



CITB-ConstructionSkills Annual Report and Accounts 2007



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**To the Secretary of State for Innovation,
Universities and Skills**

Laid before Parliament by the Secretary of State for Innovation, Universities and Skills pursuant to s8 (4) of the Industrial Training Act 1982, and, in respect of the accounts, on behalf of the Comptroller and Auditor General pursuant to s12 of the Government Resources and Accounts Act 2000 (Audit of Public Bodies) Order 2003.

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INTRODUCTION

Foreword

As part of an effective ConstructionSkills partnership, we continued in 2007 to demonstrate a track record of achievement towards delivering our Sector Skills Agreement (SSA) and increasing the value we return to the construction industry.

We refined SSA priorities to better reflect the needs of industry and the UK economy. In particular, these now make explicit the importance of building a culture that encourages employers to invest more in skills development and training. They recognise the growing role of the National Skills Academy for Construction (NSAFC) in helping employers plan and deliver training on major construction projects.

The importance of support for lifelong learning – developing interdisciplinary and team working on projects and via supply chains, and supporting continuous professional development – is highlighted, as are the skills implications of the industry adopting sustainable solutions.

Such refinements are acknowledged in our business plans for 2008–2012, but this review of 2007 reports against the original SSA priorities. Notable successes during the year included the following:

- Over 400,000 candidates passed the ConstructionSkills Health and Safety Test – bringing the total number of passes to 1.5 million
- Almost 50,000 experienced workers were qualified through Experienced Worker Assessment routes
- 60,000 bookings were made via the SkillsDirect service for managing card applications
- More than 19,000 underwent Site Safety Plus training
- More than 77% of ConstructionSkills apprentices completed their apprenticeship framework
- Programme-led Apprenticeships were rolled out
- The employer-led Cross-Industry Apprenticeships Task Force, chaired by Federation of Master Builders (FMB) President Geoff Lister was launched
- 300 university students were matched with employers as part of the Inspire Scholarship scheme, an increase of 100 on 2006, recognising the scheme's appeal

- Applications for scholarships and apprenticeships from under-represented groups rose following further 'Make your Mark' advertising activity
- A successful event took place with the National Heritage Training Group (NHTG) to develop partnership solutions to boost heritage skills
- The National Specialist Accredited Centre provided assessment opportunities for 74 specialist occupations at NVQ Level 2, supporting 1,761 achievements
- The Construction Awards Alliance – the new name for our Awarding Body partnership with City & Guilds – was launched and awarded almost 100,000 first time NVQs
- Construction Legacy London was launched with the Housing Forum to engage housing associations in local jobs for local people employment initiatives
- A new site for ConstructionSkills offices and the National Construction College (NCC) campus in Scotland was purchased and work is underway to refurbish for a summer 2008 launch
- The Constructionarium continued to grow with seven universities bringing civil engineering undergraduates to NCC East campus to get an introduction to working on site.

It is extremely pleasing to be able to report that agreement in principle was reached with the Learning and Skills Council (LSC) at the end of 2007 over the provision of more than £17.2m of capital investment towards the modernisation of facilities at the NCC East at Bircham Newton. This safeguards specialist training at the campus and allows for new accommodation and training facilities to be built. Construction work begins in early 2009, with every effort being made to ensure that the project is managed in line with best practice principles.

The rollout of the NSAFC also received a boost in 2007, when the Prime Minister, Gordon Brown, announced that construction sites linked with the forthcoming 2012 Olympics would become NSAFC projects. Work has started to ensure that the skills legacy for the construction industry and local communities is secured as a result of this investment. Elsewhere, a total of seven NSAFC projects has been agreed, typically linked to major schools, hospitals and housing projects.

ConstructionSkills' role in delivering skills and training for the Olympics was further enhanced by our inclusion in the Olympic Delivery Authority's (ODA) Training Partnership, which will oversee the delivery of a comprehensive Employment and Skills Strategy. The first tangible output from this is our involvement (through the National Construction College) in the setting up of a plant training facility on the Olympic Park. The first training took place on 10 December 2007 and the facility was officially launched by the Rt Hon Tessa Jowell (Minister of State for the Olympics and London) on 19 February 2008.

