



# **Engineering Construction Industry Training Board**

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

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

Ordered by the House of Commons to be printed on 24 October 2024.



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ISBN: 978-1-5286-4799-1  
E-Number: E03106350 06/24

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## 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 fluid and cursive, with the first name "Lynda" and the last name "Armstrong" clearly distinguishable.

**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.

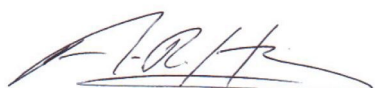
Similar levels of engagement with the Nuclear Skills Taskforce and the Nuclear Skills Strategy Group have helped us to continue our strategic planning for support across the nuclear sector.

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	<ul style="list-style-type: none"> <li>Invested £23.8m in training grants and scholarships.</li> <li>Issued 50 Business and Activity Return (BAR) forms to potential leviable establishments.</li> <li>Undertook 27 Establishment Reviews (16 new and 11 existing). 15 new establishments added to the Register, 7 removed, 3 reviewed but retained on Register.</li> <li>An additional £952k of levy raised by bringing new establishments onto the Register/correcting declarations from existing establishments.</li> <li>Over 50,000 learners trained on ECITB-approved products.</li> </ul>
2. Produce impactful labour market intelligence to enable data-driven decision making	<ul style="list-style-type: none"> <li>Developed a Labour Forecasting Tool (LFT) to model supply and demand for the engineering construction workforce.</li> <li>Continued to deliver cross-infrastructure workforce intelligence gathering, in collaboration with the IPA, CITB, NSAR and EDF.</li> <li>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.</li> <li>Conducted research into the careers motivations of young people and attitudes towards ECI.</li> <li>Produced tailored LMI incl. regional specific skills surveys which have been used to inform training grant decisions and support AO submissions to IfATE.</li> </ul>
3. Champion diversity and inclusion	<ul style="list-style-type: none"> <li>Recruited dedicated resource to focus on inclusion and careers engagement and developed ED&amp;I action plan.</li> <li>Established strategic partnerships with AfBE-UK and embedded equality impact assessment and accessibility into ECITB processes.</li> <li>Initiated pilot programme for returners in collaboration with STEM Returners and Global Underwater Hub.</li> <li>Mapped learner postcodes against social deprivation index to ascertain socio-economic status.</li> </ul>
4. Work in partnership with industry and government to influence change	<ul style="list-style-type: none"> <li>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.</li> <li>3 Ministerial Engagements (Scotland) and responded to various consultations, including mandatory qualifications in apprenticeships, net zero skills and just transition.</li> <li>Facilitation and implementation of the Client Charter for Connected Competence with 19 clients signed up.</li> <li>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.</li> </ul>

<b>3 Year Business plan objective</b>	<b>Performance and achievements in 2023</b>
5. Continuously improve how we work	<ul style="list-style-type: none"> <li>• Ran Customer Satisfaction Survey in Q3 2023.</li> <li>• Re-organised the ECITB regions from 4 to 3 and streamlined processes across regional operations.</li> <li>• Developed new/updated communications products including key messages, sign off guides and crisis media protocols.</li> <li>• Proactive audit plan with GIAA. Establishing project governance processes in response to GIAA audit.</li> <li>• Commissioned independent Board evaluation.</li> <li>• Other reviews: scholarships data governance/maturity; 3rd party provider assurance (from GIAA); ATP SOP improvement.</li> </ul>

### Strategy pillar: Growing a skilled workforce

<b>3 Year Business plan objective</b>	<b>Performance and achievements in 2023</b>
1. Attract and develop the next generation	<ul style="list-style-type: none"> <li>• Supported National Apprenticeship Week and National Graduate Week with webinar and spotlight editorial in CareerMag (national readership 200,000).</li> <li>• Apprentice starts = 934.</li> <li>• Graduate starts = 300.</li> <li>• Scholars: 142 new starts in 2023. Total on programme = 301 (over 510 supported to date).</li> </ul>
2. Expand entry pathways into industry	<ul style="list-style-type: none"> <li>• Funded 94 HSO Bronze learners.</li> <li>• Levered in £42,000 in external funding for the Scholarship Programme bursary.</li> <li>• Established Northern Competency Cluster (10 new entrants supported through Trainee Maintenance Operative (TMO) programme with more cohorts to follow). Levered in £100k from TVCA.</li> <li>• Delivered a Work Ready programme in Pembrokeshire for 10 long-term unemployed leveraging in £55k of external funding.</li> <li>• Delivered a Military into Offshore Wind programme in the East of England leveraging in £7K.</li> <li>• Exploratory work to develop other new entrant pipelines – e.g. ex-offenders with HMPPS.</li> <li>• Delivered a Work Ready Industrial coatings applicator programme with Forth Valley College (included drawing in £12k of Glasgow city deal funding. ECITB paid 25%).</li> <li>• Developed an Industrial Services Operative Industrial Cleaning programme to be piloted in Q2 2024.</li> <li>• Secured £86,000 for a TMO programme to run in Southampton Q1 2024.</li> <li>• Secured £53,000 for a TMO programme to run in Sellafield Q1 2024.</li> <li>• Secured £64,000 for a TMO programme to run in Teesside Q1 2024.</li> </ul>

