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- internal controls as the Trustees and the Accounting Officer determines is necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error; and
- assessing the Engineering 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 Engineering Construction Industry Training Board either intends to liquidate the entity or to cease operations, or has 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.

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, we considered the following:

- the nature of the sector, control environment and operational performance including the design of the Engineering Construction Industry Training Board's accounting policies, key performance indicators and performance incentives.
- Inquiring of management, the Government Internal Audit Agency and those charged with governance, including obtaining and reviewing supporting documentation relating to the Engineering Construction Industry Training Board's policies and procedures relating to:
 - o identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - o detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - o the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Engineering Construction Industry Training Board's controls relating to the Engineering Construction Industry Training Board's compliance with the Industrial Training Act 1982, Charities Act 2011, and Managing Public Money;
- discussing among the engagement team and involving relevant internal specialists 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 Engineering 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, bias in management estimates, and within grant claims. In common with all audits under ISAs (UK), I am also required to perform specific procedures to respond to the risk of management override of controls.

I also obtained an understanding of the Engineering Construction Industry Training Board's framework of authority as well as other legal and regulatory frameworks in which the Engineering Construction Industry Training Board operates, focusing 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 Engineering Construction Industry Training Board. The key laws and regulations I considered in this context included, the Industrial Training Act 1982, Charities Act 2011, Managing Public Money, and relevant employment, pensions and tax legislation and regulations.

Audit response to identified risk

As a result of performing the above, the procedures I implemented to respond to identified risks included the following:

- reviewing 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;
- enquiring of management, and the Audit and Risk Committee concerning actual and potential litigation and claims;
- reading and reviewing minutes of meetings of those charged with governance and the Board

- and internal audit reports;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting 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; and
- performing substantive testing covering the regularity assertion, including for grant expenditure where the risk of fraud or irregularity may be increased.

I also communicated relevant identified laws and regulations and potential fraud risks 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 evidence sufficient to give reasonable assurance that the income and expenditure reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Report

I have no observations to make on these financial statements.

Gareth Davies

16th June 2022

Comptroller and Auditor General

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

Financial Accounts for the year ended 31 December 2021

Statement of Financial Activities for the year ended 31 December 2021

Income		2021 £'000	2020 £'000
Income from other trading activities			
Income from investments	Note 4	202	300
Income from charitables activities			
Total non-levy income	Note 3	1,908	1,704
Levy	Note 2	28,734	27,805
Total Income		30,844	29,809

Expenditure		2021 £'000	2020 £'000
Expenditure on Raising funds			
Investment management costs		27	57
Provision for bad debts and against appealed levies	Note 5	20	(1)
Levy collection costs		251	268
Total costs of raising funds		298	324
Expenditure on charitables activities			
Total costs of charitable activities	Note 6	33,361	28,549
Total expenditure		33,659	28,873
Net gains / (losses) on investments	Note 15	(190)	(91)
Net income / (expenditure)		(3,005)	845

Other recognised gains /(losses)		2021 £'000	2020 £'000
Other recognised gains / (losses)			
Gains / (losses) on revaluation of fixed assets	Note 13	-	393
Net movement in funds	Note 21	(3,005)	1,238

Reconciliation of funds		2021 £'000	2020 £'000
Total funds brought forward at 1 January		16,877	15,639
Total funds carried forward at 31 December	Note 21	13,872	16,877

The statement of financial activities reflects all gains and losses during the year to 31 December 2021. All activities are continuing. All funds are unrestricted.

The notes on pages 49 to 74 and the appendices on pages 76 to 80 form part of these financial statements.

Balance Sheet as at 31 December 2021

Fixed assets		2021	2020
		£'000	£'000
Tangible assets	Note 13	275	1,701
Investments maturing in more than one year	Note 15	899	5,862
Total fixed assets		1,174	7,563

Current assets			
Debtors	Note 16	459	497
Investments maturing in less than one year	Note 15	4,791	2,918
Cash and cash equivalents in hand	Note 23	13,968	14,147
Total current assets		19,218	17,562

Creditors			
Amounts falling due within one year	Note 17	(6,520)	(8,248)
Net current assets		12,698	9,314
Total assets less liabilities		13,872	16,877

The funds of the charity			
Unrestricted fund	Note 21	13,872	16,877
Total charity funds		13,872	16,877

The notes on pages 49 to 74 and the appendices on pages 76 to 80 form part of these financial statements.



L A Armstrong
Chairman
10th June 2022



C J Claydon
Chief Executive and Accounting Officer
10th June 2022

Statement of cash flows for the year-ended 31 December 2021

Cash flows from operating activities		2021 £'000	2020 £'000
Net cash provided by operating activities	Note 22	(4,636)	2,670
Cash flows from investing activities			
Investment income	Note 4	202	300
Purchase of property, plant and equipment		(81)	(163)
Proceeds from sale of property, plant and equipment		1,436	1
Proceeds from sale of investments	Note 15	2,900	1,250
Purchase of investments	Note 15	-	-
Net cash provided by investing activities		4,457	1,388
Change in cash and cash equivalents in the reporting period	Note 23	(179)	4,058
Reconciliation of changes in cash, cash equivalents and in hand		2021 £'000	2020 £'000
Balance at 1 January	Note 23	14,147	10,089
Change in cash and cash equivalents in the reporting period	Note 23	(179)	4,058
Balance at 31 December		13,968	14,147

There are no cash flows from financing activities.

The notes on pages 49 to 74 and the appendices on pages 76 to 80 form part of these financial statements.

Notes forming part of the Accounts for the year ended 31 December 2021

1 Accounting policies

Going Concern

These accounts are prepared on a going concern basis. The use of the going concern basis of accounting is appropriate because there are no material uncertainties related to events or conditions that may cast significant doubt about the ability of the ECITB to continue as a going concern.

Management's view is that the impacts from the coronavirus do not affect ECITB as a going concern – the ITB is established by statute and has a legal right and obligation to collect levy from qualifying employers. This was renewed up to and including 2023, which will give ECITB funds for continuing operation until the beginning of 2024. At time of publication, the regular three year consultation with voters is taking place for renewal of the ECITB's ability to collect levy for a further 3 years. There is currently no reason to expect that this will be unsuccessful.

In terms of liquidity, ECITB holds £13.9m of reserves at the end of 2021 and levy income in the year has been assessed on what is likely to be the lowest levels of employment during the pandemic. ECITB's going concern assumption would be threatened if more than half of billed 2022 levy income were not collected in year. However, if this were to be the case, training expenditure would be reduced as it is unlikely to be paid to Employers who do not pay their 2022 levy demand. This scenario is extremely unlikely and is not deemed a strategic risk. However, ECITB would mitigate it by adapting its charitable activities to match its financial resources.

In terms of ECITB's strategy and business plan, these were reviewed during 2022 and industry consulted on them. With levy income lower in 2022 than 2021 and the long term requirements of Engineering Construction Industry training expected to accelerate by events in 2020 & 2021, the review exercise reconfirmed much of the strategy and plan and ECITB has the resources to meet both.

Accounting Convention

These accounts have been prepared in accordance with the Industrial Training Act 1982 and the Charities SORP (FRS 102) ("the SORP"), adapted in 2019. An accounts direction issued by the Secretary of State requires that the ECITB prepares accounts in accordance with Treasury guidance. Consequently, these accounts follow the principles in the 2021/22 The HM Treasury Financial Reporting Manual (FReM) where it goes beyond the requirements of the SORP.

The accounts are prepared under the historical cost convention as modified by the revaluation of Land and Buildings and Investments.

The ECITB is a public benefit entity.

Levy Income

Levy income is recognised on an annual cycle in the year in which it is raised, together with adjustments in respect of previous levies raised. The levy receivable relating to the base period ended 5 April 2020 was raised in January 2021 and recognised as income in 2021.

Other Categories of Income

All income including sales, sponsorship and investment income is recognised on an accruals basis at the point it meets the SORP recognition criteria. Non-levy income is reported against the charitable activity to which it relates (see Note 3).

Investment Management Costs

Investment management costs are recognised on an accruals basis.

Charitable Expenditure

Charitable expenditure includes all expenditure attributable to the charitable activity.

Grants Payable

Grants are recognised as liabilities when the relevant training milestones and/or grant conditions have been achieved or met.

Grants are recognised when all the evidence required has been submitted, at which point, such grants are recognised as grant creditors.

All grants are paid to employers when evidence of relevant training milestones and or grant conditions has been received. Such milestones and conditions are agreed with the employer prior to the commencement of the relevant training activity. Some grants are paid without the requirement for the employer to submit a claim. However, the ECITB requires employers to submit claims and evidence of training activity for Regional Discretionary Grants and grants relating to some training courses (for example, post graduate - or equivalent - programmes, Assessor Verifier training and some technical training courses).

The ECITB only records accrued grants in respect of interim and commencement apprenticeships and graduate grants, when there is a high likelihood that the evidential requirements confirming these grants should be paid will be satisfied. Accruals are only made for other courses where evidence has been provided after the balance sheet date for training which took place prior to the balance sheet date and it has been agreed that the claim will be paid.

Grants are recorded against charitable activity in a manner that reflects the use of the resources.

Direct and Support Costs

Direct costs (Note 8) are all costs, including staff costs that are directly related and attributable to the pursuance of the organisation's charitable activity.

Support costs (Note 9) largely relate to the organisation's central functions. Included within support costs are Governance costs.

Land and Buildings

Fixed assets are shown at their current value at the balance sheet date. Freehold land and buildings comprise a set of garages which are held at an estimate of their market value based on their estimated share of the Blue Court property which was sold during 2021 for which the sale price was considered to represent market valuation.

Other Assets

Apart from freehold property, fixed assets are stated at their historical cost, less accumulated depreciation.

Capitalisation

Fixed assets costing below £500 are not capitalised.

Depreciation

Depreciation on fixed assets (other than freehold land and buildings and motor vehicles) is provided on cost or valuation in equal annual instalments by class of asset over the estimated lives of each class, from the date on which the assets are brought into use. The assets are depreciated over the following periods:

Furniture & equipment	10 years
Plant and machinery	3 years
Other tools and equipment	
Computer equipment and IT software	4 years

No depreciation is provided on freehold land.

Depreciation on freehold buildings is provided on the last revalued existing use value over the remaining useful life of the asset. The annual depreciation provision is calculated by dividing the latest revalued amount by the number of years of remaining useful life. Under this policy, at the year-end date, the remaining useful life of the buildings is 9 years 3 months.

Depreciation on motor vehicles is provided on an initial value, which is calculated by deducting the anticipated residual value at the end of the vehicle's estimated life from the cost price. The initial value of the vehicle is depreciated in equal annual instalments over a period of five years

from the date of purchase.

Investments

Investments are carried at market value. Realised and unrealised gains and losses are reflected in the statement of financial activities.

Cash and cash equivalents

Cash balances represent amounts held in banks. Cash equivalents represent amounts held by the investment portfolio manager. Cash equivalents are readily convertible to cash.

Debtors

Short term debtors are measured at transaction price (which is usually the invoice price), less any impairment losses for bad and doubtful debts.

Debt Provision

Debts are provided for on an individual basis when the ECITB considers that a debt may not be recoverable in full, or in part, in accordance with the terms of the relevant transaction. Full doubtful debt provisions are made in the following circumstances:-

- When there is a strong possibility that a debt will not be recovered.
- When any debt is older than six months.

When a formal appeal against an assessment for industrial training levy is made by an employer a full provision in respect of the appealed levy is made in the accounts. This is because in the ECITB's experience:

- Once litigation has commenced, neither the outcome of the appeal nor the probability of success can be predicted with certainty
- The legal process leading to a decision by the court invariably takes longer than six months, and a decision is not made until the ensuing financial period or even later.

The provision in respect of the appealed levy remains in place until such time as the litigation discontinues, either through the withdrawal of the relevant levy assessment(s) or appeal(s), a decision of the court or a settlement between the parties.

In the Statement of Financial Activities the doubtful debts charge and provisions against appealed levies are treated as expenses within Cost of Generating Funds.

Creditors

Short term creditors are measured at transaction price (which is usually the invoice price).

Pensions

The ECITB is a participating employer in the ITB Pension Funds, which is constituted a multi-employer defined benefit and contribution scheme. The Fund became a Master Trust during 2019. The Defined Benefit scheme comprises an Open Fund and Closed Fund. It is not possible to identify separately the proportion of assets and funding level in these funds attributable to the ECITB. Therefore, in accordance with the provisions of FRS 102 relating to multi- employer schemes, the Open Fund and Closed Fund have been accounted for as a defined contribution scheme. In accordance with FRS 102, the ECITB recognises any liabilities in respect of its obligation to pay any deficit contributions to the ITB Pension Funds relating to members' accrued benefits in the Defined Benefit scheme.

Active ECITB members accrue pension benefits in the ITB Pension Fund's Defined Contribution Section. Pension contributions are charged to the statement of financial activities as incurred. Pension deficit contributions are recognised when the ECITB enters the obligation.

Corporation Tax

As a registered charity in England and Wales, the ECITB is exempt from Corporation Tax on its primary purpose activities. As a result, there is no Corporation Tax to pay.

Value Added Tax

The ECITB is registered for VAT. However, the ECITB is not able to recover VAT in full on most supplies of goods and services which it receives. Thus, all costs are shown inclusive of the irrecoverable element of VAT.

Fund

The ECITB's fund is available to the Trustees to apply for the general purposes of the charity as governed by the Industrial Training Act 1982 (as amended) and related regulations. As such, the fund is unrestricted because the Trustees are free to use it for any of the charity's purposes. Income generated from assets held in the fund is unrestricted income.

2. Levy receivable

Levy Receivable	2021	2020
Number of establishments wholly or mainly engaged in engineering construction activities (leviable establishments)	320	319
Number of employers operating leviable establishments	297	295
Number of leviable establishments subject to payment of levy	244	238
Number of employers operating leviable establishments subject to payment of levy (levy-paying in-scope employers)	221	220
Number of leviable establishments exempt from payment of levy	76	81
Number of employers operating leviable establishments exempt from payment of levy (non-levy paying in-scope employers)	76	81
	£'000	£'000
Levy receivable	28,734	27,805

In 2021 no employers formally appealed levy assessments raised in the year (2020 - 1 employer).

3. Non levy income

Non Levy Income	2021 £'000	2020 £'000
From sales	1,908	1,704
	1,908	1,704

The following streams of income were received from sales:-

Sources of Sales Income	Income Stream	2021 Income £'000	2020 Income £'000
UK employers	ECITB Project Management Conference	113	58
	VQ registration and certification	82	56
	ECI Training & Development Awards Event	50	42
UK Training Providers	Apprentice Certification	1	1
	Technical training & test licence fees and course & test income	370	321
	Supervisory and PMSC licence fees and training course income	47	32
	CCNSG licence fees and safety passport income	754	742
Overseas Training Providers	Apprenticeship Learner Income	128	118
	Technical training & test licence fees and course & test income	363	312
	Supervisory and PMSC licence fees and training course income	-	-
	IHSP licence fees and safety passport income	-	-
	Consultancy Services	-	21
		1,908	1,704

No grant in aid is receivable by the ECITB.

4. Investment income

Investment Income	2021 £'000	2020 £'000
Income from quoted investments	175	236
Income from cash deposits	27	64
	202	300

5. Charge/ (credit) for provisions for bad debts and against appealed levies

Charge / (Credit) for provisions for bad debts and against appealed levies	2021 £'000	2020 £'000
Levy bad debts due to insolvency or non-payment	29	39
Levy Assessments under appeal	77	23
Reversal of previous year's levy bad debt provision	(27)	(23)
Trade bad debts	(59)	(40)
	20	(1)

6. Charitable activity

Charitable Activities	2021 £'000	2020 £'000
Grant Funding (note 7)	23,204	19,723
Direct Costs (note 8)	7,361	5,974
Support Costs (note 9)	2,796	2,852
	33,361	28,549

Notes 8 and 9 give the split of costs by category. Both direct costs and support costs above exclude any costs related to collection of levy income.

7. Grant funding

Of the £23.2m of grants made to employers in 2021, grants amounting to £19.9m were paid to the employers in the following list. In many cases, grants have been awarded to more than one employer in the same group of companies. When this occurred, the grants paid to such employers have been aggregated in the following list, which identifies that 50 largest employers or employer groups in terms of grant values.

Employer	£	Employer	£
Magnox Ltd	1,571,967	FieldCore Service Solutions International LLC	188,890
Sellafield Ltd	1,521,850	DP Services Holdings Ltd	179,620
* Wood Group UK Ltd	1,362,828	Dornan Engineering Services Ltd	173,051
Altrad Engineering Services Ltd	1,281,053	Semco Maritime Ltd	152,155
Bilfinger UK Ltd	1,268,541	On Line Design & Engineering Ltd	150,058
* Jacobs UK Ltd	1,122,748	Peter J Douglas Engineering Ltd	147,345
Worley Group UK Ltd	1,084,781	Kent Energies UK Limited	134,220
* Petrofac Facilities Management Ltd	1,063,344	EJ Musk Process Services Ltd	123,886
Stork Technical Services Ltd	897,151	Granherne Ltd	111,020
Dounreay Site Restoration Ltd	743,237	Subsea 7 Ltd	106,029
NNB Generation Company Ltd	592,729	Shepley Engineers Ltd	105,020
* NUVIA Limited	494,430	MII Engineering Limited	95,142
* Doosan Babcock Ltd	484,850	Rhyal Engineering Ltd	86,752
Oceaneering International Services Ltd	424,454	Allied Protek Engineering Solutions Ltd	83,351
Cavendish Ltd	400,404	Pipex Ltd	79,010
Siemens plc	386,462	Engenda Group Ltd	74,502
Atkins Ltd	314,750	Appollo Engineering Ltd	74,070
Aker Solutions Ltd	313,056	Hornbill Engineering Ltd	71,615
Fluor Ltd	302,427	VWS Ltd	69,576
AMEC Foster Wheeler Energy Ltd	263,115	ENGIE Fabricom UK Ltd	66,583
Worley Europe Ltd	249,056	One-Dyas UK Ltd	66,468
Applus UK Ltd	244,492	C. & P. Engineering Services Ltd	66,250
Xodus Group Ltd	243,113	Blackrow Engineering CO. Ltd	66,150
Trillium Flow Services UK Limited	218,075	Sub Total	19,928,504
WSP UK Ltd	214,967	Other Grants	3,275,748
BGEN Ltd	204,335	Total	23,204,252
Technip UK Ltd	189,526		

* A member of the Board of Trustees is employed by this employer or an associated company.

For comparative purposes the top 50 largest employers or employer groups in terms of grant values for 2020 were:

employers or employer groups in terms of grant values.