2007 saw further progress towards implementing the revised Construction Qualifications Strategy. Detailed action plans have been agreed by ConstructionSkills' Standards and Qualifications Strategic Committee, which considered the specific requirements and priorities for 20 strands of work. Industry feedback recommended that there should be one qualification structure/framework for all home nations recognised by all authorities. The home nations identified that some activities, such as National Occupational Standards (NOS) related work, will continue to be carried out on a UK-wide basis with the advice and support of the respective home nation. Discussions also took place to obtain funding for higher education strategy activities with the Higher Education Funding Council for England.

In addition, significant groundwork has gone into the development of new construction qualifications and engaging construction employers in delivering them. The new Construction and Built Environment Diploma is due for launch in September 2008 and work with learners, consortia and employers is well advanced.

This organisation continues to perform well as an Industrial Training Board. The £165.4m of Levy collected in 2007 helped the industry to share the costs of training a safe and competent workforce.

Employers received £137.7m in Training Grants in 2007 – an increase of more than 20% over 2006 – which benefited nearly 22,000 registered employers. Of these, many were small and micro businesses which received 50% of the Grants and other support to train new entrants and upskill existing workers.

For every £1 of Levy received in 2007, the industry received a direct benefit of £1.17.

Improving Levy and Grant services in response to customer demand has resulted in easier ways to pay Levy and track Grant payments. Over half of registered firms in 2007 signed up to pay their Levy in ten monthly instalments by Direct Debit. In addition, Grant claimants can now request a report of Grant transactions and view Grant statements online – giving greater visibility of the status of claims.

Building on the solid foundations of the statutory Levy, the business was able to generate non-Levy income through the sales of products and services and to attract external funding to benefit the sector.

Nonetheless, the stakes are getting higher and the scale of challenges and opportunities over the next five years is unprecedented. Major infrastructure, transport and housing projects will place real demands on our industry. Capitalising on our authoritative research and UK and sector-wide presence as a Sector Skills Council (SSC), it is vital we understand and are ready to respond to the skills challenges these demands present. By doing so, we will play a major part in meeting the recommendations made in the Leitch Review of Skills.

We must also be prepared to seize opportunities arising from the formation of the new Commission for Employment and Skills, and to maintain our status as a leading SSC through relicensing in 2008.

Our achievements are founded on our working together, between colleagues and partners, and with our industry customers and stakeholders. Creating and maintaining these relationships has been a key task for Peter Lobban, my dedicated Chief Executive, who announced his intention to retire, after ten years' service, in August 2008. A proper tribute will be paid to his distinguished leadership in our Report next year.

I would like to thank all those we work with for their continued support in achieving our goals. Reinforcing these relationships, along with the continued commitment and efforts of the organisation's dedicated staff, will enable us to meet the challenges ahead. I remain confident that together and in partnership we will succeed.



Sir Michael Latham DL
Chairman

INTRODUCTION

The Business and Economic Environment

Industry Profile

Generating about 8% of the UK's economic output and employing 2.3 million workers in a diverse range of occupations, construction is one of the UK's largest industries and an essential prerequisite for all other economic activity. Combined employment of construction workers and professionals accounts for 9% of the UK workforce.

In 2006, the construction contracting element of the industry was worth £81bn in real terms, and it is estimated that construction professional services firms generate an additional output, likely to be in the region of £17bn – making construction overall a £100bn sector.

Figures from the Department for Business, Enterprise and Regulatory Reform (BERR) indicate that during the first half of 2007, construction output was up 3% on the same period of 2006 and the four-quarter moving trend was still upward, so whilst growth rates in 2006 were disappointing, they seem to have created a stable foundation for consolidation in 2007.

Growth in 2007 has remained fairly modest, and this situation is likely to continue so long as the present level of uncertainty in the markets does not increase.

The industry has experienced strongest growth in private commercial and public housing output. Orders in 2006 rose by 6% compared with 2005, and this trend continued into 2007 with new orders 3% higher in real terms in the first half of 2007 compared with 2006. Public housing and infrastructure orders have been particularly strong, although infrastructure historically tends to be more changeable.

Private housing orders in the 12 months to June 2007 fell by 2% compared to those in the previous 12 months, reflecting some economic unease brought about by weakened consumer confidence.

The indications are that 2007 was a better year for construction than 2006, with public housing and private commercial work driving growth. The Construction Skills Network (CSN) estimate was for around 2% growth in construction output for 2007.