<b>3 Year Business plan objective</b>	<b>Performance and achievements in 2023</b>
3. Deliver industry-leading standards, qualifications and competence assurance	<ul style="list-style-type: none"> <li>Reviewed 11 English qualification pathways and 11 Scottish qualifications – work ongoing into 2024.</li> <li>32 Training standards and 29 technical tests across 11 disciplines created / reviewed.</li> <li>Carried out updates and rebranded CCNSG. Reviewed LaTS courses.</li> <li>New courses launched for RCC-M Nuclear welding and Supervisor training HSE Module 4.</li> <li>Held over 30 working groups across 12 disciplines with 110 individual attendees.</li> <li>380 regulated qualification certifications; 640 newly registered candidates.</li> <li>2,763 learners supported through competence-related programmes.</li> <li>Supported Connected Competence certified workers to transfer into the offshore wind sector.</li> <li>Secured PLA funding for ECITB qualifications and products in Wales.</li> </ul>
4. Help employers retain and upskill a flexible and transferable workforce	<ul style="list-style-type: none"> <li>19 apprentices supported with additional training to ensure currency of skills and retention whilst awaiting mobilisation (£100k).</li> <li>4 re-skill programmes delivered to 28 learners covering rigging, plating, welding and pipefitting.</li> <li>87 learners on Project Management/Project Control Bootcamp programmes leveraging in £340K.</li> </ul>
5. Broaden access to training	<ul style="list-style-type: none"> <li>44 LXP employer academies rolled-out and 141 employers utilising the LXP in 2023.</li> <li>6,149 unique users across all Academies. 12,340 logins to the system.</li> <li>18,533 courses accessed with 10,089 completed. £343,910 of value-add generated across the industry.</li> <li>3 open NAECI courses supported.</li> </ul>

### Strategy pillar: Supporting industry in transition

<b>3 Year Business plan objective</b>	<b>Performance and achievements in 2023</b>
1. Prepare the workforce for net zero	<ul style="list-style-type: none"> <li>£287k grant spent on net zero-related training activity. In addition, £132k towards graduates based on 300 recruited in 2023.</li> <li>Carbon literacy training course in development.</li> <li>6 net zero podcasts delivered.</li> <li>2 Energy Transition Leadership CPD modules completed, and accreditation achieved within the MSc Course developed by Uni of Strathclyde.</li> <li>Heat mapping and routes to competence work completed for the Green Jobs Delivery Group Power and Networks and CCUS task and finish groups.</li> <li>Supported the IfATE Green Advisory Community</li> <li>Clean energy technology modules incorporated into new entrants programmes.</li> <li>Embedded NZ requirements into relevant standards and products.</li> </ul>

<b>3 Year Business plan objective</b>	<b>Performance and achievements in 2023</b>
2. Identify emerging industry trends and longer-term skills needs	<ul style="list-style-type: none"> <li>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.</li> <li>Engagement with Nuclear Skills Taskforce and NSSG to inform ECITB strategic planning for nuclear.</li> <li>Various employer surveys and fora delivered to identify emerging trends and needs.</li> <li>Established a Policy &amp; Research Reference group to enhance industry input into ECITB research and policy engagement activities.</li> </ul>
3. Bridge the digital skills gap to drive innovation and productivity	<ul style="list-style-type: none"> <li>£95K of grant support for digital skills training, including cyber, digital, power BI and CAD.</li> <li>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.</li> <li>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.</li> </ul>
4. Evolve the remit of the ECITB to respond to the changing industrial landscape	<ul style="list-style-type: none"> <li>Preliminary research conducted into the ECITB scope to ascertain what changes, if any, should be explored.</li> <li>Engagement with large employers to shift value proposition away from return on levy to value-adding activities.</li> </ul>
5. Export ECITB products and services to establish a global standard for safety and skills excellence	<ul style="list-style-type: none"> <li>12 new licensed training providers in 2023 (63 in total), 33 new licenses (188 in total) and 56 new approved trainers (319 in total).</li> <li>Training delivered in 33 countries to 11,661 delegates. Tracking above annual 10% growth target.</li> <li>Support to employers' overseas operations (Baker Hughes (Thailand), Wood (Iraq) and Worley Parsons (Tanzania)).</li> <li>Supporting Malaysian, Thai, Qatari and Tanzanian Governments' Regulatory Authorities endorsing ECITB products.</li> <li>Launched e-MJI Knowledge Training and Testing (in English and Mandarin) and e-IHSP now available in Mandarin.</li> <li>Reviewed and updated 33 ICE qualifications.</li> <li>Resumed international auditing activities.</li> </ul>