Employer	£
Sellafield Ltd	1,465,932
Worley Group UK Ltd	1,273,480
Bilfinger Salamis UK Ltd	1,164,748
Magnox Ltd	1,070,610
* Petrofac Facilities Management Ltd	1,044,490
* Wood Group UK Ltd	936,454
* Stork Technical Services Ltd	695,288
* Jacobs UK Ltd	655,769
Cape Industrial Services Ltd	559,599
* Doosan Babcock Ltd	553,154
Aker Solutions Ltd	486,295
Dounreay Site Restoration Ltd	425,775
NNB Generation Company Ltd	403,014
Kellogg Brown & Root Ltd	402,240
Cavendish Nuclear Ltd	373,845
Atkins Ltd	356,710
Amec Foster Wheeler Group Ltd	341,396
Oceaneering International Services Ltd	261,394
FieldCore Service Solutions International LLC	257,166
* NUVIA Limited	237,907
Hertel UK Ltd	226,181
Fluor Ltd	201,971
Siemens plc	190,340
Applus UK Ltd	190,131
Granherne Ltd	181,870
Trillium Flow Services UK Limited	139,540
Xodus Group Ltd	133,887

Employer	£
Redhall Nuclear Ltd	130,559
Boulting Group Ltd	130,061
On Line Design & Engineering Ltd	128,700
Shepley Engineers Ltd	127,720
Peter J Douglas Engineering Ltd	108,050
Costain Oil Gas & Process Ltd	105,870
Laker Vent Engineering Ltd	96,920
ENGIE Fabricom UK Ltd	96,772
WSP UK Ltd	90,225
P.P.S Electrical Ltd	87,700
Technip UK Ltd	85,898
Rhyal Engineering Ltd	85,601
MII Engineering Limited	83,613
Engenda Group Ltd	82,550
Intelect Ltd	81,678
Semco Maritime Ltd	80,435
Motherwell Bridge Ltd	78,642
Ponticelli UK Ltd	78,600
DP Services Holdings Ltd	76,870
Sonomatic Limited	74,060
Studley Engineering Ltd	73,360
Pipex Ltd	71,020
Techno Engineering Ltd	70,590
Sub Total	16,354,680
Other Grants	3,368,153
Total	19,722,833

* A member of the Board of Trustees is employed by this employer or an associated company.

8. Direct costs

Direct costs comprise costs which have been directly incurred in fulfilling the charitable activity of the organisation.

Staff costs have been categorised as direct costs when the staff time can be clearly and accurately allocated to the charitable activity. For example, regional staff are exclusively engaged in the charitable activity, and their time devoted to each head of activity is recorded. Similarly, Product Development staff manage projects which fall under one or other charitable heading, and their costs have been allocated accordingly.

Other examples of direct costs include training provider costs, which have mostly been incurred in consideration of services provided by training providers in the training and assessment of apprentices. Product development costs largely relate to consultancy costs incurred in the development of training products and materials used in the re-skilling and skill enhancement of existing industry workers.

Depreciation relates to cars and equipment in the possession of staff who are clearly engaged in one or more charitable activities.

Other direct costs have been allocated to the cost types reflecting the activity in which the cost arose.

The proportions of direct costs allocated to charitable activity are as follows:-

Activity	2021 Total £'000	2020 Total £'000
Apprentice allowances, travel and subsistence	273	427
Apprentice training and assessment costs	2,296	1,601
Apprenticeship recruitment costs	53	49
Awarding Organisation administration	19	22
Depreciation on assets in staff possession	1	6
ECITB Active Cup	113	88
ECITB Awarding Body External Verification	2	30
Professional, administrative & commission fees incurred in international commercial activities	145	90
Product development	39	140
(Profit) / Loss on disposal of Fixed Assets	(10)	-
Regional costs	475	112
Safety Passport issue and administration	83	61
Staff costs (salary, NI and pensions) (Note 10)	3,538	3,140
Staff travel and subsistence	148	151
Talent Retention Solution services	67	57
Blending learning Strategy	53	-
Connected Competence	66	-
	7,361	5,974

The proportions of direct costs allocated to charitable activity are as follows:-

Charitable Activity	2021 %	2020 %
Proportion of direct costs allocated to Charitable Activities	99	99
Proportion of direct costs allocated to Levy Collection Costs	1	1
	100	100

Levy collection cost comprise staff costs directly responsible for Levy collection (including salaries and expenses) and also costs in relation to debt collection and appeals.

These proportions have been used as the basis for allocating support costs to the charitable activity (see Notes 6 and 9).

9. Support costs

Support costs largely comprise the costs of central functions and governance which cannot be allocated to the charitable activity with the same degree of certainty as direct costs. The types of cost falling within this category are:-

- Corporate Affairs
- Finance
- Legal
- Human Resources
- Information Technology and telecommunications
- Head Office premises and support activities
- Governance

Function	Activity	2021 £'000	2020 £'000
Corporate Affairs	Policy, marketing & communications	161	202
Finance & Legal	Professional charges	-	3
	Depreciation categorised as a support cost	101	149
	(Profit) / Loss on disposal of fixed assets	(28)	24
Human Resources	Support staff costs (including salary, NI and pensions)	1,580	1,561
	Support staff travel and subsistence	139	70
	Agency costs	56	12
	Professional pension fees	-	-
	Other professional fees	71	59
	Staff recruitment and training	103	83
Information Technology project costs		89	70
Information technology and communications		313	382
Head Office infrastructure (includes buildings and office consumables costs)		129	121
Governance		82	116
		2,796	2,852

Support costs are 2% lower than 2020.

The cost of the statutory audit for 2020 is included within Governance costs. The quoted cost of the 2021 audit was £45k (2020 £50k).

10. Staff costs

Staff Costs	2021 £'000	2020 £'000
Salaries	4,376	4,089
Social security costs	476	430
Pension costs (standard contributions)	278	251
Agency costs	218	171
Other personnel costs	27	27
	5,375	4,968

Staff costs include the salaries and other employment benefits received by senior staff and the Chairman's salary (see Remuneration Report).

Salaries include gross salaries, performance-related pay or bonuses, overtime, and allowances (such as car and private or home office allowances) to the extent that they are subject to UK taxation. The ECITB operates a performance-related incentive scheme in which all employees are eligible to participate (after completing initial periods of employment in their roles). In 2020, the total incentive award amounted to an average 3.8% of the total basic salary (2020 – 1.9%).

One employee received £6k termination costs in 2021 (2020 - 0).

11. Staff numbers

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

	Directly Employed	Temporary	2021 Number	2020 Number
Total	75	4	79	74

Employees earning over £60,000 per annum including benefits in kind, excluding pension contributions	2021 Number	2020 Number
£60,001 - £70,000	10	10
£70,001 - £80,000	6	3
£80,001 - £90,000	1	-
£90,001 - £100,000	-	2
£100,001 - £110,000	2	-
£110,001 - £120,000	1	2
£120,001 - £130,000	1	-
£130,001 - £140,000	-	-
£140,001 - £150,000	-	-
£150,001 - £160,000	-	1
£160,001 - £170,000	1	-
	22	18

The number of people of each gender who were employed by the ECITB as at 31 December was as follows:

Category	2021			2020		
	Female	Male	Total	Female	Male	Total
Directors	-	4	4	-	4	4
Other Employees	29	50	79	31	44	75
Total	29	54	83	31	48	79

12. Industry training board pension funds

ECITB is a participating employer in the ITB Pension Fund Scheme, which has two sections. Firstly, a multi-employer defined benefit (DB) section (closed to future accrual 5 April 2016) and, secondly, a defined contribution (DC) section for all staff who joined after 1 April 2012.

Being a multi-employer scheme, FRS 102 states that the DB scheme must be accounted for as a DC scheme, as the proportion of assets and funding level attributable to ECITB cannot be separately identified.

The two sections are:

1. The '2007 Section' was a defined benefits scheme for staff who joined before 5 April 2016. As at 5 April 2016 all current members of the DB scheme became deferred members of the Scheme and were transferred across to the 'DC Section' as at 6 April 2016, and the Scheme closed to future accrual. The most recent triennial valuation of the Scheme was performed as at 31 March 2018.

The principal future assumptions used are as follows.

- Real rate of return (net of pension increases) would be -1.7% p.a.
- Nominal rate of investment return on assets would be 1.3% p.a.
- Rate of future pension increases for the 2007 section would be in line with Consumer Prices Index (CPI) changes (assumed to be 3.1% p.a.)
- Rate of future pension increases for the New and 2007 sections would be in line with the Retail Prices Index (RPI) changes (assumed to be 3.1% p.a.)

2. The 'DC Section' is a defined contribution scheme for staff who joined on or after 1 April 2012. From 6 April 2016, employee and employer contribution rates changed as a result of the closure of the DB Section and staff now being part of the DC Section. The range for employee contributions is 4.5%–8.5%, and the employer contributions will match the employee contribution plus 1%, but are capped at 9.5% (2017/18 9%).
The pension cost charge for 2021 was £278k (2020 £251k).

13. Tangible Fixed Assets

2021 Tangible Fixed Assets	Freehold Land & Buildings £'000	Machinery Plant & £'000	Computer Equipment £'000	Software IT £'000	Furniture & Equipment £'000	Total £'000
Cost or valuation						
At 1 January 2021	1,391	57	257	246	80	2,031
Adjustment to 2020 *	-	-	14	-	(14)	-
Revaluation	-	-	-	-	-	-
Additions	-	-	81	-	-	81
Disposals	(1,370)	(57)	(92)	-	(64)	(1,583)
At 31 December 2021	21	-	260	246	2	529
Depreciation						
At 1 January 2021	-	48	165	57	60	330
Adjustment to 2020 *	-	-	7	1	(8)	-
Charge for year	5	1	48	53	1	108
Revaluation	-	-	-	-	-	-
Disposals	-	(49)	(84)	-	(51)	(184)
At 31 December 2021	5	-	136	111	2	254
Net Book Value						
At 1 January 2021	1,391	9	92	189	20	1,701
At 31 December 2021	16	-	124	135	-	275

2020 Tangible Fixed Assets	Freehold Land & Buildings £'000	Plant & Machinery £'000	Computer Equipment £'000	Software IT £'000	Furniture & Equipment £'000	Total £'000
Cost or valuation						
At 1 January 2020	1,074	57	349	131	80	1,691
Revaluation	317	-	-	-	-	317
Additions	-	-	48	115	-	163
Disposals	-	-	(140)	-	-	(140)
At 31 December 2020	1,391	57	257	246	80	2,031
Depreciation						
At 1 January 2020	-	42	232	39	54	367
Charge for year	76	6	48	18	6	154
Revaluation	(76)	-	-	-	-	(76)
Disposals	-	-	(115)	-	-	(115)
At 31 December 2020	-	48	165	57	60	330
Net Book Value						
At 1 January 2020	1,074	15	117	92	26	1,324
At 31 December 2020	1,391	9	92	189	20	1,701

Land and Buildings

* At the 2020 year end a small number of items had been classed as furniture & equipment that were computer equipment.

During the year, within freehold land and buildings, the ECITB disposed of the Head office, Bluecourt, in Kings Langley for £1.4m. This allowed the associated revaluation reserve to be transferred into the general fund (note 21).

14. Capital commitments

At the end of 2021 there were no capital commitments (2020 - nil).

15. Investments

Investments	2021 £'000	2020 £'000
Listed investments		
Market value at 1 January	8,780	10,121
Purchases	-	-
Sales	(2,900)	(1,250)
Net Gain / (Loss)	(190)	(91)
Market value at 31 December	5,690	8,780
Investments maturing in more than one year	899	5,862
Investments maturing in less than one year	4,791	2,918
Total market value of listed investments	5,690	8,780
Cash and cash equivalents and in hand		
Cash at bank and in hand	1,209	3,499
Cash equivalents	12,759	10,648
Total cash and cash equivalents and in hand	13,968	14,147

Details of material investments are as follows:-

	2021 % Value of portfolio	2020 % Value of portfolio
Cash Equivalent held by the investment portfolio manager	69.1%	54.9%
United Kingdom Treasury Stock 7.9.22 (1.75%)	15.9%	15.4%
United Kingdom Treasury Stock 22.1.21 (1.5%)	0.0%	7.7%
Barclays Bank 12.1.22 (4.25%)	7.3%	7.2%
Wellcome Trust 28.5.21 (4.75%)	0.0%	2.9%
Friends Life 21.4.22 (8.25%)	2.8%	2.8%
European investment bank EIB 15.12.23 (.875%)	2.7%	2.6%
EIB 7.9.21 EMTN (1.125%)	0.0%	2.6%
Coventry Building Society 13.11.23 (Variable%)	2.2%	2.1%
National Grid Gas Finance PLC 22.9.21 (1.125%)	0.0%	1.8%

The cash equivalent investments are used to finance the day to day running of the ECITB. Investments may be converted to cash within a very short period, typically 2 weeks.

16. Debtors

Debtors	2021 £'000	2020 £'000
Levy debtors	487	507
Provision for bad levy debts	(487)	(488)
Net levy debtors	-	19
Non- levy debtors	280	350
Non-levy bad debt provision	(55)	(114)
Total non-levy debtors	225	236
Prepayments and accrued income	232	234
Other debtors	2	8
Total debtors	459	497

The Levy debtors are pre-2021 debts and have fully provided for.

Balance with Intra-Governmental Bodies	2021 £'000	2020 £'000
Local authorities	-	2
Balances with non government bodies	459	495
Total	459	497

Debt Provision	2021 £'000	2020 £'000
Opening provision against appealed levies and for bad debts	601	626
Levy bad debts due to insolvency or non-payment	29	39
Other bad debts	(60)	(41)
Reversal of bad debt provision due to receipt of liquidator's dividend	(27)	(23)
Closing provisions for bad debts and againsts appealed levies	543	601

During the course of 2021 no levy debts (£nil) (2020- £nil) were written off in the balance sheet.

17. Creditors

Creditors - amounts falling due within one year	2021 £'000	2020 £'000
Creditors	5,083	6,067
Accruals	1,373	2,152
Taxation	21	22
Deferred income	43	7
Total creditors falling due within one year	6,520	8,248

There were no creditors with amounts falling due after more than one year as at 31 December 2021 (2020 £nil).

Balances with Intra-Governmental Bodies	2021 £'000	2020 £'000
Government bodies	1,663	1,531
Local authorities	5	2
Balances with non government bodies	4,852	6,715
Total creditors	6,520	8,248

The balance with Central Government bodies at the 2021 year-end includes the sum of £1,562k in training grants payable to Sellafield Limited, Magnox Limited and Dounreay Site Restoration Ltd (2020 - £1,274k).

Income has been deferred for international consultancy services that have been invoiced but for which the service was yet to be delivered.

Analysis of Deferred income	2021 £'000	2020 £'000
Deferred Income released from Prior Years	7	23
Income deferred in the Current Year	43	7

18. Financial instruments

Due to the largely non-trading nature of its activities and the requirements of the financial framework set by government, the ECITB is not exposed to the same degree of risk faced by other business entities. Moreover, financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which the financial standard mainly applies.

The ECITB has very limited powers to borrow or invest surplus funds, and financial assets and liabilities are generated by day-to-day operational activities and are not considered to change the risks the organisation faces in undertaking its activities. The ECITB does not hold any embedded derivatives.

Financial assets by category		2021 £'000	2020 £'000
Investments	Note 15	5,690	8,780
Debtors	Note 16	459	497
Cash and Cash equivalent	Note 23	13,968	14,147
Financial liabilities by category			
Creditors	Note 17	6,520	8,248

Cash and Debtors are classified as loans and receivables, Creditors are classified as financial liabilities and Investments are classified as fair value through the Statement of Financial Activities.

Investment Risk

The ECITB's investment portfolio is invested in accordance with rules approved by the Secretary of State. These only permit investment in a range of high quality fixed interest-bearing instruments.

Investment in equities is not permitted. The investment portfolio is managed by Cazenove Capital Management, which adheres to these rules.

Interest Rate Risk

The ECITB has limited exposure to interest rate risk on its financial assets. The risk relates to interest rate fluctuations, which affect its bank accounts. Such fluctuations also affect bond market yields and consequently affect its investment portfolio.

Credit and Liquidity Risks

The ECITB does not hold any complex financial instruments. The only financial instruments included in the accounts are cash, short-term investments, debtors and creditors (see Notes 15, 16 and 17). Levy, governmental and trade debtors are recognised at fair value less a provision for impairment (bad debts). The fair value equals the carrying value. Bad and doubtful debts are provided for on an individual basis when the ECITB considers that a debt may not be collectable in full, or in part, in accordance with the terms of the relevant transaction.

The organisation has no borrowings and relies primarily on the industrial training levy for its cash requirements. ECITB's principal exposure to risk is primarily attributable to levy debtors. However, this risk is minimised by the ECITB's relationships with most major levy debtors, which includes appropriate due diligence when raising levies and ongoing discussions around training needs, and therefore identifies credit risk issues early on. The organisation holds reserves, which are sufficient to cover run-out costs (i.e. the costs of completing training programmes and meeting closure costs in the event that the ECITB ceases to operate). Consequently, the ECITB is not exposed to material liquidity risks.

Foreign Currency Rate Risk

The ECITB trades with parties based overseas (principally training providers). However in contractual arrangements with such parties, payment of the full consideration to the ECITB must be made in sterling, net of foreign withholding taxes and transactions costs.

All other assets are held in sterling, with the result that there is no exchange risk.

Accordingly, it is not considered that the ECITB is exposed to a material foreign currency rate risk.

19. Financial commitments

Financial commitments at 31 December 2021 are estimated to amount to £12,499k (2020 - £10,214k). These comprise the value of outstanding payments which the ECITB has committed to pay to various parties involved in the training of apprentices and pre-apprentice qualifications. The parties to which such commitments have been made are training providers, industry employers and apprentices. These commitments are contracted for, but not provided in the accounts. The commitments have been categorised by the years in which the apprentice "cohorts" commenced their apprenticeships.

Apprentice cohort	2021 £'000	2020 £'000
2014	3	13
2015	-	15
2016	23	80
2017	180	444
2018	775	1,229
2019	1,704	3,601
2020	3,093	4,832
2021	6,721	-
	12,499	10,214

The commitments in respect of all the cohorts have reduced as a consequence of the progression or completion of apprenticeships during the year. The year-end commitments in respect of these cohorts reflect the reduced numbers still in the process of completing their programmes.

The commitments relating to the 2021 cohort were made upon the commencement of the relevant learners' programmes, and by the year-end grant and programme costs only in respect of the initial months of training had been discharged.

Other financial commitments arising from contracts made with other service providers are not material.

20. Operating leases and commitments

	2021	2020
Within 1 year	13	-
Between 2-5 years	13	-
After 5 years	-	-
	26	-

The above relates to the occupation of Office Suite KD3 First Floor, KD Tower, Cotterells, Hemel Hempstead, HP1 1FW.

ECITB have the ability to break at July 2022 but it is not expected that this will be acted on.

Our spend on the property to date has been to install ethernet and air conditioning purification which would both stay as improvements to the property.

After one year, no damage or other alterations have been made, therefore our current estimate of a dilapidation charge is £0.