Workforce Profile

According to the Labour Force Survey (LFS), by Winter 2007 over 2.3 million people were employed in construction, representing a 3% increase on the previous year. Of this total, 1.6 million were involved

in trade or related activities and over 685,000 were employed in managerial, administrative or non-construction related roles. Further to this 331,000 were employed in architectural and engineering roles within the professional services sector.

By the end of 2008, it is estimated that employment within the construction industry (including Professional Services) will exceed 2.6 million rising to 2.8 million by 2012. This represents an increase of nearly 7% over the period 2008–2012.

To deliver forecast growth to 2012, it is predicted that 88,400 recruits will be required each year to take account of those leaving the industry and to meet this additional demand.

Of this figure, forecast requirements are for 27,000 in trade or related activities, 18,000 in specialists and civil engineering occupations, 16,500 in management and office-based roles, 14,700 in electrical and plumbing occupations and an additional 12,200 within the professional services sector.

The relatively large requirement for managerial and professional occupations is mainly due to the shift in focus towards a process-driven industry that requires increased control and organisation. The move to integrate planning, design and procurement seamlessly into the construction process has placed more emphasis on inputs as well as outputs. The need for contractors to understand the concepts of value, quality and risk has required a greater ability to monitor, measure and analyse the construction process. This knowledge and experience can then be used to aid the allocation of resources more effectively, and to pre-empt and prevent problems. This has led to a growing need to invest in the managerial and leadership skills of the workforce.

The level of vacancies in the industry rose from 20,800 in June 2006 to 24,000 in June 2007, although the rate of vacancies has remained fairly stable. At 1.7 vacancies for every 100 employees the figures suggest that the industry is fairly buoyant at present. However, the rise might also be an early indication that contractors are working at full capacity and that meeting growing demand presents an immediate issue in terms of ensuring there are sufficient numbers in the job market.

The rate of unemployment in the industry showed little change in the 12 months to Spring 2007 and at 4% remains below the national average of 5%.

The picture regarding recruitment difficulties remains mixed. There appears to be capacity within the industry, although the amount of work coming through remains a concern. The ConstructionSkills Employer Panel Consultation Survey of March 2007 established that finding suitably skilled staff was second to increasing sales as the most common key business challenge reported by employers. Indeed, 15% of those employing staff spontaneously cited this as one of their major challenges compared to 19% who cited the need to increase sales. By November, these figures had increased to 18% and 21% respectively.

Figures from Construction Forecasting and Research at Experian show that in the second quarter of 2007, only 8% of companies cited skilled labour shortages as an actual constraint compared to 24% citing lack of demand as the constraining factor on activity.

Results from the Construction Confederation state of trade survey for the third quarter of 2007 indicate an easing in recruitment difficulties, with less than two-thirds of building contractors describing the recruitment of skilled staff as difficult, compared to three-quarters over the same period in 2006.

Future Needs and Prospects

Most indicators suggest that public spending and a stable economy will be vital to industry success in the short to medium term. However, this must be underpinned by a resurgence in consumer confidence if it is to have a positive influence on the prospects of both contracting and professional services firms. The modest upturn in growth during 2007 was largely driven by slightly stronger household consumption, though there is concern that global financial turbulence in the latter half of the year has dented consumer confidence in the UK. The knock-on effect is that growth, particularly in the private housing and commercial construction sectors, will slow. Indeed, a combination of interest rate rises during 2007 and the global credit problem that began in the US are felt to have cooled the housing market considerably.

The industry view is that a combination of private investment and the expansion of PFI work should continue to reverse the decline in output experienced in 2005, and this will be significantly augmented by Government investment in some key public housing and non-residential projects.

However, indications from Government towards the end of 2007 suggest that public spending may be reined in over the short term as a result of the

Comprehensive Spending Review (CSR), although the time lag on projects means that there is still sufficient work in the pipeline to sustain growth. Public housing did receive a welcome £3bn boost in funding in the CSR, and the Construction Confederation and the Construction Products Association state of trade survey for November 2007 reported that building contractors remained optimistic about prospects for 2008. 71% of respondents anticipate a rise in output primarily driven by new build work; the industry is tentatively optimistic about its prospects.