## 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
<b>Paper</b>		
Reams (number)	55	50
Amount spent on paper- £	550	500
<b>Travel</b>		
Expenditure on official business travel £	225,061	167,661
Domestic flights:		
Quantity of flights	174	195
Emissions (tCO2e)	23	27
Distance (km)	89,320	105,843
International flights:		
Quantity of flights	129	92
Emissions (tCO2e)	59	52
Distance (km)	395,245	349,896
Trains:		
Emissions (tCO2e)	12	8
Distance (km)	328,735	235,377
<b>Utilities</b>		
Electricity used (kwh)	750	900
Total water consumption (m3)	1.10	1.32
Total energy indirect emissions (kwh)	750	900
Total other indirect emissions - gross (tCO2e)	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

<b>Income</b>	<b>2023 £'000</b>	<b>2022 £'000</b>
Levy	29,725	26,251
Investment income	1,161	367
Non levy income	2,207	2,043
Total Income	33,093	28,661
<b>Expenditure</b>	<b>2023 £'000</b>	<b>2022 £'000</b>
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)
<b>Reconciliation of funds</b>	<b>2023 £'000</b>	<b>2022 £'000</b>
Total funds brought forward at 1 January	11,884	13,872
Total funds carried forward at 31 December	11,747	11,884
<b>Balance sheet</b>	<b>2023 £'000</b>	<b>2022 £'000</b>
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
<b>Fund</b>	<b>2023 £'000</b>	<b>2022 £'000</b>
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
<b>C J Claydon, Chief Executive</b>						
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	
<b>A Brown, Chief Operating Officer</b>						
2023	140-145	10-15	2,000	10-15	165-170	
2022	120-125	10-15	1,900	10-15	140-145	
<b>R Blyth, Director of Finance and Business Services</b>						
2023	115-120	10-15	1,000	10-15	135-140	
2022	105-110	5-10	1,000	5-10	125-130	
<b>David Nash, Director of Strategy and Policy</b>						
2023	105-110	5-10	1,300	10-15	130-135	
2022	100-105	5-10	1,200	5-10	115-120	
<b>Matt Oates, Director of Operations</b>						
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	
<b>Andrew Hockey, Chief Executive</b>						
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:

<b>Name</b>	<b>Normal contribution 2023 £'000</b>	<b>Normal contribution 2022 £'000</b>
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

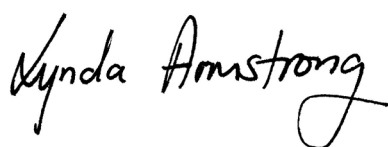
Percentage of time	Number of employees
0%	-
1-50%	1
51%-99%	-
100%	-

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](http://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.

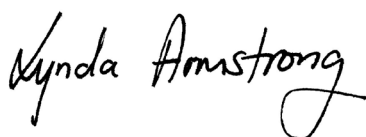
Statement of financial activities	Notes	2023 £'000	2022 £'000
<b>Income</b>			
<b>Income from other trading activities</b>			
Income from investments	Note 4	1,161	367
<b>Income from charitable activities</b>			
Total non-levy income	Note 3	2,207	2,043
Levy	Note 2	29,725	26,251
<b>Total income</b>		<b>33,093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



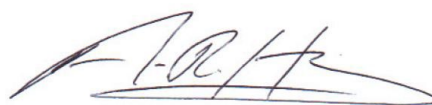
## Balance sheet as at 31 December 2023

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

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



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
<b>Cash flows from operating activities</b>			
Net cash used in operating activities	<i>Note 22</i>	(1,354)	(4,734)
<b>Cash flows from investing activities</b>			
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>	-	-
<b>Net cash provided by investing activities</b>		<b>1,972</b>	<b>5,062</b>
Change in cash and cash equivalents in the reporting period	<i>Note 23</i>	618	328
<b>Reconciliation of changes in cash, cash equivalents and in hand</b>			
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
<b>Balance at 31 December</b>		<b>14,914</b>	<b>14,296</b>

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

<b>Establishments</b>	<b>2023</b>	<b>2022</b>
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
<b>Levy receivable</b>	<b>2023 £'000</b>	<b>2022 £'000</b>
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

<b>Non levy income</b>	<b>2023 £'000</b>	<b>2022 £'000</b>
From sales	2,207	2,043

<b>Sources of sales income</b>	<b>Income stream</b>	<b>2023 income £'000</b>	<b>2022 income £'000</b>
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
<b>Total</b>		<b>2,207</b>	<b>2,043</b>

No grant in aid is receivable by the ECITB.