21. Unrestricted Fund

Unrestricted fund	At 1 January 2021 £'000	Incoming resources £'000	Outgoing resources £'000	Transfer between funds	Other recognised Gains/losses	As at 31 December 2021
Revaluation reserve	1,318	-	-	(1,318)	-	-
General Funds	15,559	30,844	(33,659)	1,318	(190)	13,872
Total Unrestricted Funds	16,877	30,844	(33,659)	-	(190)	13,872

Unrestricted fund	At 1 January 2020 £'000	Incoming resources £'000	Outgoing resources £'000	Transfer between funds	Other recognised Gains/ losses	As at 31 December 2020
Revaluation reserve	925	-	-	-	393	1,318
General Funds	14,714	29,809	(28,873)	-	(91)	15,559
Total Unrestricted Funds	15,639	29,809	(28,873)	-	302	16,877

During the year, within freehold land and buildings, the ECITB disposed of the Head office, Bluecourt, in Kings Langley for £1.4m.

This allowed the associated revaluation reserve to be transferred into the general fund (note 13).

22. Reconciliation of net income / (expenditure) to net cash flow from operating activities

Reconciliation of net income / (expenditure) to net cash flow from operating activities		2021 £'000	2020 £'000
Net incoming / (outgoing) resources	SOFA	(3,005)	845
Depreciation	Note 13	108	154
(Gains) / Losses on investments	Note 15	190	91
Investment income	Note 4	(202)	(300)
(Gain) / Loss on disposal of fixed assets	Note 13	(38)	24
Decrease / (increase) in debtors	Note 16	37	595
Increase / (decrease) in creditors	Note 17	(1,726)	1,261
Net cash inflow from operating activities		(4,636)	2,670

23. Analysis of changes in cash equivalent

Analysis of change in cash and cash equivalents	At 1 Jan 2021 £'000	Cashflows £'000	At 31 Dec 2021 £'000
Cash at bank and in hand	3,499	(2,290)	1,209
Cash held by investment portfolio manager	10,648	2,111	12,759
	14,147	(179)	13,968

All cash is held in commercial banks or financial institutions.

24. Contingent liabilities

There are no contingent liabilities at the balance sheet date. (2020 – No contingent liabilities.)

25. Related party transactions

Some members of the Board of Trustees also hold positions with and/or are employees of organisations with which the ECITB has transacted during the year, or also hold positions with and/or are employees of associated organisations. Details of such positions and employments are declared in the Register of Interests of Trustees, which appears in Appendix C of this report.

For the purposes of this note, such organisations are referred to as “related parties”.

All of the transactions were under normal terms and carried out at arm’s length.

The transactions in the following table comprised the receipt of levy and income from the sale of training services. The sale of services arises from licences granted to the related parties by the ECITB relating to the use of training materials, and includes licence fees and the sale of CCNSG Safety Passports. The total sums involved were:-

Transactions with related parties under which funds were paid to the ECITB	2021 £'000	2020 £'000
Levy paid to ECITB	9,256	6,857
Sale of training services by ECITB	18	24
	9,274	6,881

The amount owed to ECITB by related parties at the balance sheet date is £6k (2020: £7k). The transactions in the following table comprised the payment of grants, the award of qualifications and the procurement of training and assessment services. The total sums involved were:-

Transactions with related parties under which payments or value flowed to the related parties	2021 £'000	2020 £'000
Payment of grants	6,235	4,141
Purchase of training and assessment services by ECITB	42	2
	6,277	4,143

The amount owed by ECITB to related parties at the balance sheet date is £0k (2020 - £926k).

In addition, the ECITB has had various material transactions with other government departments and other central government bodies. Most of these transactions have been with HM Revenue & Customs.

During the year, no key manager, employee or other related party has undertaken any material transactions with ECITB. The remuneration arrangements with members of the ECITB’s Executive Team are set out in the Remuneration Report.

During the year Simon Hicks, a Board Member was paid £10,000 for Research and Advisory Services between January 2021 and February 2021, in relation to work carried out to progress the “Transition to Net Zero” Study through his Company, Purple Forge Limited.

26. Post year-end events

The financial statements were authorised for issue on the date of certification by the Comptroller & Auditor General.

No events have occurred since the balance sheet date that affect the reader’s understanding of the financial statements.

Organisational Details

The ECITB's Director's are:-

Chief Executive Officer

Chris Claydon

Director of Finance and Business Services

Rory Blyth

Director of Policy and Corporate Affairs

David Nash

Director of Operations

Andy Brown

Complaints

Any complaint concerning conduct of the ECITB should be addressed in the first instance to the Strategy and Policy team at complaints@ecitb.org.uk

Head Office and Principal Address

Office Suite KD3 First Floor

KD Tower Cotterells

Hemel Hempstead

HP1 1FW

Charity Registration Details

Registered as a charity in England and Wales with The Charity Commission No 264506.

Auditors

The Comptroller and Auditor General

National Audit Office

157-197 Buckingham Palace

Victoria

London

SW1W 9SP

Bankers

Barclays Bank Plc

22-24 Upper Marlborough Road

St Albans

Herts

AL1 3AL

Appendix A:

This Appendix shows:

- The members of the ECITB's Board of Trustees during 2021 and at 21st May 2022;
- Changes in membership since 1st January 2021; and
- Meeting attendance records during 2021.

Name	Changes during 2021 and to date	2021 Meeting Attendance Record
Ms L Armstrong		6 of 6
Ms L Birse	Tenure expired December 2021	5 of 6
Mr C Claypole		5 of 6
Mr S Hicks		5 of 6
Ms H Hill		5 of 6
Prof J Howe		6 of 6
Ms D James		4 of 6
Mr D Vineall		3 of 6
Mr C Gilmour		5 of 6
Mr P Somers		5 of 6
Ms J Cooper		6 of 6
Mr D Gear		6 of 6
Mr S Hunt		6 of 6

Appendix B:

This Appendix shows:

- The members of the Board 's committees during 2020 and at 21st May 2021;
- Changes in membership since 1st January 2021; and
- Meeting attendance records during 2021.

Council

Name	Changes during 2020 and to date	2020 Meeting Attendance Record
Mr M Arnold		2 of 3
Mr S Blackman		3 of 3
Mr D Boath	Retired 11/21	3 of 3
Mr P Bunyan		3 of 3
Ms C Childs	Joined 07/21	2 of 2
Mr C Claypole		2 of 3
Mr M Crichton		2 of 3
Mr. G Cook	Replaced by Ms C Childs	0 of 1
Mr I Guy		0 of 3
Mr M Hockey		3 of 3
Mr A Mitchell		3 of 3
Mr W Reid	Retired 10/21	2 of 2
Mr A Riley		3 of 3
Mr K Scott		2 of 3
Ms T Shelley		3 of 3
Mr M Stanton		0 of 2
Mr G Stirling		2 of 3
Ms A Thom		3 of 3
Mr P Ventre		3 of 3
Mr C Weldon	Joined 11/21	0 of 1
Ms H Westcott		0 of 3
Mr I Woodland	Replaced by Mr C Weldon	1 of 2

Audit & Risk Committee

Name	Changes during 2021 and to date	2021 Meeting Attendance Record
Ms H Hill		4 of 4
Mr C Tall		3 of 4
Mr A Coppola	Resigned March 2022	4 of 4
Mr I Maybrey		4 of 4

Qualifications and Awards Committee

Name	Changes during 2021 and to date	2021 Meeting Attendance Record
Mr R Clarke		2 of 3
Mr R Davies		1 of 3
Mr T Stone		3 of 3
Mr D Whitehouse		3 of 3
Pro J Howe		3 of 3
Mr M Lewis	Resigned June 2021	1 of 1

Client Contractor National Safety Group (CCNSG)

Name	Changes during 2021 and to date	2021 Meeting Attendance Record
Mr R Clarke		2 of 3
Mr R Miguel		3 of 3
Mr M Riley	Appointment as committee Chair 09/19	3 of 3
Mr D White		2 of 3
Mr P Barker		1 of 3
Mr R Davies		3 of 3
Mr T Woolmer		0 of 3
Ms D Boyle		3 of 3
Mr M Ellis		3 of 3
Mr J Murray		2 of 3

Appendix C:

Trustees are appointed by the Secretary of State because of their positions in the industry. The following Board members (who are serving as charitable trustees at 21st May 2022 or who have stepped down since 1 January 2021) have declared the following other interests:

Member	Declared Interest
Mrs L Armstrong	Non-Executive Director; Kaz Minerals Plc –resigned May 2021 Non- Executive Director; Orsted A/S President Shell Pensioners Association Fellow, Energy Institute Member, IoD
Ms L Birse	President People & Organisation, AS EAAA, Wood
Mr C Claypole	Managing Director, Site Service Engineering Ltd Member of Management Board, ECIA
Mr S Hicks	Bioenergy Infrastructure Group Member – IET Purple Forge Ltd
Ms H Hill	Senior Technical Adviser, Hydrogen Heating Programme, Clean Heat Directorate, BEIS BEIS Science & Engineering Network - Co-Chair Fellow, Institution of Mechanical Engineers
Prof J Howe	Executive Director, Thornton Energy Research Institute Chair: North West Hydrogen Alliance Academic member: National Grid Future of Gas Forum and Stakeholder User Groups Member: Storengy Responsibility Board Board Member: Cheshire Energy Hub Hydrogen Advisory Group: Thyson Technology BEIS Hydrogen Advisory Council: Member of Capacity and Research and Innovation Work Streams Future Energy Advisory: GHD UKRI: Funded Co-investigator on a number of industrial decarbonisation challenge projects Institute for Apprenticeships and Technical Experience/Education: Member of the Green Skills Advisory Group
Ms D James	VP Nuclear Power - Jacobs
Mr D Vineall	Human Resources Director, Nuclear Decommissioning Authority
Mr P Somers	CEO UK, Ireland & Nordics ,Altrad Services Ltd
Ms J Cooper	UK Stakeholder Relations & Regulatory Affairs Offshore,Orsted Member of Institute of Mechanical Engineers

Member	Declared Interest
Mr D Gear	Founder and Director of Voar Energy. Employee of Peterson, specifically as Manager for the Decommissioning & Shetland Businesses. Previously employed by Petrofac, and retain a financial interest through shareholding. Ambassador for the Energy Institute (Young Professionals Network) Executive Committee Member of the Shetland Net Zero Energy Forum. Steering group member for the Shetland Port and Harbour strategy group, and the Shetland Marine working group. Member of the Shetland Space Project, Economy, Community and Environment Working Group.
Mr S Hunt	Regional Director of Stork UK
Mr C Gilmour	Director of Doosan Babcock Limited Board Member of Engineering Construction Industry Association (ECIA) ECIA representative on National Joint Council (NJC) Spokesperson for the Sizewell C Consortium Fellow of the Institute of Mechanical Engineers (FIMechE)

Audit & Risk Committee Members

Member	Declared Interest
Mr C Tall	Internal Audit Director – BT Plc Institute of Internal Auditors – Member Association of Chartered Certified Accountants - Member
Mr I Maybrey	Member of UK Power Networks Independent Expert Panel Consultant at Legal & General Member ISACA
Mr A Coppola	Ernst & Young LLP ODCEC (Chartered Accountant in Italy)



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Accounts



**EC
ITB***

Engineering Construction Industry Training Board

**Report of the trustees and
accounts for the year-ended
31 December 2020**

**HC 341
SG/2021/137**

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Engineering Construction Industry Training Board

**Report of the trustees and accounts for the year-ended
31 December 2020**

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SG/2021/137

Contents

Chair's Introduction	5
Chief Executive's Review	7
About the ECITB	10
Strategic Report & Performance Review 2020	11
Commercial Activities 2020	20
Looking Ahead: 2021	21
2020 Governance Statement	22
Financial Report	30
Results for the Year	31
Remuneration Report	35
The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament Financial Accounts for the year ended 31 December 2020	39
Notes forming part of the Accounts for the year ended 31 December 2020	46
Organisational Details	73
Appendices	74

Chair's introduction

This year's annual report covers one of the most challenging years in the history of the ECITB. The Covid-19 pandemic has had a significant impact on the engineering construction industry, the effects of which are likely to last for some time.

The Board took decisive action at the start of the first lockdown to launch the ECITB's crisis response package, investing levy funds in a range of critical initiatives. This includes Train to Retain, which is securing the future of apprentices, graduates and trainees in our industry and the ECITB Scholarship programme, which is helping to bring new entrants into industry. The ECITB also kept training and assessment going through lockdown, by investing in remote learning and directly purchasing training on behalf of employers – enabling workforce development to continue through the pandemic.

We have already seen the economic fallout of Covid-19 and changes in energy sources supply and demand have resulted in a significant number of the oil and gas workforce facing redundancy. However, the transition to net zero carbon emissions by 2050 (2045 in Scotland) is starting to become a reality too. The Government has put in place significant steps to help industry to achieve our carbon targets. This planned transition to a green economy is hugely positive news for the future of our industry. The Engineering Construction Industry will play a leading role in designing, project managing and building the infrastructure required to achieve net zero. The ECITB has a crucial role to ensure the workforce has the requisite skills to support the transfer of skilled workers into new green jobs in Energy Transition projects.

Accelerating the transition to greener energy is not the only change prompted by the pandemic. Across industry, lockdown has accelerated the shift towards remote operations. As well as fast-tracking some of our longer term projects, and there have been some good examples of creativity resulting from the changed circumstances. In particular, training delivery and assessment around blended and virtual learning and assessment, which will only grow in line with digital technologies.



In 2021, the Board and staff remain focused on providing training and development to support both economic recovery and development of future talent for the industry. Our revised three-year Leading Industry Learning has been refocused around new policies and objectives, specifically the net zero transition and on the potential of digital to transform training and assessment. We have also ensured that diversity and inclusion are ingrained in the strategy to make engineering construction careers appealing and accessible to the widest range of talented candidates.

Passage of the 2020 Levy Order through both Houses of Parliament at the end of the Summer provoked stimulating debate around the role of the ECITB and the levy. Many strong arguments were made in support of the levy system, but nothing has demonstrated better the value of the levy to industry both now and in the future than the way it has enabled such a swift and effective response to Covid-19 crisis in 2020. The Board and staff are committed to uphold our high levels support of support throughout the difficult period of recovery and we will continue to deliver for the industry when it needs us most.

A handwritten signature in black ink that reads "Lynda Armstrong". The signature is written in a cursive, flowing style with a large, elegant loop at the end of the last name.

Lynda Armstrong OBE
Chair

Chief Executive's review

2020 has been one of the most unprecedented and demanding years of our working lives. Since the start of the first lockdown in March, the ECITB focused its efforts on protecting and developing the industry's skills base. I am immensely proud of our rapid response to the pandemic both in terms of developing programmes to address to immediate skills needs and in preparing the workforce for future opportunities, including the transition to a net zero carbon economy.

Before the crisis hit, levy payers voted overwhelmingly in support of the ECITB's levy proposals and our three-year strategic plan. Through our response to the crisis, we hope we have further strengthened the support and confidence the industry has placed in its training board.

Our two-year £14m crisis response package, which continues to support essential learning and development in 2021, has been welcomed by industry. Support measures such as our £9m Train to Retain scheme have already secured the future of more than 500 apprentices, graduates and trainees in our industry and the new £2m ECITB Scholarship programme is underway to maintain the pipeline of fresh talent. We have also kept training and assessment going by investing in remote learning and directly purchasing £500k-worth of training on behalf of employers – enabling the engineering construction workforce to get the skills they need.

Despite the shutdown of large parts of the economy, in-scope employers have drawn down over £22m of training support from the ECITB, giving their workforce vital skills at a time when many companies would otherwise have been shedding in-house training budgets. The levy has ensured there is funding available to train and develop staff during the pandemic. The continued support for learners in the most difficult of environments highlights the value of the levy as an investment in the future of our industry, preparing the workforce in anticipation of the economic upturn.



Learner numbers in 2020 have been predictably lower than anticipated because of the reduction in training. Our most in-demand product, the CCNSG safety passport, reached 64% of our target for the year with ECITB licenced product interventions hitting 61% of our pre-pandemic targets. Despite our initiatives to tackle the drop in new entrants, we are still almost 30% down on the original target of 800 apprentices and 120 ITEC students. The ECITB Scholarship now has 130 scholars on programme and 88 ITECs. On a brighter note, the number of graduates on our graduate support programme in 2020 was 277, which is 20% better than hoped.

There is no doubt 2021 will be another challenging year for the ECITB. From helping for learners in technical and vocation education catch up on practical work to upskill and reskill workers for new roles in the net zero economy, our priority is to support the engineering construction industry and the workforce that is its lifeblood. As we emerge from the crisis, the role of the ECITB is more important than ever to ensure the industry has the skilled workforce it needs to deliver projects and drive economic recovery.

A handwritten signature in black ink, appearing to read 'G Claydon'.

Chris Claydon
Chief Executive

ECITB Mission:

“The ECITB’s mission is to lead the industry in training and developing a highly-skilled workforce.”



About the ECITB

Established in 1991 the ECITB was formed in recognition of the engineering construction industry's vital role in the UK economy, and the requirement for a statutory body to meet the special training needs of the industry: an industry that is characterised by a highly mobile labour force and where there are few incentives for individual employers to train.

The engineering construction industry (ECI) delivers and maintains the nation's critical energy infrastructure, including the oil and gas, nuclear and renewables sectors, alongside major process industries, such as chemicals, pharmaceuticals, food processing, water and waste treatment. The ECITB is the skills, standards and qualifications body with statutory responsibility for the development of the engineering construction workforce in Great Britain. It works closely with employers and governments to attract, develop and qualify engineering construction personnel in a wide range of craft, technical and professional skills and disciplines.

The ECITB's vision is to be the leading industry authority on engineering construction skills, working in partnership with business and government to deliver a highly skilled workforce and offering value by enabling industry to compete globally. This means constantly evaluating and improving our focus, our operations, our relationships and our governance.

Charitable Activity:

The ECITB is a registered charity in England (Registered Charity No. 264506), with one charitable object to make provision for training persons for employment in the activities of the engineering construction industry. In pursuit of this object the organisation provides grants for training and assessment, graduates and apprentices. The ECITB develops its own standards, assures the quality of training centres and carries out focussed research to inform reports and bulletins on skills in the industry.

Strategic Report and Performance Review 2020

Operating Environment

2020 was an unprecedented year in many respects. The General Election in October 2019 lifted the Parliamentary deadlock over Brexit but the coronavirus pandemic quickly became the dominant issue worldwide with the impact of Covid-19 felt across all industries and regions throughout the year. Engineering construction was no exception. The signs of optimism in oil and gas seen at the end of 2019 were replaced by an oil price crash as demand collapsed due to global lockdowns. From the \$64 per barrel average of 2019, prices dropped to \$18 per barrel in April 2020, before stabilising at \$50. This put huge pressures on margins and led to a 35% drop in operations and maintenance spending with notable project delays including the Forties Pipeline Shutdown. These pressures resulted in significant job losses for contractors with OGUK predicting 30,000 overall job losses by mid-2021, 80% of which are expected in the supply chain.

In the nuclear sector, progress at Hinkley Point C continued, despite a reduction in the size of the site workforce due to social distancing restrictions. The project finished the year 3 months behind schedule, concluding with the installation of the liner ring for the first reactor. Elsewhere Sizewell C received a boost in December as the Government committed to discussions on its funding model but the proposed Horizon project at Wylfa Newydd was finally abandoned after Hitachi withdrew funding. Nuclear decommissioning activity remained stable.