Looking forward over the medium term, the expectation is that infrastructure and the public non-residential sector investment will drive construction output from 2008 up to 2012. The former will be led by the Olympic Park infrastructure work and some very large transportation projects, the latter by programmes such as health and education work being procured through the PFI/PPP route. Building Schools for the Future will also continue to be a contributor to public sector growth as it has only delivered 12 out of 100 predicted starts during 2007.

It is forecast that growth in commercial work will be modest by recent standards and the outlook for industrial construction is expected to be poor. Growth in the industrial sector looks to have petered out. Having been buoyed by a strong warehouse sub-sector and a couple of large factory projects, growth in distribution and the logistics sector is believed to have peaked. The London office development cycle is expected to peak around 2009, and there are already concerns about possible oversupply.

Regional and Sectoral Variation

Increases in output are expected across all regions and sectors, with infrastructure, public non-residential and public housing activity likely to see the biggest rises. This compares with private housing and commercial sectors seeing the strongest growth in the previous five years. Two main shifts are identified that will affect contractors and professionals alike.

The first is that whilst private output growth is likely to continue to exceed that of publicly funded construction between 2008–2012, the industry will see significant growth in public housing and public non residential – two previously sluggish sectors.

The second is that growth is expected to shift southwards in the next five years, contrasting with 2000–2005 which generally saw much stronger growth in the north of the country than in the south.

INTRODUCTION

Key Drivers and Policy Issues

Central Government

2007 saw the Department for Innovation, Universities and Skills (DIUS) take responsibility for apprenticeships, the wider adult skills agenda and the Leitch Implementation Plan. The plan sets out the actions Government will take to raise the nation's skills base, build productivity, increase social inclusion and improve economic performance.

Legislation impacting ConstructionSkills and its stakeholders includes the Education and Skills Bill, raising compulsory participation in learning to 17 by 2013 and 18 by 2015; the draft Apprenticeship Bill, setting out the right to public funding for Apprenticeships; and the Planning Bill, empowering local authorities to introduce planning changes.

Devolved and Local Government

Skills policy associated with devolved government remains complex. While Leitch focuses on England, the Education and Skills Bill covers both England and Wales, and 'Skills for Scotland' outlines a strategy for a more competitive Scotland. London's Skills and Employment Board will direct adult skills spending in the capital.

The impact of transferring current LSC 16–19 funding to Local Authorities by 2011 will need careful analysis. It is likely that there will be a strengthening of the links between employment and skills policy stemming from 'Welfare to Work: in work better off, next steps to full employment'. By 2011, around £1bn of the adult LSC budget is expected to be routed through employer-led routes.

Sustainable Housing

The spotlight on sustainability and the need for new homes to be low or zero carbon rated by 2016 are key drivers. The Housing Green Paper and recently published Callcutt Review note the centrality of skills, the latter calling for a specific Sector Skills Agreement for house building. Housing supply is assumed to rise to the 240,000 per annum target by 2016 – delivering two million homes by then and three million by 2020. Housing remains a priority in Scotland and Wales and statements on housing policy are also anticipated.

Innovation and Immigration

Faster growth in the use of innovative methods of construction is likely. ConstructionSkills' research suggests modest growth overall, but in some sub-sectors (for example, light steel frame and pods) growth may be significant.

A shortage of labour may hasten the growth of innovative and off-site systems, although immigration currently appears to be mitigating more severe labour shortages. A predicted decline in migration in the medium term could uncover latent skill gaps; ongoing investment in the UK skills base will be vital.

Key Drivers to 2020

Looking forward, the 'ConstructionSkills 2020 Vision' project has identified four key drivers that will influence medium- to long-term change:

- climate change and carbon neutral building
- changes in the level and nature of off-site production
- application of innovative construction methods and materials
- changes in the skill mix from main trades to multiskilling and specialisms.

Industry Skills Challenges

Never has the construction industry been more dynamic. UK construction output has experienced sustained growth for over a decade, and the industry is consistently delivering ambitious and high-profile building projects at the heart of the nation's future. In this climate, the industry is open to the closest possible scrutiny. This not only provides a platform for the industry to demonstrate its ability to deliver, but also offers a chance to lever the investment required to successfully operate in tomorrow's economy.