#### 4. Investment income

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

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

<b>Charge/ (credit) for provisions for bad debts and against appealed levies</b>	<b>2023 £'000</b>	<b>2022 £'000</b>
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
<b>Total</b>	<b>30</b>	<b>82</b>

#### 6. Charitable activity

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

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	<b>Sub Total</b>	<b>18,096,851</b>
Shepley Engineers Ltd	166,580	<b>Other Grants</b>	<b>3,234,348</b>
Applus UK Ltd	166,460	<b>Total</b>	<b>21,331,199</b>
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	<b>Sub Total</b>	<b>16,548,571</b>
MII Engineering Limited	148,443	<b>Other Grants</b>	<b>2,778,834</b>
WSP UK Ltd	139,790	<b>Total</b>	<b>19,327,405</b>
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
<b>Total</b>	<b>7,753</b>	<b>7,518</b>

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
<b>Total</b>	<b>100</b>	<b>100</b>

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
<b>Total</b>		<b>3,822</b>	<b>3,372</b>

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

<b>Staff costs</b>	<b>2023 £'000</b>	<b>2022 £'000</b>
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	-
<b>Total</b>	<b>6,304</b>	<b>5,666</b>

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:

	<b>Directly employed</b>	<b>Temporary</b>	<b>2023 number</b>	<b>2022 number</b>
Total	89	0.6	89.6	80

<b>Employees paid over £60,000 per annum including benefits in kind, excluding pension contributions</b>	<b>2023 number</b>	<b>2022 number</b>
£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
<b>Cost or valuation</b>					
At 1 January 2023	-	289	219	2	510
Additions	-	85	-	-	85
Disposals	-	(99)	(23)	(1)	(123)
At 31 December 2023	-	275	196	1	472
<b>Depreciation</b>					
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
<b>Net book value</b>					
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
<b>Cost or valuation</b>					
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
<b>Depreciation</b>					
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
<b>Net Book Value</b>					
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.

<b>Investments</b>	<b>2023 £'000</b>	<b>2022 £'000</b>
<b>Listed investments</b>		
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
<b>Cash and cash equivalents and in hand</b>		
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:

<b>Material investments</b>	<b>2023 % value of portfolio</b>	<b>2022 % value of portfolio</b>
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.

<b>Debtors</b>	<b>2023 £'000</b>	<b>2022 £'000</b>
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

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

<b>Debt provision</b>	<b>2023 £'000</b>	<b>2022 £'000</b>
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).

<b>Creditors - amounts falling due within one year</b>	<b>2023 £'000</b>	<b>2022 £'000</b>
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
<b>Creditors - amounts falling due after more than one year</b>	<b>2023 £'000</b>	<b>2023 £'000</b>
Balances due after more than one year	-	-
<b>Balances with intra-governmental bodies</b>	<b>2023 £'000</b>	<b>2022 £'000</b>
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.

<b>Analysis of deferred income</b>	<b>2023 £'000</b>	<b>2022 £'000</b>
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.

<b>Financial assets by category</b>	<b>Notes</b>	<b>2023 £'000</b>	<b>2022 £'000</b>
Investments	Note 15	-	882
Debtors	Note 16	946	730
Cash and Cash Equivalents	Note 23	14,914	14,296
<b>Financial liabilities by category</b>			
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.

<b>Apprentice cohort</b>	<b>2023 £'000</b>	<b>2022 £'000</b>
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	-
<b>Total</b>	<b>13,046</b>	<b>12,706</b>

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	-	-
<b>Total</b>	<b>25</b>	<b>26</b>

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
<b>Total</b>	<b>14,296</b>	<b>618</b>	<b>14,914</b>

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
<b>Total</b>	<b>3,946</b>	<b>6,496</b>

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
<b>Total</b>	<b>2,443</b>	<b>4,473</b>

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](mailto: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



**Engineering Construction Industry Training Board**

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ISBN: 978-1-5286-4799-1

E03106350

978-1-5286-4799-1