The offshore wind sector was little affected by Covid restrictions and installed capacity in the UK increased by 800MW in 2020. Renewable energy accounted for 42% of electricity generation in 2020 compared to 41% from fossil fuels, the first time that renewable sources were larger across a whole year. And whilst other engineering construction sectors were impacted as site operations were restricted, the pharmaceutical and food processing sectors saw an increase in activity in response to the disruption of global supply chains from lockdowns and the consequent demand for UK-based processing.

The Covid crisis has acted as a galvanising moment for transition in terms of energy and digital technology. The forced, rapid switch to remote working and online training delivery accelerated acceptance of digital change by several years with few expecting that the post-Covid world will fully revert to previous approaches. The impact of global lockdowns on emissions increased focus on the opportunity for accelerating the transition to net zero as part of post-Covid recovery.



As a result of the pandemic, the UK Government took the decision to postpone the UN COP26 Climate Change conference to November 2021 where there will be significant pressure to demonstrate progress. Government messaging is now about ‘building back better, faster, greener’, focused around Project Speed. As 2020 drew to a close, the publication of key documents including the 10-Point Plan for a Green Industrial Revolution, the Energy White Paper and the 6th Carbon Budget reinforced the commitment to, and challenge of, achieving net zero by 2050. With Government pledging 40GW offshore wind and 5GW low carbon hydrogen production by 2030 along with 4 low carbon Industrial Clusters by 2030, opportunities for the UK’s skilled engineering construction industry are increasing as long as project investment materialises.

Objectives and Achievements in 2020

2020 was the first of the ECITB’s three year strategy, Leading Industry Learning 2020-22. Published in August 2019, the strategy was developed in close consultation with industry representatives and was endorsed at the 2019 levy consultation. It was accompanied by a three year business plan, which set out delivery plans to achieve the strategic objectives and performance indicators to measure progress.

The strategy identifies four major challenges facing the industry: the need to replace an ageing workforce, growing competition for skills from other sectors, technological change and the importance of maintaining a safe, skilled and productive workforce. It sets out the ECITB’s approach to addressing these challenges, centred on three strategic pillars: Foundations, Meeting the current skills need and Preparing for the future.

The strategy pledges to meet the industry's current skills needs by committing 70% of grant expenditure to support current training requirements over the three year period. In addition, up to 30% of grant funding is being made available to support skills the industry needs for tomorrow, including investing in technology and training innovation.

Since the publication of the strategy, Covid-19 has created significant upheaval in the industry as described above and the effects are set to be felt for years to come. Training activity has been affected by the lockdowns of 2020, although the ECITB finished the year spending £22m on training, only marginally lower than forecasted at the start of the year. Of particular concern has been the impact of the pandemic on new entrant numbers, with 40% fewer apprentice starts and 30% fewer graduates compared to 2019.

As with other organisations, the ECITB adapted its plans in response to the Covid-19. In May 2020, we put in place a package of measures to support industry to navigate the crisis, which focused on:

- **Retaining essential skills:** the centrepiece of this activity is the Train to Retain scheme, which supported the training and retention of 530 apprentices, graduates and trainees working in key engineering and project management disciplines last year. This scheme will continue into 2021.
- **Maintaining the pipeline of new entrants:** in addition to a compressed Introduction to Engineering Construction (ITEC) programme, we introduced the ECITB scholarship, a two year classroom based programme designed to prepare young people for a career in craft or technical trade. 130 scholars started the programme in 2020 with further cohorts planned for 2021.

- **Accelerating transition:** to prepare industry for the post-Covid recovery, the ECITB developed plans to support the delivery of skills for net zero as well as the development of a blended learning strategy to support the move to digital and remote learning.

In addition, a key focus for the ECITB during the lockdowns of 2020 was to keep training and assessment going wherever possible. This included working with training providers to convert courses to online virtual classroom delivery, including supervisory programmes and CCNSG through our Essential Worker scheme. In addition, the ECITB directly purchased over £500k worth of training directly from providers, helping cash-flow constrained companies access training for their staff.

At the end of the year, the Board reviewed the Strategy with a view to assessing its ongoing relevance in light of Covid-19. The Board concluded the strategy remains fit for purpose whilst concluding that the ECITB should do more to address the shift towards digital and remote learning, as well as preparing the workforce for the transition to net zero. The updated strategy was published at the beginning of January 2021 and is available at www.ecitb.org.uk

Performance against business plan objectives

In 2020, the ECITB made important progress towards achieving the business plan objectives, whilst simultaneously responding to the Covid-19 crisis. The following table sets out our performance against each objective.

Key performance indicators

Strategy Pillar	3 Year Business plan objective	Performance in 2020
Foundations	1. Produce high-quality intelligence on labour market, skills and workforce trends	- Published reports into the impact of the apprenticeship reforms on the ECI and the barriers and opportunities for skills transferability in the industry. - Delivered monthly Covid-19 briefings on the impact of the pandemic on the industry. - Supported cross-infrastructure workforce intelligence gathering, in collaboration with the IPA, CITB, NSAR, Cogent, NSSG and EU Skills. - Planned for the delivery of the ECI workforce census in early 2021.
	2. Ensure all employers who should pay the levy do	- Conducted 27 establishment reviews in 2020. Covid-19 restrictions inhibited the number of employer visits that could be conducted. - An additional £2m of levy was raised by bringing new establishments onto the register, trebling the target set at the start of the year. - Commissioned a study into ECI footprint to build understanding of potential leviable establishments.
	3. Ensure National Occupational Standards (NOS), qualifications and training standards reflect industry requirements	- The planned 9 NOS suites (86 individual NOS) were reviewed and published, with Diversity & Inclusion and Digital Skills introduced into the common NOS (across all suites). 2021 qualification requirements scoped and scheduled. No new qualifications launched during pandemic. Several qualifications, however, progressing through development, including L6 Project Controls and L2 ECI Knowledge qualification. - Supported IfATE in the role of External Quality Assurance provider for several ECI apprenticeship standards, including pipefitting, project controls, design and draughting and rigging and erecting. - ECITB panels approved 19 new Training Providers, 57 provider courses (including 12 blended learning and 6 e-learning courses) and 216 trainers/testers.

Strategy Pillar	3 Year Business plan objective	Performance in 2020
Foundations	4. Enhance data collection and evaluation methods in order to drive continuous improvement	- Conducted the Customer Satisfaction Survey and Stakeholder survey in Autumn to gather feedback and identify areas for improvement. - Devised new evaluation tools for projects and programmes to be implemented in 2021. - Focus areas for improvement in 2021 will include greater support and collaboration with the Approved Provider network and improvements to grant processes, including the MSP.
Meeting current skills needs	5. Address known skills shortages and provide training solutions to tackle skills gaps	- Funded £22m of training for and on behalf of employers to close skills gaps and shortages in the industry - Supported the provision of welding training for workers to be deployed in nuclear new build.
	6. Support the training and recruitment of new entrants into the industry	- Supported 1682 apprentices, 277 new graduates and 88 new ITEC learners in 2020 - Devised the scholarship programme to stem the decline in new entrant numbers, with 130 learners on programme in 2020. - Train to Retain has supported the retention and ongoing professional development of 530 apprentices, graduates and trainees, ensuring that new entrant talent is kept in the industry. - Developed the Hinkley Support Operative bronze and silver programmes, which are designed to provide training pathways for new entrants initially for the HPC project. 7 learners on the pilot bronze programme in 2020.
	7. Improve access to quality and cost effective training	- Directly purchased training (£500k) from providers on behalf of employers, ensuring employees received the training they required during lockdown. - Worked with providers to transform 9 ECITB Supervisor and Project Controls courses to virtual delivery. - Delivered CCNSG for Essential Workers virtual delivery, enabling critical site access training was maintained during the lockdown. 50 individuals accessed their first card through this route in April and May 2020. In total the ECITB issued 23,000 CCNSG cards in 2020.

Strategy Pillar	3 Year Business plan objective	Performance in 2020
Meeting current skills needs	8. Provide standardised assurance of the common competencies of the ECI workforce	- Developed and began implementation of a revised strategy for the Connected Competence programme post Covid-19 which supports an accessible, standardised and transferable approach to base level technical competence. - Completion of a pilot programme at both offshore and onshore sites for construction and maintenance trades, to evaluate the feasibility of onsite digital technical assessments. - Procurement of online invigilated knowledge tests allowing workers to undertake assessments remotely. Initial trades available are: - Pipefitting - Plating - Appointed Persons Moving Loads - Rigging - Industrial Coatings Application - Fabric Maintenance - Scaffolding - Electrical Installation - Electrical Maintenance - Mechanical Maintenance - Instrument & Control Maintenance - Offshore Production Technician - Onshore Production Technician - Introduction of Standard Industry Role profiles for key trades within Engineering and Construction which sets the base-level expectation of technical competence required. These standardised profiles are directly linked to technical testing activities and will help promote skills transfer from across sectors.

Strategy Pillar	3 Year Business plan objective	Performance in 2020
Preparing for the future	9. Support the delivery of the Industrial Strategy and help industry prepare for the transition to a net zero carbon economy	- Published study by Element Energy into the implications of the net zero transition for the Engineering Construction Industry in January 2020 - Developed the ECITB's plan to support net zero skills in industry, which was published in Q1 2021. - Engaged with a wide range of employers, government and other stakeholders, including the Industrial Decarbonisation Research and Innovation Centre and the industrial clusters to build our intelligence on the skills requirements of net zero. We also supported the Green Jobs Taskforce through the participation of ECITB Board member, Jane Cooper. - Supported the delivery of the Nuclear Skills Strategy Group delivery plan, with a focus on skills transferability and participation in the Nuclear Developers Group to identify skills pipeline requirements. - Developed value propositions for the renewables, water treatment and food and drink sectors.
	10. Enable ECI companies to harness IR4 technologies to improve productivity by having the right skills	- Developed an ECITB Digital Passport against the NOS with 44 ITEC learners planned for delivery in Q1 2021 - Supported a three day data analytics hackathon with over 100 delegates completing industry set projects. - Started work on a blended learning strategy, which is due to be published in 2021.
	11. Help the industry develop more inclusive cultures and encourage greater workforce diversity	- Grant supported Diversity and Inclusion training for 541 learners in total across the industry - This included directly funding the Engineering a Winning Workforce programme for employers operating in the nuclear industry. - Developed two new ECITB training standards, for launch in early 2021: Introduction to ED&I and unconscious bias training. - Established the Inclusion, Diversity, Equality Action (IDEA) working group to identify opportunities and develop plans to improve diversity and inclusion across the industry, including embedding D&I across ECITB products and services.

Strategy Pillar	3 Year Business plan objective	Performance in 2020
Preparing for the future	12. Work with UK and devolved Governments to shape education and skills policies to meet industry needs	- Supported the DfE's apprenticeships programme review, leading to sectoral flexibilities announced in the 2020 Autumn Statement. In particular, the Government is keen to explore the concept of a fast track apprenticeship which was first proposed in our Fire it Up report. - Participation in the BEIS/DfE Construction Skills Delivery Group and the Green Jobs Taskforce, - Active ongoing engagement with DfE and BEIS on apprenticeships, T levels, Covid interventions such as Kickstart, energy transition and sector-specific support for post-Covid recovery. - Responded to 12 consultations on post-16 qualifications, apprenticeships, T levels, strategic occupations for migration, energy transition and the Nuclear Decommissioning Authority's strategy. Responded to 2 APPG inquiries and 2 Select Committee inquiries on Covid impact and post-pandemic growth. - Participated in the development of the Scottish Government's Climate Emergency Skills Action Plan - Held 2 Ministerial meetings with DfE and Scottish Government. Met with Hydrogen APPG and the chair of the Climate Change Committee. Written engagement with a further 9 members across both Houses.

	2020 Performance indicators	2020 Results
FOUNDATIONS	Percentage of stakeholders who say they value ECITB's labour market intelligence (>60% in 2020)	83%*
	Number of establishment reviews conducted (target of 100 in 2020)	27 due to Covid-19 restrictions >£1m of levy secured from new in-scope establishments
	Percentage of employers who use ECITB products say they meet their needs (>75% in 2020)	86% (average score across all products)*
MEET CURRENT NEEDS	Percentage of employers reporting that ECITB support has helped address skills shortages and gaps (>50% in 2020)	73%*
	Increase the number of new entrants supported by ECITB (by 15% in 2020)	~47% decrease due to the impact of Covid-19** ECITB Scholarship programme set up in response
	Percentage of employers satisfied with the quality, accessibility and affordability of training and assessment (>50% in 2020)	66% satisfied with all three aspects of training and assessment, 95% satisfied with at least one*
	Increase uptake of ECITB competence assurance products by 25% in 2020.	~31% decrease due to the impact of Covid-19**
PREPARING FOR FUTURE	Percentage of stakeholders who believe the ECITB is making a positive contribution to the Industrial Strategy and industry's preparedness for net zero (>60% in 2020)	69% for the Industrial Strategy, 60% for net zero*
	Number of employers, learners and training providers accessing the ECITB's Industry 4.0 products and programmes (>300 in 2020)	179** Development of blended learning strategy in 2021
	Uptake of ECITB supported diversity and inclusion training interventions (>1000 in 2020)	420 supported to date** Established IDEA taskforce to enhance D&I activity
	Percentage of stakeholders who say the ECITB is positively influencing skills policy (>60% in 2020)	64%*

* Taken from the ECITB's Customer Satisfaction and Stakeholder Survey produced by IFF Research Ltd. Fieldwork conducted between 14th September and 9th October 2020

** expected as of December 2020

Commercial Activities 2020

The ECITB's commercial activities comprise operations in Great Britain and overseas, primarily the Middle East, South East Asia and East Africa. Commercial income is derived from a variety of sources including:

- Licence income – whereby the ECITB grants licences to Training Providers (ATPs) to use its training materials and tests
- Fees payable by the ATPs in respect of learners using ECITB training courses
- Registration of an issuance of vocational qualifications

Commercial Activities in Great Britain

The main source of income within Great Britain derives from the issuance of Client Contractor National Safety Group (CCNSG) Safety Passports. Income from CCNSG passports decreased during 2020 from £817k to £591k with overall numbers below those in 2019 due to the reduction of face to face training caused by Covid 19.

However, sales of Technical training decreased only slightly, from £221k to £213K. Licence income was also broadly flat, decreasing by only £19k.

International Commercial Activities

ECITB operates in 3 main areas overseas, namely the Middle East, South East Asia and East Africa. International Commercial Income in 2020 was £450k (25%) below that in 2019, mainly delivered through charges for International Training Provider Licences which increased slightly in the year. The decline against 2019 was due to a fall in delegate fees as training was restricted across the world due to the pandemic.

The international commercial team grew slightly during 2020 and there are plans to recruit in 2021 with a view to significantly growing back sales when training restrictions are lifted.

Looking Ahead: 2021

2021 marks the second year of an exciting three year strategy period for the ECITB. Full details of the strategy and its KPIs can be found on the ECITB's website, to which we would encourage readers of this annual report to refer.

Financial Projections 2021

The 2021 operational plan and financial budget are based on the ECITB's strategic priorities and objectives. Given the ambitious 2020-22 strategy and the fact that reserves continue to be higher than reserves policy requires, we expect the ECITB to continue to be able to draw down on its reserves and therefore run at a deficit.

Whilst the 2021 budget does not currently anticipate either a deficit or surplus, the final financial outcome for 2021 is subject to number of factors that may result in the ECITB utilising some of its reserves or recognising a surplus in the year. These include the following:

- The budget assumes the level of demand for training support in addition to a major project will increase by roughly £2.5m against 2020. At time of preparing the budget, continued lockdowns across the UK made it more difficult than usual to plan how much training could and would be accessed during the year, however, if the demand is there, we anticipate reforecasting to use reserves in 2021 to fund training.

- Work will also continue during 2021 to ensure every establishment that should pay a levy, does pay. The budget sets income at a prudent, lower level and there may well be more levy income and therefore more funds may become available during the year.
- Finally, the ECITB is developing plans to improve its technology, systems and blended learning support to industry. Activity in these areas has begun in 2021, with an allocation from available reserves made available to support them.

2020 Governance Report

Scope of Responsibility

As Chief Executive and Accounting Officer, I have responsibility for maintaining a sound system of governance and internal control that supports the achievement of the ECITB's purposes, strategic objectives and policies, while safeguarding the funds and assets for which I have responsibility in accordance with Managing Public Money. This means that the ECITB's funds and assets are properly accounted for, and are used efficiently and effectively.

The Purpose of the Governance Statement

The Governance Statement supplements the financial information in the accounts by explaining how the ECITB's governance and control structure directs and reviews plans and performance. The statement shows how the ECITB applies the principles of good governance, and reviews the effectiveness of these arrangements.

Governance Framework of the Organisation

The ECITB is a statutory body (an Industrial Training Board (ITB)) governed by the Industrial Training Act 1982 ("the Act"). The Industrial Training (Engineering Construction Board) Order 1991 (Statutory Instrument 1991 No. 1305) defines the activities of the ECITB and the engineering construction industry. Details of the powers and responsibilities of the ECITB, as well as the restrictions placed on it, are described in the Act. The ECITB is a Non-Departmental Public Body (NDPB), and reports to its government sponsor body, the Department for Education (DfE).

The ECITB has responsibilities to Parliament and to its industry. It was formed in recognition of the engineering construction industry's vital role in the UK economy, and the requirements for an ITB to undertake the responsibilities of meeting the special training needs of an industry where the labour force is highly mobile, and where there is less opportunity for individual employers to train.

The ECITB is established for exclusively charitable purposes and is a registered charity in England and Wales. It also undertakes its charitable activities in Scotland. The charitable activities of the ECITB are largely funded by the statutory levy established by the Act and confirmed by levy orders passed by both Houses of Parliament. The levy applies to all in-scope establishments operated by industry employers to ensure equity across employers in the industry in the provision of training.

Following a formal consultation with levy-paying employers in 2019 relating to future industrial training levy arrangements, the Industrial Training Levy (Engineering Construction Board) Order 2020 -Statutory Instrument No. 972 (the 'Levy Order') was passed by Parliament on 10th September 2020. Levy income during the financial years 2021 to 2023 inclusive will be collected under the terms of the 2020 Order. This was the first time that the ECITB conducted a consultation based on a rise in the levy.

The Board is responsible for establishing and monitoring appropriate policies to fulfil the objectives of the ECITB as an ITB. The Accounting Officer is responsible for managing the implementation of agreed policies and is accountable to the Board, the principal AO (Permanent Secretary of DfE) and Parliament.

The Board

The members of the ECITB's Board of Trustees during 2020 and at March 2021, together with changes in membership since 1st January 2020 and 2020 meeting attendance records are shown in Appendix A. Corresponding information relating to the Board's sub-committees are shown in Appendix B.

The Board is responsible for shaping ECITB's future direction and strategy, and is accountable for corporate governance. It provides leadership, advice and challenge in the management performance of the organisation. It has identified strategic matters, over which only it can approve key decisions, and has delegated responsibilities for operational and other matters to committees (see below) and the CEO.