Predictably, construction-specific drivers will influence and be influenced by wider political, economic and technological change. ConstructionSkills has identified ten key skills issues that must be tackled in order to meet the demands placed on the industry:

- Engaging more employers in training and increasing the number of work placements
- Changing the face of construction by recruiting from a diverse pool of talent

- Improving the skills base and competence through client-led demand, enhancing industry's responsiveness to technical change and productivity improvement
- Accommodating, understanding and supporting construction's diverse sectors
- Integrating supply chains and fostering multi-disciplinary working within them
- Making sustainability a reality in construction
- Minimising skills gaps and shortages in both craft and professional occupations, particularly in management and leadership
- Balancing the flexibility provided by high levels of self-employment with the challenges caused by lower investment in skills and qualifications
- Providing data to identify and plan for local or occupation-specific skills and labour shortages
- Influencing funding support away from training that falls short of industry requirements, focusing resources on NVQ Level 2 and 3 qualifications.

The long-term concern across all sectors and regions is to ensure there are sufficient new entrants to meet forecast increases in demand (in the context of improved productivity), and that they are competent and have sufficient training opportunities to equip them with the skills needed in a changing industry.

Meeting the Challenges

ConstructionSkills continues to lead the way in developing an understanding of the various training needs of the industry and has been instrumental in researching, designing and developing innovative solutions to meet these needs.

In recognising the considerable differences in the construction activity of each country and region of the UK, ConstructionSkills is sharing research and intelligence with Government and industry bodies through the CSN.

Launched in September 2005, the CSN has brought together key stakeholders, such as the Office for Government Commerce (OGC), the Department for Business, Enterprise and Regulatory Reform (BERR) and the funding councils, with ConstructionSkills to share data and intelligence.

Combining qualitative and quantitative industry analyses with cross-industry consultation and econometric modelling, CSN forecasts have received industry-wide approval. Its methodology – both flexible and adaptive – ensures that the data recognises national/regional and sectoral differences in skills needs and likely training requirements for UK construction, and the collaborative approach gives greater credibility and authority.

Ultimately, CSN outputs have the potential to become a major factor guiding future industry progress. They offer a significant planning tool alongside ConstructionSkills' programme of research and development, and the Network itself is an important means to communicate directly with industry.

On a practical level, ConstructionSkills has played an instrumental role in the development of the National Skills Academy for Construction (NSAFC) and the introduction of Programme-led Apprenticeships (PLAs), whilst the continued success of the On-Site Assessment and Training (OSAT) programme ensures that training and assessment can be delivered at the point of need.

In this respect, ConstructionSkills – in partnership with the industry – is creating the training and employment opportunities that will support the construction workforce of the future.

Delivering Our Mission for the Industry

The dynamism and diversity of the industry continues to present many challenges in managing demand and meeting expectations.

The SSA for Construction is the principal delivery vehicle for responding to the skills needs of the industry. Comprising a series of collaborative agreements between construction employers, training providers and Government, and reviewed annually to ensure alignment with industry skills needs, the SSA reflects the requirements of the entire UK-wide construction industry. Through delivering the SSA, ConstructionSkills aims to improve business performance in the industry, and achieve its mission of 'a fully skilled and professional UK construction industry working safely and delivering value.'

INTRODUCTION

CITB-ConstructionSkills Scorecard 2007

A set of exceptional results was delivered in 2007, and despite a couple of remaining challenges – against increasingly demanding targets – performance continued to improve in most areas. Excellent achievements were recorded for both industry outcomes (notably Employers Investing in Training, Health and Safety Test passes, Framework achievements, and Step into Construction) and organisational performance (notably Levy/Grant efficiency and non-Levy income contribution). These strong results were moderated to a limited extent by modest growth in the recruitment of diverse youth trainees, while Employee Satisfaction held in line with the previous year.

The proportion of employers claiming Grant (Target 1) came in on target; growth beat the 2006 outcome for both Grant claimers (up 7%) and Levy-assessed employers (up 3%).

Employers Investing in Training (Target 2) through Training Plans and Investors in People (IIP) delivered another excellent result. Training Plan growth doubled to deliver a third more plans, compensating for a continued slowing in IIP recognitions which fell by 40% during 2007 (a third of the 2005 level).

2007 saw the key measures contributing to qualifying the existing workforce both deliver strong results. NVQ/SVQ achievements through On-Site Assessment and Training (OSAT) and Experienced Worker Practical Assessment (EWPA) (Target 3) grew by 50% in 2007 to beat a stretching target, with 7,000 achievements recorded in November alone. Health and Safety Test passes (Target 4) defied expectations of a slowing in performance to deliver another excellent result, with 2007 also seeing 50% growth on the previous year.