The Board oversees the implementation of business and financial plans and has approved the strategic report within this document.

In addition to serving on the Board, some trustees also participate in policy making as members of the committees. With the exception of the Board members, the other committees include other volunteers from the industry.

The members of the Board are appointed by the Secretary of State, and the Board's composition reflects the main stakeholders in the engineering construction industry. In view of the charitable nature of the organisation, Board members are trustees, and have an overriding obligation to place the interests of the beneficiaries above all others, including their own. They also need to take account of any guidance issued by The Charity Commission. The Trustee's duties include promoting the success of the charity to achieve its charitable purposes.

During 2020 five trustees were appointed and one trustee's term expired. In 2020 the Board met on six occasions. Average attendance at the Board over the year was 84% (2019 – 82%).

New Trustees are inducted through a briefing pack that details the statutory and legal basis under which the ECITB operates and is governed; the ITB Review; drivers of its policy and strategy; finances, including how the levy system works; the organisation's structure; and the Board calendar.

A review of all actions coming out of 2020 Board meetings was conducted at the end of the year and the Board confirmed that all actions had been completed or were progressing as planned.

The Council

The Council consists of up to 25 members representing the broad and various interests of the industry,

The Council is an integral part of the ECITB governance and acts as the voice of the engineering construction industry. The Council possesses and will provide a wide, representative perspective and expert understanding of the industry. Its broad purpose and role is to provide advice to and consult with the Board on matters of strategic interest. Through its engagement with the Board the Council will help the Board to set priorities for the industry and will play a crucial advisory role.

The Audit & Risk Committee

The Trustees maintain an overview of internal control and risk management issues through the Audit & Risk Committee. The Committee's terms of reference are to promote the highest standards of propriety in the operation of the ECITB by maintaining an overview of its financial and other governance systems to ensure their effectiveness and integrity of operation. The Board appoints members of the Committee. Its Chair is a trustee of the Board.

The Accounting Officer, Director of Finance & Business Services and the Board Secretary attend meetings of the Audit & Risk Committee to assist the Committee in its review of the ECITB's management of risk, and ensure that advice from members concerning the identification, assessment and management of risk is taken into account. Representatives of the internal and external auditors (the Government Internal Audit Agency (GIAA) and the National Audit Office respectively) attend all meetings. These representatives have free and confidential access to the Chairman of the Committee.

The Committee regularly reviews the ECITB's risk register. The information received during the year enabled the Committee to provide a recommendation to the Accounting Officer and the Board to approve and sign the annual report and accounts.

The Remuneration & Nomination Committee

The Committee reports to the Board and is responsible for formulating and recommending the policy relating to the remuneration for the ECITB staff.

The Committee is also responsible for identifying candidates to the Secretary of State to fill Board vacancies as and when they arise.

The Q&A Committee

The Committee oversees the governance of the ECITB's qualifications and awards, including the ECITB's compliance with regulatory conditions and principles set by Ofqual, the Scottish Qualifications Authority and Qualifications Wales.

The CCNSG Committee

The CCNSG is responsible for the management of the CCNSG's nationally accredited safety passport scheme. The ECITB manages the operation of the scheme, and the CCNSG retains responsibility for the strategic direction of the Scheme, including the Scheme's content, the standards for approval of training providers, the future development of the Scheme and its integrity assurance.

The Operations & Grants Committee

The Committee is responsible for overseeing and delegating authority and responsibility for the day to day management of activities in accordance with appropriate management and control systems.

The Committee reports to the Board to review and formulate the ECITB's training grant policy and schemes. The remit also includes the ECITB's grant systems and decision-making processes to ensure that all aspects relating to grants are clearly defined and fall within the ECITB's statutory remit and discretion.

The committee comprises of the Executive; the Chief Executive, the Board Secretary and directors, as appointed by the Chief Executive following consultation with the Board.

Regions

The ECITB operates a regional structure to ensure that delivery of training support and services is driven by the demands of industry on a regional basis. In 2020 there were 19 regional forums. Each forum comprises industry employers, and either represents a geographical area, or a significant industry sector. Each forum normally meets three times a year under the chairmanship of a Regional Chair, who has been elected by the members of the forum.

The Regional Chairs are Members of the Council and support the achievement of the Board's strategic goals by contributing to the development of the ECITB's regional strategies and operating plans. The chairs of the regional fora meet periodically in order to discuss matters of common interest concerning training and skills development, and to exchange best practices in these areas.

The ECITB also works closely with other key regional stakeholders, such as industry clients, skills development or local enterprise partnerships, local authorities and funding bodies, training providers, and trade unions.

ECITB Management and Staff

The Board have delegated responsibility for the implementation of the ECITB's strategic plans, and the management of the organisation to the Chief Executive.

The Chief Executive leads the organisation's executive management team ("the Executive"), which in 2020 comprised the Chief Executive, the Board Secretary, the Director of Finance & Business Services, the Director of Operations, the Director of Strategy & Policy and the Director of Development and Quality (until April 2020). The members of the Executive are

responsible for ensuring that the activities of their departments achieve the ECITB's strategic and operational objectives efficiently, to the highest quality standards, and in compliance with the law. Meetings of the Executive occur weekly, and the members report concerning their areas of responsibility, including measurement of performance against key performance indicators.

Overview of Board Effectiveness and Performance

To be effective, the Board must be fully informed of the work of the ECITB across its areas of activity. As Chief Executive, I and senior staff provide reports, information and discussion papers to the Board, covering progress against objectives, KPIs, the management of risks and financial control. Additionally, reports relating to matters considered by the Board's committees are submitted to the Board.

These measures enable the Board to monitor, advise on, challenge and lead the performance of the organisation. They have also enabled the Board to balance strategic priorities with support for employers' immediate skills and competence needs. The governance arrangements and decision-making processes described above also support a culture of openness and transparency, which in turn ensures that the Board is able to make decisions with a high degree of clarity and consensus.

Conflicts of Interest

As a public body ECITB abides by principles of regularity and propriety, and ensures that its work is not adversely impacted by a conflict of interest. Board members and executive staff are required to complete a declaration of any interests. The Register of Trustees' Interests appears in Appendix C. No significant company directorships or other interests were held by Board members or staff that conflicted with their role and responsibilities.

I consider that the ECITB's transparency of decision-making and scrutiny by stakeholders through the governance arrangements described in this statement enables it to achieve this objective.

Whistle Blowing

The ECITB is committed to achieving and maintaining high standards of behaviour at work, service to the public and in all our working practices. The ECITB's whistle blowing policy is designed to enable and encourage ECITB staff to express concern or disclose information at an appropriate level if it is believed there is evidence of malpractice. The ECITB seeks to maintain a culture where people are encouraged to speak out, with confidence that they can do so without adverse consequences, and that appropriate action will be taken. In 2020 no allegations were raised under the ECITB's whistle blowing policy.

Risk Management

The ECITB's system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is designed to identify and prioritise risks to the achievement

of the ECITB's policies, aims and objectives. It is designed to evaluate the likelihood of risks and their impact, and to manage them efficiently and effectively.

The ECITB's system of internal control has been in place throughout the year-ended 31st December 2020 (and up to the date of approval of the 2020 Trustees' report and accounts), and accords with HM Treasury guidance. A number of specific sources contribute to my annual governance review, including:

- reports and recommendations from the Audit & Risk Committee;
- the GIAA's Internal Audit annual report;
- the report and recommendations from the National Audit Office;
- reports from members of the Executive and senior managers, outlining the governance, risk and control arrangements in their business areas;
- external reports relating to the ECITB (e.g. reports produced Ofsted);
- legislative and regulatory guidelines, including those relating to charitable status, and the use of public money.

The Risk Management Framework

The ECITB has an established risk management policy, which is reviewed annually by the Audit & Risk Committee. The Audit & Risk Committee and the Board regularly review the ECITB's strategic risk register and I report to these committees on strategic risks several times per year.

The Board is responsible for assessing the organisation's risk appetite and tolerance towards risk – this is regularly reviewed as part of an annual standing agenda.

Risk overview

The most significant risks faced by ECITB during 2020, which could impact on the delivery of its strategic objectives are shown below:

- Compliance Risk – Failure to implement appropriate cyber data security measures
- Reputational Risk – Impact of C-19 on 2021 levy assessments and implementing the levy rate rise
- Programme Risk – Failure to implement an effective Net Zero development plan
- Project Risk – Failure to deliver Connected Competence
- Compliance Risk - Failure to comply with statutory duties or other legal responsibilities.
- IT Supplier Failure Risk - Commercial failure of a key IT supplier
- Government policy change undermines the basis of the ECITB .

The ECITB's approach to Data Security and Information Risk

The ECITB's management information systems enable and support business processes and organisational performance. The ECITB's emphasis remains to ensure data handling practices are simple, rigorous and efficient. Information security is of vital importance to the operation and reputation of the ECITB. Its Chief Information Officer has operational responsibility for this. During 2020 no disclosures or reports were submitted to the Information Commissioner's Office (ICO).

To achieve its aims the ECITB collects and makes use of personal information about individuals, such as employers, their learners (including apprentices), employees, applicants for posts and suppliers. The ECITB is committed to protecting the rights and freedoms of individuals relating to the processing of their personal data,

and complies with its obligations and responsibilities under current Data Protection legislation. During 2018 ECITB implemented measures to ensure compliance with the General Data Protection Regulation (GDPR), which took effect in May 2018.

During 2018, ECITB identified and filled the key roles of the Data Protection Officer and of the Data Manager and updated and published new policies and procedures including a Data Protection Policy, an Information Security Policy and Data Retention & Disposal Policy for handling data securely against the new requirements in GDPR and the relevant guidelines issued by the ICO. These policies were reviewed and updated during 2020, as required.

During 2020 there were no major changes to the ECITB's data storage.

Internal Audit

The GIAA has responsibility for the ECITB's internal audit and operates to standards and requirements defined by HM Treasury, which include the submission of an independent opinion on the adequacy and effectiveness of the system of internal control, and the provision of assurance relating to the ECITB's governance and risk management systems. Reports are submitted to the Audit & Risk Committee concerning audits undertaken and the implementation of recommendations. The GIAA has a direct reporting line to the Audit & Risk Committee to ensure independence.

The GIAA's Internal Audit annual report, summarised the work undertaken and indicated that there were some improvements required to enhance the adequacy and effectiveness of the framework of governance, risk management and control. However, the GIAA's overall conclusion was that the ECITB's control processes were adequate and generally operating effectively in each of the areas audited.

I have concluded from the GIAA's reports that the ECITB has adequate and effective systems over risk, control and governance which provide reasonable assurance regarding effective and efficient achievement of the ECITB's objectives.

Conclusion

As Accounting Officer, I have responsibility for reviewing the effectiveness of the systems of governance and internal control. My review of the effectiveness of these systems is informed by the members of the Executive and senior managers within the organisation (who have responsibility for the development and maintenance of the internal control framework), the work of the GIAA, comments made by the National Audit Office in its management letter and other reports. I am also advised on the effectiveness of

the system of internal control by the Board and the Audit & Risk Committee. When weaknesses are identified, plans to address them and ensure continuous improvement of the system are put in place.

This Governance Statement represents the conclusions of my review of the effectiveness of the ECITB's governance framework, risk management and internal controls in 2020. I am satisfied that the governance arrangements and the risk and control framework used in 2020 were sufficient to continue managing risks effectively, and ensure that the operating and financial risks were fully understood by the Board. I have concluded that the ECITB's system of governance, risk management and internal control supports the achievement of the ECITB's aims and objectives.



C J Claydon
Chief Executive and Accounting Officer
23rd June 2021

The top half of the cover features several overlapping, semi-transparent geometric shapes in various shades of purple, creating a modern, abstract design.

Engineering Construction Industry Training Board

**Report of the Trustees and
Accounts for the Year-Ended
31 December 2020**

Financial Report

Statement of the ECITB's and the Accounting Officer's Responsibilities

Under section 8 (1) of the Industrial Training Act 1982, the Board of Trustees of the ECITB is required to prepare a statement of accounts for each financial year in the form and on the basis within the Accounts Direction issued by the Secretary of State with responsibility for the ECITB with the consent of the Treasury. The accounts are prepared on an accruals accounting basis and must show a true and fair view of the ECITB's state of affairs at the year-end and of its income and expenditure, Balance Sheet and cash flows for the financial year.

In preparing the accounts the Trustees and Accounting Officer are required to comply with the requirements of the Government Financial Reporting Manual and in particular to:-

- 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;
- Make judgements and estimates on a reasonable basis;
- State whether applicable accounting standards as set out in the Government Financial Reporting Manual and in the Statement of Recommended Practice: Accounting and Reporting for Charities (Charities SORP (FRS 102)) have been followed and disclose and explain any material departures in the financial statements; and
- Prepare the financial statements on a going concern basis, unless it is inappropriate to do so.

The Accounting Officer and Board of Trustees confirm:

- The annual report and accounts as a whole are fair, balanced and understandable and they take personal responsibility annual report and accounts and the judgements required for determining that are fair, balanced and understandable ;
- There is no relevant information of which the auditor is unaware; and
- They have taken all the steps they ought to ensure the auditor is aware of all relevant audit information.

The Chief Executive of the ECITB has been designated by the Secretary of State as the Accounting Officer for the ECITB. His relevant responsibilities as Accounting Officer, including his responsibility for the propriety and regularity of the public finances for which he is answerable, and for the keeping of proper records and for safeguarding the ECITB's assets are set out in Managing Public Money published by HM Treasury.



L A Armstrong
Chairman
23rd June 2021



C J Claydon
Chief Executive and Accounting Officer
23rd June 2021

Results for the Year

A Summary Statement of Financial Activities for the period 1 January 2020 to 31 December 2020 (with comparative information for 2019) is shown immediately below. This has been extracted from the audited financial statements which appear in full later in this report.

Statement of Financial Activities for Year ended 31 December 2020

Income	2020 £'000	2019 £'000
Levy	27,805	23,732
Investment Income	300	428
Non Levy Income	1,704	2,256
Total Income	29,809	26,416

Expenditure		
Investment management costs, Bad debt provision, levy collection costs and provision against appealed levies	324	370
Charitable activities	28,549	27,736
Total expenditure before other gains and losses	28,873	28,106
Net income / (expenditure) before other gains and losses	936	(1,690)
Gains / (Losses) on revaluation of fixed assets	393	113
Gains / (losses) on investment assets	(91)	(99)
Net Movement in Funds Surplus / (Deficit)	1,238	(1,676)

Reconciliation of Funds		
Total funds brought forward at 1 January	15,639	17,315
Total funds carried forward at 31 December	16,877	15,639

Balance Sheet		
Fixed Assets		
Tangible Assets	1,701	1,324
Investments maturing in more than one year	5,862	8,855
	7,563	10,179
Current Assets	17,562	12,447
Creditors: amounts falling due within one year	(8,248)	(6,987)
Net current assets	9,314	5,460
Net assets less liabilities	16,877	15,639

Fund		
Unrestricted fund	16,877	15,639

Incoming Resources

Levy income in 2020 amounted to £27.8m (2019: £23.7m). This represents the gross levy assessed during the year, together with any adjustments for levies assessed in earlier years. Levy rates on costs of on-site workers remained at 1.2% and, on costs of all other workers remained at 0.14%. Levy exemption levels remained unchanged from 2018 for both site based and other workers at £1,000,000 and £275,000 respectively.

Gross levy income was £4.1m or 17% higher than in 2019 due to more establishments being brought onto the books.

Other incoming resources totalled £1.7m (2019: £2.3m) mainly comprised of income from sales and sponsorships.

Investment income, from quoted investments and interest on cash deposits, amounted to £300k (2019: £428k). Investment performance has reduced compared to 2019 due to ongoing low investment yields, which, as noted last year, are expected to prevail into the foreseeable future.

Expenditure

Expenditure on the charitable activity amounted to £28.5m which was £813k (2.9%) higher than 2019.

Total costs of delivery of the service, comprising direct and support costs were £8.8m (2019: £7.8m).

Levy collection costs saw a slight decrease to £268k (2019: £282k), £14k lower than 2019.

Net Movement in Funds

The revaluation of the ECITB's land and buildings, based on the 2021 sales price, resulted in a gain of £393k (2019: gain of £113k)

The net increase in resources for the year after recognised gains and losses amounted to £1.2m (2019: outgoing resources £1.7m).

Balance Sheet at 31 December 2020

Assets

Current assets increased by £5,115k, as a result of holding more cash and cash equivalents and short term investments at year end than in the previous year. This was to maintain liquid funds for potential use in the first half of 2021 and because low bond yields married with ECITB's strict risk criteria result in less benefit than previous years in investing in long term gilts when compared to comparable returns and the flexibility of shorter term investments.

At 31 December, investments and cash amounted to £22.9m (2019:£20.2m).

Debtors at the end of both 2020 and 2019 comprised levy and trade debtors, prepayments and accrued income. Levy debtors in 2020 saw a significant decrease as 2019 saw two late assessments, raised in autumn 2019, that remained unpaid at the year end.

Creditors

Year-end creditors amounted to £8.2m (2019: £7.0m). The increase largely comprises grant accruals as, to help the administrative burden on Employers during COVID-19, we allowed a longer period than the prior year in early 2021 during which they could submit grant claims for 2020 training activity. The result was that a higher value of 2020 claims were paid after the year end than in the previous year.

The Funds of the Charity

The year-end balance sheet shows total charity funds of £16.9m (2019: £15.6m).

Reserves Policy

The Reserves Requirement at the end of 2020 remained the same as at 2019. The minimum level of reserves the Trustees consider necessary is £7m in order to accord with its policy to hold reserves to cover the full costs of winding up the ECITB estimated to be around £3m and a further fund to support the costs of apprentices taken on under ECITB funding arrangements, set at £4m.

The ECITB does not hold any restricted funds and all reserves are reported as unrestricted. Of the £16.9m funds held at the end of the reporting period, £1.3m can only be realised by disposing of tangible fixed assets and a further £10.2m are already committed, resulting in £5.4m available reserves.

No material amounts have been designated or otherwise committed at the end of the reporting period

Investment Policy and Performance

The ECITB is required by section 17(5) of the Industrial Training Act 1982 to invest money in accordance with guidelines approved by the Secretary of State with responsibility for the ECITB. The investment guidelines appear in the Financial Memorandum issued by the Secretary of State, and in Managing Public Money, issued by HM Treasury. These permit investment in a range of high quality interest bearing instruments with investment in equities being precluded. The management of investments is contracted to Cazenove Capital Management, which is required to operate within these guidelines.

Investment performance is measured against a benchmark, namely the FTSE UK Government Bond Fixed Up to 5 Year Index. In the period from 14th September 2004 (when the investment manager took over the portfolio) to 31st December 2020, the performance of the long-term portfolio, after the deduction of management fees, was 62.1% compared to the benchmark 59.2%, giving an annual portfolio return of 1.2% (benchmark return 1.5%) for the year to 31st December 2020.

Auditors

The ECITB's external auditor is the Comptroller and Auditor General who is appointed under Section 8 of the Industrial Training Act 1982.