Diverse recruitment again experienced mixed fortunes between youth and adult entrants. Against an aspirational target for recruiting female and ethnic minority trainees (Target 5), performance in October was at its lowest level for three years. Despite doubling the number of recruits in the last two months of 2007, the result fell some way short of target. Finding sufficient placements for the pool of diverse applicants continues to prove challenging.

In contrast, adult female and ethnic minority entrants through STEP into Construction (Target 8) delivered another exceptional result, building on strong growth in 2006. Alongside partner contributions, 2007 saw a

significant rise in the number of directly delivered outcomes across England, Scotland and Wales, particularly in the North East and Eastern regions.

The increase in Framework achievements (Target 6) continued, with over-target performance across England, Scotland and Wales contributing to a market leading achievement rate of 77.2% overall. The pipeline of FE students selected for recruitment via the new Programme-led Apprenticeship route (Target 7) continued to build, with nearly three times the number identified in 2006. As with traditional apprenticeships, securing employer placements for these candidates remains critical.

Both efficiency measures performed well. A drive for increased adult training and improved course occupancy delivered an over-target result for NCC adult training efficiency (Target 9). Levy/Grant cost efficiency (Target 10) showed another significant reduction in Levy and Grant administration costs.

Effectiveness in generating non-Levy income (Target 11) through additional Government funding and revenue-generating products and services delivered a result well ahead of target and over double that of the previous year. Given the shortfall in 2006, this is an excellent result contributing to an improved bottom line and increased return to industry.

Employee Satisfaction (Target 12) held in line with 2006, against a backdrop of significant changes in field-based operations across the English regions. Improvements in line manager ratings, and a better understanding of objectives and expected contributions, were balanced against a need to enhance internal communication and consultation.

Employer Satisfaction (Target 13) showed satisfaction levels increasing to come in ahead of target, as did awareness of ConstructionSkills among employers (Target 14) which also increased during the year for this new target.

Assessing overall performance and reflecting key stakeholder views, the Board recognised the organisation's achievements by returning an 'Exceeded' evaluation. The Board acknowledged the increasingly challenging nature of the Scorecard, and the fact that most results came in over target.

	Target	2007 Target	2007 Achieved	2006 Achieved
1	Proportion of employers claiming Grant Improving business performance	36.0%	36.1%	34.6%
2	Employers investing in training – Training Plans and liP Improving business performance	4,000	5,306	4,100
3	NVQ/SVQ achievements through OSAT and EWPA Qualifying the existing workforce	45,000	48,531	32,284
4	Health and Safety Test passes Qualifying the existing workforce	231,000	418,650	275,664
5	Recruit female and ethnic minority trainees Recruiting qualified new entrants	463	299	387
6	Framework achievements Recruiting qualified new entrants	70.0%	77.2%	67.6%
7	Programme-led Apprenticeship starts Recruiting qualified new entrants	2,000	2,932	1,058
8	STEP into Construction job outcomes Recruiting qualified new entrants	525	1,499	1,119
9	NCC adult training efficiency Driving efficiency	74.0	76.3	77.0
10	Levy/Grant cost efficiency Driving efficiency	1.35%	1.02%	1.24%
11	Non-Levy income (net) margin (£'000s) Maximising effectiveness	15,660	26,015	12,623
12	Employee satisfaction survey Maximising effectiveness	43	41	41
13	Employer satisfaction survey Maximising effectiveness	7.5	7.6	7.4
14	ConstructionSkills awareness Maximising effectiveness	46%	48%	43%
	Board evaluation Maximising effectiveness	Target	Exceeded	Above

INTRODUCTION

Managing Business Risks Effectively

Risk Management

Risk management is integral to our business planning and performance monitoring processes, and risks are considered not only at corporate and directorate level but also by departments within directorates.

Corporate Assurance, the organisation's internal audit department, supports directorates in doing this and reports the principal risks facing each directorate and the organisation to the Audit Committee at each meeting. We aim continuously to improve our risk management processes to ensure they are in line with best practice and fit-for-purpose in the context of the increasingly challenging environments in which the business operates.

An annual Control Risk Self Declaration exercise is conducted across the management population to gain further assurance that the organisation is managing its risks effectively. Corporate governance and risk management frameworks and policies are in place and are reviewed to ensure they represent best practice and are in line with HM Treasury guidance and corporate initiatives.

The principal business risks which are considered within directorates and by the Audit Committee are:

Maintaining Stakeholder Support

CITB-ConstructionSkills must continue to meet industry expectations to ensure support from stakeholder groups. We continue to liaise closely with industry at all levels and an annual survey of employers' attitudes is carried out independently. The results of this are used to gauge industry support for the Levy and to inform business planning and longer-term strategies. We place great importance on ongoing contact with federations, trades unions and educational bodies in order to support strategic reviews of training priorities. Links with Government (for example, the Departments for Innovation, Universities and Skills and for Business, Enterprise and Regulatory Reform, the Scottish Government and Welsh Assembly) ensure mutual understanding and alignment of policies and goals.

Principal Partnerships

ConstructionSkills carries out many activities for the benefit of the industry in conjunction with and supported by a range of partners. For example, it works with SSC partners to deliver the SSA; with federations and individual employers to deliver apprenticeships and other training; and it receives funding from bodies such as the LSC for delivering specific outcomes.

To meet stakeholder expectations, ConstructionSkills must continue to manage and build its principal business partnerships. Established and well-proven liaison mechanisms are in place to minimise potential risks, such as unexpected transaction volume shortfalls associated with these partnerships.

Information Systems

The organisation relies on information technology to deliver secure, high-quality customer services and a prolonged loss of core data could undermine stakeholder support and damage business partnerships. Industry-standard measures protect against this, including remote system recovery testing for all core systems, and a regular review is conducted to make sure these measures keep pace with developing technology. Our data protection and security policies and procedures have recently been reviewed to ensure they meet best practice.

Conflicts of Interest

CITB-ConstructionSkills provides a unique focal point for integrating strategic skills planning, standard setting and the delivery of national training resources. As a non-departmental public body it is accountable to the Secretary of State for Innovation, Universities and Skills and must abide by principles of regularity and probity, ensuring that its work is not adversely impacted by a conflict of interest.

It is subject to a high degree of independent scrutiny, audited annually by the National Audit Office and (as a registered charity) also subject to review by the Charity Commission and Office of the Scottish Charities Regulator (OSCR). Its actions may be investigated by the Parliamentary Commissioner for Administration (the Ombudsman) in cases of alleged maladministration. Its Accounting Officer may be called before the Public Accounts Committee to face questions from MPs. Its Levy proposals must be agreed by both Houses of Parliament – after the industry's support has been confirmed.

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

Case Studies

Qualifying the Existing Workforce

ConstructionSkills Health and Safety Test passes reach 1.5 million: This is the industry standard test designed to ensure everyone working in construction has a minimum level of health and safety awareness. A pass is a qualifying criterion for major card schemes (such as CSCS and its affiliates).

A 30% increase in achievements resulted in 48,000 individuals qualifying through Experienced Worker Assessment routes: On-Site Assessment and Training (OSAT) involves an assessor visiting a candidate on site to help them build up a portfolio of evidence. It turns existing skills and experience into a nationally recognised qualification such as an NVQ or SVQ.

The Experienced Worker Practical Assessment (EWPA) is undertaken off-site to show that relevant occupational standards are met. Anyone with at least five years' experience who doesn't need any more training can follow this route.

A 20% increase in demand saw 19,000 take advantage of Site Safety Plus training: This Scheme is designed to give relevant training to all levels of the workforce and includes courses ranging from a one-day Health and Safety Awareness course to the five-day SMSTS programme.

Helping the integration of migrant workers – including meeting English language needs: Over 5,000 employers with migrant workers have accessed an online resource, launched in 2007, that provides guidance to help ensure workers are qualified, competent and safe.

National Skills Academy for Construction: A network of project-based training centres on major construction sites around the country. A funding package to support the project training plan is negotiated and on-site training used where practical to deliver training and assessment programmes. The network of project-based training is supported by a fleet of mobile centres, giving access to specialist training and e-learning facilities, and national and regional networks of best-practice training providers.

In 2007, the Prime Minister announced that the Olympic construction sites would become NSAfC projects. Over the next five years, more than 30 such projects will be established at major sites across the UK.