Remuneration Report

Unaudited Information Staff Appointments

Most permanent employees of the ECITB are employed under open-ended contracts of employment, which may be terminated on one month's notice (subject to statutory increases in employees' entitlements to notice). The contracts of employment of senior managers may be terminated on three months' notice.

Four employees were engaged under fixed term contracts of employment.

The ECITB will employ disabled persons when they appear to be suitable for a particular vacancy and every effort is made to ensure that they are given full and fair consideration when such vacancies arise. There were no disabled persons employed by the ECITB during the year.

The ECITB and Unite (a trade union) have entered into a voluntary agreement. Under its terms the union represents employees on a collective basis on specified matters. The ECITB meets periodically with representatives of the union to discuss matters such as the annual basic salary review, holidays, sick pay and pensions.

Staff Sickness Absence

The ECITB monitors levels of staff sickness absence. In 2020, the sickness absence rate was 1.6% (2019 – 2.1%), equivalent to 3.6 working days per employee (2019 – 4.6 working days).

Off payroll arrangements

During the year, the ECITB had no 'off-payroll' engagements.

Audited Information Senior Staff Costs and Pensions

Decisions on remuneration are delegated to the Management Board, which determines general policy on remuneration and the individual remuneration package for the the Chief Executive.

The contracts of employment of the directors are, in all material respects, in line with those of most other employees of the ECITB. The exceptions are a notice period of three months (six months' notice for the Chief Executive) rather than one month, and the entitlement to private medical insurance.

The directors are entitled to membership of the ITB Pension Funds, which is a contributory defined contribution scheme, on the same basis as other members of staff. None of the directors is employed on a fixed term contract.

The information comprising the remainder of the Remuneration Report has been audited.

Details of the individual remuneration packages and benefits for the directors are set out overleaf.

2020					2019					
Salary £'000	Pension Benefit £'000	Benefit in kind (to nearest £100) £	Performance Pay £'000	Total Salary £'000	Salary £'000	Pension Benefit £'000	Benefit in kind (to nearest £100) £	Performance Pay £'000	Total Salary £'000	Date of appointment to position
C J Claydon, Chief Executive										
150-155	10-15	1,700	0-5	165-170	140-145	10-15	1700	5-10	165-170	24.08.15
A Brown, Director of Operations										
110-115	5-10	1,900	0-5	125-130	100-105	5-10	1,900	5-10	115-120	01.04.13
N Spencer, Director of Development & Quality										
25-30	0-5	1,400	0	25-30 (FYE 105-110)	95-100	5-10	1,400	0-5	110-115	01.11.03
R Blyth, Director of Finance and Administration										
95-100	5-10	500	0-5	105-110	65-70	5-10	0	0	70-75 (FYE 85- 90)	16.03.19
H M Blackwood, Director of Finance & Administration										
0	0	0	0	0	40-45	0-5	200	0	40-45 (FYE 100-105)	06.11.17
David Nash, Director of Strategy & Policy										
95-100	5-10	0	0-5	105-110	0	0	0	0	0	01.01.20

N Spencer resigned as a director on 3 April 2020 but remains as a consultant to the ECITB on a contracted day basis. D Nash became a director on 1 January 2020.

Benefits in kind represent private health insurance. Except for private health insurance and entitlement to notice, all other terms and conditions, including ITB Pension Fund membership, are in line with those of other staff members.

ECITB is required to disclose the relationship between the remuneration of its highest-paid director and the median remuneration of the organisation's workforce. The banded remuneration of the highest paid director in ECITB in the financial year 2020 was £155,000 – £160,000 (2019 - £155,000 - £160,000). This was 3.4 times (2019 - 3.5 times) higher than the median remuneration

(excluding employer pension contributions) of the remainder of the workforce, which was £46,468 (2019 - £45,579). In 2020 no employees received remuneration in excess of the highest-paid director (2019 - none), however, in 2020 an individual's full time equivalent salary (excluding employer pension contributions) exceeded the highest paid director (2019 – 1). Full time equivalent remuneration ranged from £23,000 to £166,000 (2019 - £18,000-£166,000).

Total remuneration includes salary, non-consolidated performance-related pay, benefits-in-kind plus severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

Staff numbers and costs are disclosed in notes 10 and 11 to the accounts.

Senior Staff Pensions Entitlements

Defined Benefit Pension

On 5th April 2016 the accrual of pension benefits in the Defined Benefits Section of ITB Pension Funds (ITB) ceased for all senior staff and other employees. From 6th April 2016, pension benefits accrued in the Defined Contribution Section of ITB. There is, therefore, no defined benefit increase to be reported on in 2020 (2019 Nil).

Defined Contribution pension

Employer contributions paid into the Defined Contribution Pension Scheme on behalf of the Executive Team were as follows:

Name	Normal contribution 2020 £'000	Normal contribution 2019 £'000
C J Claydon	13	13
A Brown	10	9
R Blyth	8	5
D Nash	6	0
N Spencer	1	9
H M Blackwood	0	2

Trustees' Costs

In accordance with her appointment by the Secretary of State, the Chairman of the Board is entitled to remuneration. During the year, the Chair, Ms L Armstrong, received a salary of £31,600 (2019 - £29,200). 1 other trustee received compensation for the performance of their duties in the year of £400 (2019 : £0).

In 2020, 9 trustees (2019 - 10) incurred travel, accommodation and subsistence expenses, which were reimbursed by the ECITB. In 2020, these expenses amounted to £12,119 (2019 - £13,693).

The ECITB does not provide pension benefits for any of the trustees.

Appendix A of this report contains a list of current trustees and former trustees who held office during 2020.

Trade Union Time – Unaudited information

The ECITB is required to disclose the number of employees engaged in and the amount of time spent on Union activities. These figures are disclosed below – these are not subject to audit.

Relevant Union Officials

Name	Full Time Equivalent Number
Number of employees who were relevant union officials during the relevant period	1
Percentage of time spend on facility time	
Percentage of time	Number of employees
0%	-
1-50%	1
51-99%	-
100%	-
Percentage of pay bill spent on facility time	
Total cost of facility time £'000	1
Total pay bill £'000	4,771
Percentage of total pay bill spent on facility time	0
Paid trade union activities	
Time spent on paid trade union activities as a percentage of total paid facility time hours	-



L A Armstrong
Chairman
23rd June 2021



C J Claydon
Chief Executive and Accounting Officer
23rd June 2021

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

Opinion on financial statements

I certify that I have audited the financial statements of Engineering Construction Industry Training Board (ECITB) for the year ended 31 December 2020 under Industrial Training Act 1982. The financial statements comprise: the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom accounting standards including FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

I have also audited the information in the Remuneration Report that is described in that report as having been audited.

In my opinion, the financial statements:

- give a true and fair view of the state of ECITB's affairs as at 31 December 2020 and of its incoming resources and application of resources 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 Industrial Training Act 1982 and Secretary of State directions issued thereunder.

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 (ISAs) (UK), applicable law and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2019. I have also elected to apply the ethical standards relevant to listed entities I am independent of the ECITB 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 ECITB'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 ECITB'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 Trustees 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 Report of the trustees but does not include the financial statements and my auditor's certificate thereon. The Trustees 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. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If 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, based on the work undertaken in the course of the audit:

- the parts of the Remuneration Report to be audited have been properly prepared in accordance with Secretary of State directions made under the Industrial Training Act 1982;
- the information given in the Report of the trustees for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

In the light of the knowledge and understanding of the ECITB and its environment obtained in the course of the audit, I have not identified material misstatements in the Report of the trustees.

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

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Responsibilities of the Trustees and Accounting Officer

As explained more fully in the Statement of the ECITB's and the Accounting Officer's Responsibilities, the Trustees and the Accounting Officer are responsible for:

- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- internal controls as Trustees and the Accounting Officer determines is necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error.
- assessing the ECITB'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 Trustees and the Accounting Officer either intends to liquidate the entity or to cease operations, or has 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.

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.

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulation, including fraud.

My procedures included the following:

- inquiring of management, the ECITB's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the ECITB's policies and procedures relating to:
 - o identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - o detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - o the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the ECITB's controls relating to the Industrial Training Act 1982;
- discussing among the engagement team and involving relevant internal specialists, including IT auditors, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition and posting of unusual journals;
- obtaining an understanding of ECITB's framework of authority as well as other legal and regulatory frameworks that the ECITB operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the ECITB. The key laws and regulations I considered in this context included the Industrial Training Act 1982, HM Treasury's Managing Public Money, Coronavirus Act 2020 and other relevant employment, pensions and tax legislation and regulations; and

- engaging with IT auditors to assess the impact of changes to IT systems during the period on my risk assessment.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance and the Board;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting 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; and
- testing the completeness and accuracy of financial data migrated to new IT systems during the period through data reconciliations.

I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists 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.

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

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

Report

I have no observations to make on these financial statements.

Gareth Davies
24th June 2021
Comptroller and Auditor General

National Audit Office
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Victoria
London
SW1W 9SP

Financial Accounts for the year ended 31 December 2020

Statement of Financial Activities for the year ended 31 December 2020

Income		2020 £'000	2019 £'000
Income from other trading activities			
Income from investments	Note 4	300	428
Income from charitables activities			
Total non-levy income	Note 3	1,704	2,256
Levy	Note 2	27,805	23,732
Total Income		29,809	26,416

Expenditure		2020 £'000	2019 £'000
Expenditure on Raising funds			
Investment management costs		57	47
Provision for bad debts and against appealed levies	Note 5	(1)	41
Levy collection costs		268	282
Total costs of raising funds		324	370
Expenditure on charitables activities			
Total costs of charitable activities	Note 6	28,549	27,736
Total expenditure		28,873	28,106
Net gains / (loses) on investments	Note 15	(91)	(99)
Net income / (expenditure)		845	(1,789)

Other recognised gains /(loses)		2020 £'000	2019 £'000
Other recognised gains / (loses)			
Gains / (loses) on revaluation of fixed assets	Note 13	393	113
Net movement in funds	Note 21	1,238	(1,676)

Reconciliation of funds		2020 £'000	2019 £'000
Total funds brought forward at 1 January		15,639	17,315
Total funds carried forward at 31 December	Note 21	16,877	15,639

The statement of financial activities reflects all gains and losses during the year to 31 December 2020. All activities are continuing. All funds are unrestricted.

The notes on pages 46 to 72 and the appendices on pages 74 to 78 form part of these financial statements.

Balance Sheet as at 31 December 2020

Fixed assets		2020	2019
		£'000	£'000
Tangible assets	Note 13	1,701	1,324
Investments maturing in more than one year	Note 15	5,862	8,855
Total fixed assets		7,563	10,179
Current assets			
Debtors	Note 16	497	1,092
Investments maturing in less than one year	Note 15	2,918	1,266
Cash and cash equivalents in hand	Note 23	14,147	10,089
Total current assets		17,562	12,447
Creditors			
Amounts falling due within one year	Note 17	(8,248)	(6,987)
Net current assets		9,314	5,460
Total assets less liabilities		16,877	15,639
The funds of the charity			
Unrestricted fund	Note 21	16,877	15,639
Total charity funds		16,877	15,639

The accounts were approved by the Board on 23rd June 2021

The notes on pages 46 to 72 and the appendices on pages 74 to 78 form part of these financial statements



L A Armstrong
Chairman
23rd June 2021



C J Claydon
Chief Executive and Accounting Officer
23rd June 2021

Statement of cash flows for the year-ended 31 December 2020

Cash flows from operating activities		2020	2019
		£'000	£'000
Net cash provided by operating activities	Note 22	2,670	(301)

Cash flows from investing activities			
Investment income	Note 4	300	428
Purchase of property, plant and equipment	Note 13	(163)	(171)
Proceeds from sale of property, plant and equipment		1	64
Proceeds from sale of investments	Note 15	1,250	2,650
Purchase of investments	Note 15	-	-
Net cash provided by (used in) investing activities		1,388	2,971
Change in cash and cash equivalents in the reporting period	Note 23	4,058	2,670

Reconciliation of changes in cash, cash equivalents and in hand		2020	2019
		£'000	£'000
Balance at 1 January	Note 23	10,089	7,419
Change in cash and cash equivalents in the reporting period	Note 23	4,058	2,670
Balance at 31 December		14,147	10,089

The notes on pages 46 to 72 and the appendices on pages 74 to 78 form part of these financial statements.

Notes forming part of the Accounts for the year ended 31 December 2020

1 Accounting policies

Going Concern

These accounts are prepared on a going concern basis. The use of the going concern basis of accounting is appropriate because there are no material uncertainties related to events or conditions that may cast significant doubt about the ability of the ECITB to continue as a going concern.

Management's view is that the impacts from the coronavirus do not affect ECITB as a going concern – the ITB is established by statute and has a legal right and obligation to collect levy from qualifying employers. This was renewed until 2023. In terms of liquidity, ECITB holds £17m of reserves at the end of 2021 and levy income in the year has been assessed on the basis of pre-virus employment levels in the industry. ECITB's going concern assumption would therefore be threatened if more than half of billed 2021 levy income were not collected in year. However, if this were to be the case, training expenditure would be reduced as it is unlikely to be paid to Employers who do not pay their 2021 levy demand. This scenario is extremely unlikely and is not deemed a strategic risk. However, ECITB would mitigate it by adapting its charitable activities to match its financial resources.

In terms of ECITB's strategy and business plan, these were reviewed during 2020 in light of Covid-19. With levy income expected to be higher in 2021 than 2020 and the long term requirements of Engineering Construction Industry training remaining the same or accelerated by events in 2020, the review exercise reconfirmed much of the strategy and plan and ECITB has the resources to meet both.

Accounting Convention

These accounts have been prepared in accordance with the Industrial Training Act 1982 and the Charities SORP (FRS 102) ("the SORP"), adopted in 2019. The main impact of adopting SORP 2019 is additional disclosure in regards to prior year comparatives. There has been no financial impact on the adoption of SORP 19. An accounts direction issued by the Secretary of State requires that the ECITB prepares accounts in accordance with Treasury guidance. Consequently, these accounts follow the principles in the 2020/21 Government Reporting Manual (FReM) where it goes beyond the requirements of the SORP.

The accounts are prepared under the historical cost convention as modified by the revaluation of Land and Buildings and Investments.

The ECITB is a public benefit entity.

Levy Income

Levy income is recognised on an annual cycle in the year in which it is raised, together with adjustments in respect of previous levies raised. The levy receivable relating to the base period ended 5 April 2019 was raised in January 2020 and recognised as income in 2020.

Other Categories of Income

All income including sales, sponsorship and investment income is recognised on an accruals basis at the point it meets the SORP recognition criteria. Non-levy income is reported against the charitable activity to which it relates (see Note 3).

Investment Management Costs

Investment management costs are recognised on an accruals basis.

Charitable Expenditure

Charitable expenditure includes all expenditure attributable to the charitable activity.

Grants Payable

Grants are recognised as liabilities when the relevant training milestones and or grant conditions have been achieved or met.

Grants are recognised when all the evidence required has been submitted, at which point, such grants are recognised as grant creditors.

All grants are paid to employers when evidence of relevant training milestones and or grant conditions has been received. Such milestones and conditions are agreed with the employer prior to the commencement of the relevant training activity. Some grants are paid without the requirement for the employer to submit a claim. However, the ECITB requires employers to submit claims and evidence of training activity for Regional Discretionary Grants and grants relating to some training courses (for example, post graduate - or equivalent - programmes, Assessor Verifier training and some technical training courses).

The ECITB only records accrued grants in respect of interim and commencement apprenticeships and graduate grants, when there is a high likelihood that the evidential requirements confirming these grants should be paid will be satisfied. Accruals are only made for other courses where evidence has been provided after the balance sheet date for training which took place prior to the balance sheet date and it has been agreed that the claim will be paid.

Grants are recorded against charitable activity in a manner that reflects the use of the resources.

Direct and Support Costs

Direct costs (Note 8) are all costs, including staff costs that are directly related and attributable to the pursuance of the organisation's charitable activity.

Support costs (Note 9) largely relate to the organisation's central functions. Included within support costs are Governance costs.

Land and Buildings

Fixed assets are shown at their current value at the balance sheet date. To achieve this, freehold land and buildings are subject to a full external valuation every 5 years. The last existing use valuation of the freehold land and buildings was undertaken at 31 December 2017 by Bidwells, a firm of Property Consultants. The valuation was prepared in accordance with the Royal Institution of Chartered Surveyors Valuation Professional Standards (March 2012). Following the valuation, the existing use property value was recorded in the 2017 balance sheet.

In the intervening years between full external valuations the last revalued existing use value is adjusted (where material) having regard to relevant commercial property indices published by financial and professional services firms specialising in real estate services and investment management. In the period between the end of the reporting period and signing these accounts, the Blue Court freehold was sold, therefore this was revalued at the less price less selling costs.

Other Assets

Apart from freehold property, fixed assets are stated at their historical cost, less accumulated depreciation. They are not re-valued as this is unlikely to reveal any material difference in values.

Capitalisation

Fixed assets costing below £500 are not capitalised.

Depreciation

Depreciation on fixed assets (other than freehold land and buildings and motor vehicles) is provided on cost or valuation in equal annual instalments by class of asset over the estimated lives of each class, from the date on which the assets are brought into use. The assets are depreciated over the following periods:

Furniture & equipment	10 years
Plant and machinery	3 years
Other tools and equipment	
Computer equipment and It software	4 years

No depreciation is provided on freehold land.

Depreciation on freehold buildings is provided on the last revalued existing use value over the remaining useful life of the asset. The annual depreciation provision is calculated by dividing the latest revalued amount by the number of years of remaining useful life. Under this policy, at the year-end date, the remaining useful life of the buildings is 10 years 3 months.

Depreciation on motor vehicles is provided on an initial value, which is calculated by deducting the anticipated residual value at the end of the vehicle's estimated life from the cost price. The initial value of the vehicle is depreciated in equal annual instalments over a period of five years from the date of purchase.

Investments

Investments are carried at market value. Realised and unrealised gains and losses are reflected in the statement of financial activities.

Cash and cash equivalents

Cash balances represent amounts held in banks. Cash equivalents represent amounts held by the investment portfolio manager. Cash equivalents are readily convertible to cash.

Debtors

Short term debtors are measured at transaction price (which is usually the invoice price), less any impairment losses for bad and doubtful debts.

Debt Provision

Debts are provided for on an individual basis when the ECITB considers that a debt may not be recoverable in full, or in part, in accordance with the terms of the relevant transaction. Full doubtful debt provisions are made in the following circumstances:-

- When there is a strong possibility that a debt will not be recovered.
- When any debt is older than six months.

When a formal appeal against an assessment for industrial training levy is made by an employer a full provision in respect of the appealed levy is made in the accounts. This is because in the ECITB's experience:

- Once litigation has commenced, neither the outcome of the appeal nor the probability of success can be predicted with certainty
- The legal process leading to a decision by the court invariably takes longer than six months, and a decision is not made until the ensuing financial period or even later.

The provision in respect of the appealed levy remains in place until such time as the litigation discontinues, either through the withdrawal of the relevant levy assessment(s) or appeal(s), a decision of the court or a settlement between the parties.

In the Statement of Financial Activities the doubtful debts charge and provisions against appealed levies are treated as expenses within Cost of Generating Funds.

Creditors

Short term creditors are measured at transaction price (which is usually the invoice price).

Pensions

The ECITB is a participating employer in the ITB Pension Funds, which is constituted a multi-employer defined benefit and contribution scheme. The Fund became a Master Trust during 2019. The Defined Benefit scheme comprises an Open Fund and Closed Fund. It is not possible to identify separately the proportion of assets and funding level in these funds attributable to the ECITB. Therefore, in accordance with the provisions of FRS 102 relating to multi- employer schemes, the Open Fund and Closed Fund have been accounted for as a defined contribution scheme. In accordance with FRS 102, the ECITB recognises any liabilities in respect of its obligation to pay any deficit contributions to the ITB Pension Funds relating to members' accrued benefits in the Defined Benefit scheme.

Active ECITB members accrue pension benefits in the ITB Pension Fund's Defined Contribution Section. Pension contributions are charged to the statement of financial activities as incurred. Pension deficit contributions are recognised when the ECITB enters the obligation.

Corporation Tax

As a registered charity in England and Wales, the ECITB is exempt from Corporation Tax on its primary purpose activities. As a result, there is no Corporation Tax to pay.

Value Added Tax

The ECITB is registered for VAT. However, the ECITB is not able to recover VAT in full on most supplies of goods and services which it receives. Thus, all costs are shown inclusive of the irrecoverable element of VAT.

Fund

The ECITB's fund is available to the Trustees to apply for the general purposes of the charity as governed by the Industrial Training Act 1982 (as amended) and related regulations. As such, the fund is unrestricted because the Trustees are free to use it for any of the charity's purposes. Income generated from assets held in the fund is unrestricted income.

2. Levy receivable

In 2020 1 employer formally appealed levy assessments raised in the year (2019 no employers).

Levy Receivable	2020	2019
Number of establishments wholly or mainly engaged in engineering construction activities (leviable establishment)	319	320
Number of employers operating leviable establishments	295	293
Number of leviable employers subject to payment of levy	238	239
Number of employers operating leviable establishments subject to payment of levy (levy-paying in-scope employers)	220	217
Number of leviable establishments exempt from payment of levy	81	81
Number of employers operating leviable establishments exempt from payment of levy (non-levy paying in-scope employers)	81	81
	£'000	£'000
Levy receivable	27,805	23,732

3. Non levy income

Non Levy Income	2020 £'000	2019 £'000
From sales	1,704	2,256
	1,704	2,256

The following streams of income were received from sales:-

Sources of Sales Income	Income Stream	2020 Income £'000	2019 Income £'000
UK employers	ECITB Project Management Conference	58	58
	VQ registration and certification	56	78
	ECI Training & Development Awards Event	42	34
UK Training Providers	Apprentice Certification	1	4
	Technical training & test licence fees and course & test income	321	453
	Supervisory and PMSC licence fees and training course income	32	46
	CCNSG licence fees and safety passport income	742	986
Overseas Training Providers	Apprenticeship Learner Income	118	30
	Technical training & test licence fees and course & test income	312	267
	Supervisory and PMSC licence fees and training course income	-	14
	IHSP licence fees and safety passport income	-	196
	Consultancy Services	21	90
		1,704	2,256

No grant in aid is receivable by the ECITB.

4. Investment income

Investment Income	2020 £'000	2019 £'000
Income from quoted investments	236	320
Income from cash deposits	64	108
	300	428

5. Charge/ (credit) for provisions for bad debts and against appealed levies

Charge / (Credit) for provisions for bad debts and against appealed levies	2020 £'000	2019 £'000
Levy bad debts due to insolvency or non-payment	39	23
Levy Assessments under appeal	23	-
Reversal of previous year's levy bad debt provision	(23)	(55)
Trade bad debts	(40)	73
	(1)	41

6. Charitable activity

Charitable Activities		2020 £'000	2019 £'000
Grant Funding	Note 7	19,723	19,927
Direct Costs	Note 8	5,974	5,118
Support Costs	Note 9	2,852	2,691
		28,549	27,736

Notes 8 and 9 give the split of costs by category. Both direct costs and support costs above exclude any costs related to collection of levy income.

7. Grant funding

Of the £19.7m of grants made to employers in 2020, grants amounting to £16.4m were paid to the employers in the following list. In many cases, grants have been awarded to more than one employer in the same group of companies. When this occurred, the grants paid to such employers have been aggregated in the following list, which identifies that 50 largest employers or employer groups in terms of grant values.

Employer	£	Employer	£
Sellafield Ltd	1,465,932	Redhall Nuclear Ltd	130,559
Worley Group UK Ltd	1,273,480	Boulting Group Ltd	130,061
Bilfinger Salamis UK Ltd	1,164,748	On Line Design & Engineering Ltd	128,700
Magnox Ltd	1,070,610	Shepley Engineers Ltd	127,720
* Petrofac Facilities Management Ltd	1,044,490	Peter J Douglas Engineering Ltd	108,050
* Wood Group UK Ltd	936,454	Costain Oil Gas & Process Ltd	105,870
* Stork Technical Services Ltd	695,288	Laker Vent Engineering Ltd	96,920
* Jacobs UK Ltd	655,769	ENGIE Fabricom UK Ltd	96,772
Cape Industrial Services Ltd	559,599	WSP UK Ltd	90,225
* Doosan Babcock Ltd	553,154	P.P.S Electrical Ltd	87,700
Aker Solutions Ltd	486,295	Technip UK Ltd	85,898
Dounreay Site Restoration Ltd	425,775	Rhyal Engineering Ltd	85,601
NNB Generation Company Ltd	403,014	MII Engineering Limited	83,613
Kellogg Brown & Root Ltd	402,240	Engenda Group Ltd	82,550
Cavendish Nuclear Ltd	373,845	Intelect Ltd	81,678
Atkins Ltd	356,710	Semco Maritime Ltd	80,435
Amec Foster Wheeler Group Ltd	341,396	Motherwell Bridge Ltd	78,642
Oceaneering International Services Ltd	261,394	Ponticelli UK Ltd	78,600
FieldCore Service Solutions International LLC	257,166	DP Services Holdings Ltd	76,870
* NUVIA Limited	237,907	Sonomatic Limited	74,060
Hertel UK Ltd	226,181	Studley Engineering Ltd	73,360
Fluor Ltd	201,971	Pipex Ltd	71,020
Siemens plc	190,340	Techno Engineering Ltd	70,590
Applus UK Ltd	190,131	Sub Total	16,354,680
Granherne Ltd	181,870	Other Grants	3,368,153
Trillium Flow Services UK Limited	139,540	Total	19,722,833
Xodus Group Ltd	133,887		

* A member of the Board of Trustees is employed by this employer or an associated company.

For comparative purposes the top 50 largest employers or employer groups in terms of grant values for 2019 were:

Employer	£
* Wood Group UK Ltd (OMS)	1,555,045
Worleyparsons Services UK Ltd	1,293,180
Sellafield Ltd	1,252,138
Magnox Limited	1,106,363
Stork Technical Services (RGB) Ltd	1,058,146
Petrofac Facilities Management Ltd	1,051,415
Bilfinger Salamis UK Ltd	944,716
** Doosan Power Systems Ltd	791,921
Aker Solutions Ltd (Aberdeen)	769,776
Dounreay Site Restoration Ltd	766,219
Jacobs UK Ltd	763,150
Cape Industrial Services	689,715
Oceaneering International Services Ltd	434,626
AMEC Foster Wheeler Energy Ltd	408,444
Siemens plc	328,950
NNB Generation Company (HPC) Ltd	289,610
Cavendish Nuclear Ltd	275,630
Trillium Flow Services Uk Limited	225,794
Kellogg Brown & Root (UK) Ltd	219,018
Fluor Ltd	203,311
Applus UK Ltd	190,254
NUVIA Limited	186,000
Technip UK Limited	171,903
Subsea 7 (UK Service Company) Ltd (NSC)	163,456
Shepley Engineers Ltd	146,704
ENGIE Fabricom UK Ltd	145,779
Boulting Group Ltd	143,988

Employer	£
WSP UK Ltd (Energy)	119,867
Peter J Douglas Engineering Ltd	113,583
Saipem Ltd (Surrey)	109,127
On Line Design & Engineering Ltd	107,132
Constain Oil & Gas Process Ltd	97,287
Doman Engineering Services Ltd	93,671
Intelect (UK) Ltd	88,802
Rayfern Ltd	86,591
Engenda Group Ltd	79,416
Studley Engineering Ltd	71,623
MII Engineering Limited	68,710
P.P.S Electrical Ltd	64,579
Aquaterra Energy Ltd	62,981
DP Services Holdings Ltd	62,290
VWS td	61,422
Vogal Group Ltd	59,000
Emerson Process Management Ltd	58,945
MB Engineering Services Ltd	58,945
Horbill Engineering Ltd	58,667
IRISNDT Ltd	56,858
C & P Engineering Services Ltd	54,829
Pruce Newman Pipework Ltd	53,963
Specialised Management Services Ltd	52,631
Sub Total	17,316,170
Other Grants	2,610,959
Total	19,927,129

* 2 Trustees - Ms L Birse and Ms D James are employed by this employer or an associated company.

** 1 Trustee - Mr M Fletcher is employed by this employer or an associated company.

8. Direct costs

Direct costs comprise costs which have been directly incurred in fulfilling the charitable activity of the organisation.

Staff costs have been categorised as direct costs when the staff time can be clearly and accurately allocated to the charitable activity. For example, regional staff are exclusively engaged in the charitable activity, and their time devoted to each head of activity is recorded. Similarly, Product Development staff manage projects which fall under one or other charitable heading, and their costs have been allocated accordingly.

Other examples of direct costs include training provider costs, which have mostly been incurred in consideration of services provided by training providers in the training and assessment of apprentices. Product development costs largely relate to consultancy costs incurred in the development of training products and materials used in the re-skilling and skill enhancement of existing industry workers.

Depreciation relates to cars and equipment in the possession of staff who are clearly engaged in one or more charitable activities.

Other direct costs have been allocated to the cost types reflecting the activity in which the cost arose.

The proportions of direct costs allocated to charitable activity are as follows:-

Activity	2020 Total £'000	2019 Total £'000
Apprentice allowances, travel and subsistence	427	241
Apprentice training and assessment costs	1,601	979
Apprenticeship recruitment costs	49	104
Awarding Organisation administration	22	11
Depreciation on assets in staff possession	6	30
ECITB Active Cup	88	119
ECITB Awarding Body External Verification	30	23
Professional, administrative & commission fees incurred in international commercial activities	90	184
Product development	140	43
(Profit) / Loss on disposal of Fixed Assets	-	(12)
Regional costs	112	47
Safety Passport issue and administration	61	69
Staff costs (salary, NI and pensions) (Note 10)	3,140	2,730
Staff travel and subsistence	151	456
Talent Retention Solution services	57	91
Training Provider Account Management	-	3
	5,974	5,118

The proportions of direct costs allocated to charitable activity are as follows:-

Charitable Activity	2020 %	2019 %
Proportion of direct costs allocated to Charitable Activities	99	99
Proportion of direct costs allocated to Levy Collection Costs	1	1
	100	100

Levy collection cost comprise staff costs directly responsible for Levy collection (including salaries and expenses) and also costs in relation to debt collection and appeals.

These proportions have been used as the basis for allocating support costs to the charitable activity (see Notes 6 and 9).

9. Support costs

Support costs largely comprise the costs of central functions and governance which cannot be allocated to the charitable activity with the same degree of certainty as direct costs. The types of cost falling within this category are:-

- Corporate Affairs
- Finance
- Legal
- Human Resources
- Information Technology and telecommunications
- Head Office premises and support activities
- Governance

Function	Activity	2020 £'000	2019 £'000
Corporate Affairs	Policy, marketing & communications	202	216
Finance & Legal	Professional charges	3	-
	Depreciation categorised as a support cost	149	123
	(Profit) / Loss on disposal of fixed assets	24	10
Human Resources	Support staff costs (including salary, NI and pensions)	1,561	1,513
	Support staff travel and subsistence	70	33
	Agency costs	12	0
	Professional pension fees	-	1
	Other professional fees	59	3
	Staff recruitment and training	83	122
Information Technology project costs		70	54
Information technology and communications		382	446
Head Office infrastructure (includes buildings and office consumables costs)		121	128
Governance		116	138
		2,852	2,787

Support costs are 2% higher than 2019.

The cost of the statutory audit for 2019 is included within Governance costs. The quoted cost of the 2020 audit was £50k (2019 - £45k).

10. Staff costs

Staff Costs	2020 £'000	2019 £'000
Salaries	4,089	3,636
Social security costs	430	400
Pension costs (standard contributions)	251	222
Agency costs	171	153
Other personnel costs	27	23
	4,968	4,434

Staff costs include the salaries and other employment benefits received by senior staff and the Chairman's salary (see Remuneration Report).

Salaries include gross salaries, performance-related pay or bonuses, overtime, and allowances (such as car and private or home office allowances) to the extent that they are subject to UK taxation. The ECITB operates a performance-related incentive scheme in which all employees are eligible to participate (after completing initial periods of employment in their roles). In 2020, the total incentive award amounted to an average 1.9% of the total basic salary (2019 – 2.0%).

No employees received termination costs in 2020 (2019 - 0).

Between May and August 2020 2 staff were placed on furlough by reason of circumstances arising as a result of coronavirus and ECITB claimed £11,209 in grant under the Coronavirus Job Retention Scheme.

11. Staff numbers

	Directly Employed	Temporary	2020 Number	2019 Number
Total	70	4	74	68

Employees earning over £60,000 per annum including benefits in kind, excluding pension contributions	2020 Number	2019 Number
£60,001 - £70,000	10	8
£70,001 - £80,000	3	2
£80,001 - £90,000	-	1
£90,001 - £100,000	2	-
£100,001 - £110,000	-	1
£110,001 - £120,000	2	1
£120,001 - £130,000	-	1
£130,001 - £140,000	-	-
£140,001 - £150,000	-	-
£150,001 - £160,000	1	1
	18	15

The number of people of each gender who were employed by the ECITB as at 31 December was as follows:

Category	2020			2019		
	Female	Male	Total	Female	Male	Total
Directors	-	4	4	-	4	4
Other Employees	31	44	75	28	37	65
Total	31	48	79	28	41	69

12. Industry training board pension funds

ECITB is a participating employer in the ITB Pension Fund Scheme, which has two sections. Firstly, a multi-employer defined benefit (DB) section (closed to future accrual 5 April 2016) and, secondly, a defined contribution (DC) section for all staff who joined after 1 April 2012.

Being a multi-employer scheme, FRS 102 states that the DB scheme must be accounted for as a DC scheme, as the proportion of assets and funding level attributable to ECITB cannot be separately identified.

The two sections are:

1. The '2007 Section' was a defined benefits scheme for staff who joined before 5 April 2016. As at 5 April 2016 all current members of the DB scheme became deferred members of the Scheme and were transferred across to the 'DC Section' as at 6 April 2016, and the Scheme closed to future accrual. The most recent triennial valuation of the Scheme was performed as at 31 March 2018.

The principal future assumptions used are as follows.

- Real rate of return (net of pension increases) would be -1.7% p.a.
- Nominal rate of investment return on assets would be 1.3% p.a.
- Rate of future pension increases for the 2007 section would be in line with Consumer Prices Index (CPI) changes (assumed to be 3.1% p.a.)
- Rate of future pension increases for the New and 2007 sections would be in line with the Retail Prices Index (RPI) changes (assumed to be 3.1% p.a.)
- 'Real' salary inflation would be 1.1% p.a. The 2018 triennial valuation indicated that the actuarial value of the assets held by the Scheme in total showed a surplus of £39m against the Scheme liabilities on a statutory funding basis. There were no deficit funding contributions paid to the Scheme in the 12-month period (2019 nil).

2. The 'DC Section' is a defined contribution scheme for staff who joined on or after 1 April 2012. From 6 April 2016, employee and employer contribution rates changed as a result of the closure of the DB Section and staff now being part of the DC Section. The range for employee contributions is 4.5%–8.5%, and the employer contributions will match the employee contribution plus 1%, but are capped at 9.5% (2017/18 9%). The pension cost charge for 2020 was £251k (2019 £222k).

13. Tangible Fixed Assets

2020 Tangible Fixed Assets	Freehold Land & Buildings £'000	Machinery & Plant £'000	Computer Equipment £'000	Software IT £'000	Furniture & Equipment £'000	Total £'000
Cost or valuation						
At 1 January 2020	1,074	57	349	131	80	1,691
Revaluation	317					317
Additions	-	-	48	115	-	163
Disposals	-	-	(140)	-	-	(140)
At 31 December 2020	1,391	57	257	246	80	2,031
Depreciation						
At 1 January 2020	-	42	232	39	54	367
Charge for year	76	6	48	18	6	154
Revaluation	(76)					(76)
Disposals	-	-	(115)	-	-	(115)
At 31 December 2020	-	48	165	57	60	330
Net Book Value						
At 1 January 2020	1,074	15	117	92	26	1,324
At 31 December 2020	1,391	9	92	189	20	1,701

2019 Tangible Fixed Assets	Freehold Land & Buildings £'000	Plant & Machinery £'000	Computer Equipment £'000	Software IT £'000	Furniture & Equipment £'000	Total £'000
Cost or valuation						
At 1 January 2019	1,027	259	320	39	69	1,714
Revaluation	47	-	-	-	-	47
Additions	-	-	68	92	11	171
Disposals	-	(202)	(39)	-	-	(241)
At December 2019	1,074	57	349	131	80	1,691
Depreciation						
At 1 January 2019	-	161	214	35	47	457
Charge for the year	67	30	45	4	7	153
Revaluation	(67)	-	-	-	-	(67)
Disposals	-	(149)	(27)	-	-	(176)
At 31 December 2019	-	42	232	39	54	367
Net Book Value						
At 1 January 2019	1,027	98	106	4	22	1,257
At 31 December 2019	1,074	15	117	92	26	1,324

Land and Buildings

Land and buildings comprise a freehold property in Kings Langley, Hertfordshire. The historic cost of the land and buildings is £1,300,000.

The freehold land and buildings were last valued on the basis of existing use value on 31 December 2017 by Bidwells, Chartered Surveyors. The valuation was prepared in accordance with the Royal Institution of Chartered Surveyors Professional Valuation Standards (March 2012). The ECITB's usual practice between professional valuations is to adjust the value of the land and buildings by reference to movements in published commercial property indices where material. In February 2021 the freehold property in Kings Langley was sold. The 2020 valuation was therefore set at the 2021 selling price less costs to sell. After adjustment for depreciation the net book (existing use) value has been increased to £1,391k. The effective date of revaluation is at 31st December 2020. This revaluation appears as a recognised gain in the accounts of £393k (2019: £113k).

The existing use value of the land has been apportioned at £272K (2019 - £210K). The land is not depreciated because it is deemed to have an indefinite useful life.

Had the freehold property been held under the historic cost model, its carrying value would have been £483k at December 2020 (December 2019 - £510k)

The cost and accumulated depreciation at 31 December 2020 includes fully depreciated assets at a historical cost of £260K (31 December 2019 - £220K).

During 2020 the freehold land and buildings of the ECITB were made available for sale and the Blue Court property was sold in 2021.

14. Capital commitments

At the end of 2020 there were no capital commitments (2019 - £70k).

15. Investments

Investments	2020 £'000	2019 £'000
Listed investments		
Market value at 1 January	10,121	12,870
Purchases	-	-
Sales	(1,250)	(2,650)
Net Gain / (Loss)	(91)	(99)
Market value at 31 December	8,780	10,121
Investments maturing in more than one year	5,862	8,855
Investments maturing in less than one year	2,918	1,266
Total market value of listed investments	8,780	10,121
Cash and cash equivalents and in hand		
Cash at bank and in hand	3,499	363
Cash equivalents	10,648	9,726
Total cash and cash equivalents and in hand	14,147	10,089

The full investment portfolio (listed and cash equivalent) is managed by Cazenove Capital Management, as delegated by the Trustees.

Details of material investments are as follows:-

	2020 % Value of portfolio	2019 % Value of portfolio
Cash Equivalent held by the investment portfolio manager	54.9%	49.0%
United Kingdom Treasury Stock 7.9.22 (1.75%)	15.4%	15.1%
United Kingdom Treasury Stock 22.1.21 (1.5%)	7.7%	7.6%
Barclays Bank 12.1.22 (4.25%)	7.2%	7.3%
Wellcome Trust 28.5.21 (4.75%)	2.9%	2.9%
Friends Life 21.4.22 (8.25%)	2.8%	2.9%
European investment bank EIB 15.12.23 (.875%)	2.6%	2.5%
EIB 7.9.21 EMTN (1.125%)	2.6%	2.5%
Coventry Building Society 13.11.23 (Variable%)	2.1%	2.0%
National Grid Gas Finance PLC 22.9.21 (1.125%)	1.8%	1.8%
Network Rail 21.7.20 (4.625%)	0.0%	3.9%
Abbey National 17.2.20 Reg. S (1.875%)	0.0%	2.5%

The cash equivalent investments are used to finance the day to day running of the ECITB. Investments may be converted to cash within a very short period, typically 2 weeks.

16. Debtors

Debtors	2020 £'000	2019 £'000
Levy debtors	507	943
Provision for bad levy debts	(488)	(472)
Net levy debtors	19	471
Non-levy debtors	350	512
Non-levy bad debt provision	(114)	(154)
Total non-levy debtors	236	358
Prepayments and accrued income	234	241
Other debtors	8	22
Total debtors	497	1,092

The levy bad debt provision saw a slight increase in the year.

Balance with Intra-Governmental Bodies	2020 £'000	2019 £'000
Local authorities	2	5
Balances with non government bodies	495	1,087
Total	497	1,092

Debt Provision	2020 £'000	2019 £'000
Opening provision against appealed levies and for bad debts	626	585
Levy bad debts due to insolvency or non-payment	39	23
Other bad debts	(41)	73
Reversal of bad debt provision due to receipt of liquidator's dividend	(23)	(55)
Closing provisions for bad debts and againsts appealed levies	601	626

During the course of 2020 no levy debts (£nil) (2019- £nil) were written off in the balance sheet.

17. Creditors

Creditors - amounts falling due within one year	2020 £'000	2019 £'000
Creditors	6,067	6,181
Accruals	2,152	735
Taxation	22	48
Deferred income	7	23
Total creditors falling due within one year	8,248	6,987

There were no creditors with amounts falling due after more than one year as at 31 December 2020 (2019 £nil).

Balances with Intra-Governmental Bodies	2020 £'000	2019 £'000
Government bodies	1,531	1,459
Local authorities	2	2
Balances with non government bodies	6,715	5,526
Total creditors	8,248	6,987

The balance with Central Government bodies at the 2020 year-end includes the sum of £1,274k in training grants payable to Sellafield Limited, Magnox Limited and Dounreay Site Restoration Ltd (2019 - £1,221k).

Income has been deferred for international consultancy services that have been invoiced but for which the service was yet to be delivered.

Analysis of Deferred income	2020 £'000	2019 £'000
Deferred Income released from Prior Years	23	42
Income deferred in the Current Year	7	23

18. Financial instruments

Due to the largely non-trading nature of its activities and the requirements of the financial framework set by government, the ECITB is not exposed to the same degree of risk faced by other business entities. Moreover, financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which the financial standard mainly applies.

The ECITB has very limited powers to borrow or invest surplus funds, and financial assets and liabilities are generated by day-to-day operational activities and are not considered to change the risks the organisation faces in undertaking its activities. The ECITB has concluded that they do not contain any material embedded derivatives, which require disclosure in these accounts.

Financial assets by category		2020 £'000	2019 £'000
Investments	Note 15	8,780	10,121
Debtors	Note 16	497	1,092
Cash and Cash equivalent	Note 23	14,147	10,089
Financial liabilities by category			
Creditors	Note 17	8,248	6,987

Cash and Debtors are classified as loans and receivables, Creditors are classified as financial liabilities and Investments are classified as fair value through the Statement of Financial Activities.

Investment Risk

The ECITB's investment portfolio is invested in accordance with rules approved by the Secretary of State. These only permit investment in a range of high quality fixed interest-bearing instruments.

Investment in equities is not permitted. The investment portfolio is managed by Cazenove Capital Management, which adheres to these rules.

Interest Rate Risk

The ECITB has limited exposure to interest rate risk on its financial assets. The risk relates to interest rate fluctuations, which affect its bank accounts. Such fluctuations also affect bond market yields and consequently affect its investment portfolio.

Credit and Liquidity Risks

The ECITB does not hold any complex financial instruments. The only financial instruments included in the accounts are cash, short-term investments, receivables and payables (see Notes 15, 16 and 17). Levy, governmental and trade receivables are recognised at fair value less a provision for impairment (bad debts). The fair value equals the carrying value. Bad and doubtful debts are provided for on an individual basis when the ECITB considers that a debt may not be collectable in full, or in part, in accordance with the terms of the relevant transaction.

The organisation has no borrowings and relies primarily on the industrial training levy for its cash requirements. ECITB's principal exposure to risk is primarily attributable to levy debtors. However, this risk is minimised because most major levy debtors are familiar to ECITB. The organisation holds reserves, which are sufficient to cover run-out costs (i.e. the costs of completing training programmes and meeting closure costs in the event that the ECITB ceases to operate). Consequently, the ECITB is not exposed to material liquidity risks.

Foreign Currency Rate Risk

The ECITB trades with parties based overseas (principally training providers). However in contractual arrangements with such parties, payment of the full consideration to the ECITB must be made in sterling, net of foreign withholding taxes and transactions costs.

All other assets are held in sterling, with the result that there is no exchange risk.

Accordingly, it is not considered that the ECITB is exposed to a material foreign currency rate risk.

19. Financial commitments

Financial commitments at 31 December 2020 are estimated to amount to £10,214k (2019 - £9,257k). These comprise the value of outstanding payments which the ECITB has committed to pay to various parties involved in the training of apprentices and pre-apprentice qualifications. The parties to which such commitments have been made are training providers, industry employers and apprentices. These commitments are contracted for, but not provided in the accounts. The commitments have been categorised by the years in which the apprentice “cohorts” commenced their apprenticeships.

Apprentice cohort	2020 £'000	2019 £'000
2012	-	3
2013	-	3
2014	13	43
2015	15	90
2016	80	410
2017	444	553
2018	1,229	2,638
2019	3,601	5,517
2020	4,832	-
	10,214	9,257

The commitments in respect of all the cohorts have reduced as a consequence of the progression or completion of apprenticeships during the year. The year-end commitments in respect of these cohorts reflect the reduced numbers still in the process of completing their programmes.

The commitments relating to the 2020 cohort were made upon the commencement of the relevant learners' programmes, and by the year-end grant and programme costs only in respect of the initial months of training had been discharged.

Other financial commitments arising from contracts made with other service providers are not material.

20. Operating leases and commitments

As at 31 December 2020, the ECITB had no operating leases or lease commitments (2019 – £Nil).

21. Unrestricted Fund

Unrestricted fund	At 1 January 2020 £'000	Incoming resources £'000	Outgoing resources £'000	Transfer between funds	Other recognised Gains/losses	As at 31 December 2020
Revaluation reserve	925	-	-	-	393	1,318
General Funds	14,714	29,809	(28,873)	-	(91)	15,559
Total Unrestricted Funds	15,639	29,809	(28,873)	-	302	16,877

Unrestricted fund	At 1 January 2019 £'000	Incoming resources £'000	Outgoing resources £'000	Transfer between funds	Other recognised Gains/losses	As at 31 December 2019
Revaluation reserve	812	-	-	-	113	925
General Funds	16,503	26,416	(28,106)	-	(99)	14,714
Total Unrestricted Funds	17,315	26,416	(28,106)	-	14	15,639

22. Reconciliation of net income / (expenditure) to net cash flow from operating activities

Reconciliation of net income / (expenditure) to net cash flow from operating activities		2020 £'000	2019 £'000
Net incoming / (outgoing) resources	SOFA	845	(1,789)
Depreciation	Note 13	154	153
(Gains) / Losses on investments	Note 15	91	99
Investment income	SOFA	(300)	(428)
(Gain) / Loss on disposal of fixed assets	Note 13	24	-
Decrease / (increase) in debtors	Note 16	595	157
Increase / (decrease) in creditors	Note 17	1,261	1,507
Net cash inflow from operating activities		2,670	(301)

23. Analysis of changes in cash equivalent

Analysis of change in cash and cash equivalents	At 1 Jan 2020 £'000	Cashflows £'000	At 31 Dec 2020 £'000
Cash at bank and in hand	363	3,136	3,499
Cash held by investment portfolio manager	9,726	922	10,648
	10,089	4,058	14,147

All cash is held in commercial banks or financial institutions.

24. Contingent liabilities

There are no contingent liabilities at the balance sheet date. (2019 – No contingent liabilities.)

25. Related party transactions

Some members of the Board of Trustees also hold positions with and/or are employees of organisations with which the ECITB has transacted during the year, or also hold positions with and/or are employees of associated organisations. Details of such positions and employments are declared in the Register of Interests of Trustees, which appears in Appendix C of this report.

For the purposes of this note, such organisations are referred to as “related parties”.

All of the transactions were under normal terms and carried out at arm’s length. The transactions in the following table comprised the receipt of levy and income from the sale of training services. The sale of services arises from licences granted to the related parties by the ECITB relating to the use of training materials, and includes licence fees and the sale of CCNSG Safety Passports. The total sums involved were:-

Transactions with related parties under which funds were paid to the ECITB	2020 £'000	2019 £'000
Levy paid to ECITB	6,857	2,161
Sale of training services by ECITB	24	28
	6,881	2,189

The amount owed to ECITB by related parties at the balance sheet date is £7k (2019: £263k). The transactions in the following table comprised the payment of grants, the award of qualifications and the procurement of training and assessment services. The total sums involved were:-

Transactions with related parties under which payments or value flowed to the related parties	2020 £'000	2019 £'000
Payment of grants	4,141	2,527
Purchase of training and assessment services by ECITB	2	31
	4,143	2,558

The amount owed by ECITB to related parties at the balance sheet date is £926k (2019 - £407k).

In addition, the ECITB has had various material transactions with other government departments and other central government bodies. Most of these transactions have been with HM Revenue & Customs.

During the year, no key manager, employee or other related party has undertaken any material transactions with ECITB. The remuneration arrangements with members of the ECITB’s Executive Team are set out in the Remuneration Report.

During the year Martyn Fletcher, a Board Member was paid £400 for attendance at a Board Meeting through the company Creswell Consultants Ltd.

26. Post year-end events

The financial statements were authorised for issue on the date of certification by the Comptroller & Auditor General.

No events have occurred since the balance sheet date that affect the reader's understanding of the financial statements.

In March 2021 the Blue Court property was sold for the value, less selling expenses of the freehold land and buildings. These accounts have been updated to reflect this valuation. No other events have occurred since the balance sheet date that affect the reader's understanding of the financial statements.

Organisational Details

The ECITB's Director's are:-

Chief Executive Officer

Chris Claydon

Director of Finance and Business Services

Rory Blyth

Director of Policy and Corporate Affairs

David Nash

Director of Operations

Andy Brown

Complaints

Any complaint concerning conduct of the ECITB should be addressed in the first instance to the Strategy and Policy team at complaints@ecitb.org.uk

Head Office and Principal Address

Office Suite KD3 First Floor

KD Tower Cotterells

Hemel Hempstead

HP1 1FW

Charity Registration Details

Registered as a charity in England and Wales with The Charity Commission No 264506.

Auditors

The Comptroller and Auditor General

National Audit Office

157-197 Buckingham Palace

Victoria

London

SW1W 9SP

Bankers

Barclays Bank Plc

22-24 Upper Marlborough Road

St Albans

Herts

AL1 3AL

Appendix A:

This Appendix shows:

- The members of the ECITB's Board of Trustees during 2020 and at 21st May 2021;
- Changes in membership since 1st January 2020; and
- Meeting attendance records during 2020.

Name	Changes during 2020 and to date	2020 Meeting Attendance Record
Ms L Armstrong		6 of 6
Ms L Birse		5 of 6
Mr C Claypole		5 of 6
Mr M Fletcher	Retired as a trustee 31/05/20	1 of 2
Mr S Hicks		4 of 6
Ms H Hill		6 of 6
Prof J Howe		6 of 6
Ms D James		5 of 6
Mr D Vineall		4 of 6
Mr C Gilmour	Appointed as a trustee 19/05/20	4 of 4
Mr P Somers	Appointed as a trustee 19/05/20	3 of 4
Ms J Cooper	Appointed as a trustee 19/05/20	3 of 4
Mr D Gear	Appointed as a trustee 19/05/20	4 of 4
Mr S Hunt	Appointed as a trustee 19/05/20	3 of 4

Appendix B:

This Appendix shows:

- The members of the Board 's committees during 2020 and at 21st May 2021;
- Changes in membership since 1st January 2020; and
- Meeting attendance records during 2020.

Council

Name	Changes during 2020 and to date	2020 Meeting Attendance Record
Mr C Claypole (Chair)		1 of 2
Mr M Arnold	Appointed as committee member 31/07/20	1 of 1
Mr T Barnes	Resigned as committee member 14/01/20	N/A
Mr S Blackman		2 of 2
Mr D Boath		2 of 2
Mr J Brimble	Resigned as committee member 30/06/20	0 of 2
Mr P Bunyan		1 of 2
Mr G Cook	Appointed as committee member 30/06/20	0 of 1
Mr D Cornforth	Resigned as committee member 20/01/21	2 of 2
Mr M Crichton		2 of 2
Mr I Guy		2 of 2
Mr M Hockey		2 of 2
Mr A Mitchell		2 of 2
Mr W Reid		2 of 2
Mr A Riley		2 of 2
Mr K Scott		2 of 2
Ms T Shelley		2 of 2
Mr M Stanton		2 of 2
Mr G Sterling		1 of 2
Ms A Thom		2 of 2
Mr P Ventre		2 of 2
Ms H Westcott	Appointed as committee member 28/02/20	0 of 2
Mr I Woodland		1 of 2

Audit & Risk Committee

Name	Changes during 2020 and to date	2020 Meeting Attendance Record
Ms H Hill (Chair)		4 of 4
Mr C Tall		3 of 4
Mr C Wood	Resigned as committee member 02/20	1 of 1
Mr A Coppola	Appointed as committee member 01/06/20	3 of 3
Mr I Maybrey	Appointed as committee member 01/06/20	3 of 3

Qualifications and Awards Committee

Name	Changes during 2020 and to date	2020 Meeting Attendance Record
Pro J Howe (Chair)		2 of 3
Mr R Clarke		3 of 3
Mr R Davies		1 of 3
Mr M Fletcher	Retired as a trustee and committee member 31/05/20	1 of 3
Mr J Redmond	Resigned as committee member 12/06/20	1 of 1
Mr T Stone		2 of 3
Mr D Whitehouse		2 of 3
Mr M Lewis		2 of 3

Client Contractor National Safety Group (CCNSG)

Name	Changes during 2020 and to date	2020 Meeting Attendance Record
Mr M Riley (Chair)		3 of 3
Mr R Clarke		2 of 3
Mr R Miguel		0 of 3
Mr D White		2 of 3
Mr P Barker		3 of 3
Mr R Davies		3 of 3
Mr T Woolmer		2 of 3
Ms D Boyle		3 of 3
Mr M Ellis		1 of 3

Appendix C:

Trustees are appointed by the Secretary of State because of their positions in the industry. The following Board members (who are serving as charitable trustees at 21st May 2021 or who have stepped down since 1 January 2020) have declared the following other interests:-

Member	Declared Interest
Mrs L Armstrong	Non-Executive Director; Kaz Minerals Plc Non- Executive Director; Orsted A/S Director, owner Calyx Consulting LTD President Shell Pensioners Association Fellow, Energy Institute
Ms L Birse	President People & Organisation, AS EAAA, Wood Member CIPD
Mr C Claypole	Managing Director, Site Service Engineering Ltd Member of Management Board, ECIA
Mr S Hicks	None
Ms H Hill	Hydrogen Heating Programme, BEIS Fellow of the Institution of Mechanical Engineers (FIMechE)
Prof J Howe	Executive Director, Thornton Energy Research Institute Governor and Trustee: Merchant Taylors Schools Chair: NW Hydrogen Alliance Member: National Grid Gas and Electricity User Groups Responsibility Board Member: Storengy UK Advisory Board Member UK Hydrogen Fuel Cell Association Steering Group Member: UK Carbon Capture and Storage Association
Ms D James	VP Nuclear Generation and Defence Clean Energy, Wood
Mr D Vineall	Human Resources Director, Nuclear Decommissioning Authority
Mr P Somers	CEO UK, Ireland & Nordics ,Altrad Services Ltd
Ms J Cooper	UK Stakeholder Relations & Regulatory Affairs Offshore,Orsted Member of Institute of Mechanical Engineers
Mr D Gear	Strategic Programme Lead, Petrofac Ambassador for the Energy Institute (Young Professionals Network) Director of Voar Energy Ltd Business Manager of Peterson UK Ltd
Mr S Hunt	Regional Director, Stork UK
Mr C Gilmour	Director of Doosan Babcock Limited Board Member of Engineering Construction Industry Association (ECIA) ECIA representative on National Joint Council (NJC) Fellow of the Institution of Mechanical Engineers (FIMechE)

Audit & Risk Committee Members

Member	Declared Interest
Ms H Hill	Hydrogen Heating Programme, BEIS Fellow of the Institution of Mechanical Engineers (FIMechE)
Mr C Tall	Institute of Internal Auditors – Member Association of Chartered Certified Accountants - Member
Mr I Maybrey	UK Power Networks, Independent Expert Panel Member ISACA member
Mr A Coppola	None



Engineering Construction Industry Training Board

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