Developing flexible training and qualifications structures for specialist occupations: The National Specialist team supports the needs of specialist contractors, offering services such as National Training Groups, Specialist Apprenticeships, and mobile training rigs. In addition, the National Specialist Accredited Centre (NSAC) continues to provide an assessment service for sectors unable to identify alternative provision from the marketplace. During 2007, over 1,650 NVQ candidates progressed through one of 62 specialist occupations available.

In 2007, the team launched the Innovative Construction Skills Forum (ICSF). ConstructionSkills supports training in areas such as prefabrication and/or off-site assembly. By working with manufacturers, it has developed occupational standards for craft activity for a range of Industrial Systems and is in the process of setting up an NVQ Level 2 qualification for Innovative Methods of Construction (IMC).

The team continued to support the National Heritage Training Group (NHTG) – a partnership between ConstructionSkills and English Heritage. This group – comprising contractors, trades unions, training providers and heritage bodies – has a UK-wide remit to develop training and skills provision for the traditional building crafts sector.

Recruiting Qualified New Entrants

Improving understanding of the career opportunities in construction: The 'Make your Mark' campaign targets young people making important decisions about their futures, with the aim of educating them about the huge range of professional, technical and craft roles the industry has on offer and encouraging them to apply for an apprenticeship or Inspire Scholarship through the dedicated website www.bconstructive.co.uk.

In 2007, the campaign focused on changing the perceptions of groups currently under-represented in the industry. The campaign reached 6.2m consumers through a mix of TV, online and outdoor advertising and resulted in increases in the percentage of women (from 2.6% to 3.2%) and black and minority ethnic (BME) candidates (from 4.8% to 5.1%) applying for a ConstructionSkills apprenticeship. 30% of the applications for an Inspire scholarship came from women and 28% from those with BME backgrounds.

BUSINESS ACTIVITIES

Increasing apprentice completions and widening opportunities for on-site practice:

CITB-ConstructionSkills offers ongoing mentoring, advice and support from a personal training officer as well as a Grant of up to £9,400 over three years (for registered employers) to support training. In 2007, the achievement rate of our apprentices was 77.2%.

Programme-led Apprenticeships rollout: This has been designed to tackle the challenge of giving on-site practice to students on full-time college courses. It gives employers access to quality young people who have already completed their college-based qualifications. These apprentices can then become qualified to NVQ Level 2 within 12 months. In 2007, more than 75 completed their training through this route with our support.

Promoting diversity through local employment and training projects: Construction Legacy (a joint initiative with the Housing Forum) which trains and qualifies local people on local housing refurbishment projects has enabled recruitment of 3,988 trainees, of which the proportion of female and BME recruits is above the construction average. The programme reports better than average retention of 86.9%.

Increasing quality applications for construction-related degree courses: 'Inspire' is a £1m collaborative employer sponsorship fund launched in 2005 with the aim of increasing applications to construction and built environment-related degree courses. The scheme offers students up to £9,000 to help fund their studies and provides scholars with on-site experience with top employers, as well as the possibility of a permanent job after graduation. In 2007 the Inspire Scholarship scheme achieved 962 applications from high quality young people looking to start their first degree. 83 employers are currently involved in the scheme – up by 37 in 2007.

Improving Business Performance

Increasing the number of companies investing in training: Developing and implementing a CITB-ConstructionSkills Training and Development Plan allows in-scope employers to plan a programme for the year ahead and claim a wide range of Grants to help offset the costs of delivery.

Regionally-based Company Development Teams help employers identify skills gaps, produce a training and development plan, and claim the Grants for which they are eligible. In 2007, 5,000 employers invested in training having created such a plan.

Skills for sustainability: In 2007 a series of sustainability courses were launched by the National Construction College, together with the Environmental Consultancy of the University of Sheffield. Existing and forthcoming legislation is a strong focus of the courses to help provide employers and their staff with the knowledge and skills they need to comply with key regulations, such as Site Waste Management Plans (SWMPs). These are likely to become a legal requirement (from April 2008) for any construction project over £250,000.

Infrastructure to Support Priorities

Improving intelligence on skills for the future – with the Construction Skills Network (CSN):

ConstructionSkills is the expert on skills intelligence through the CSN. This analyses demand from planned construction projects alongside current training supply. It combines a forecasting model with a group of national and regional industry experts, to ensure forecasts are as authoritative as possible. Being adopted and used by stakeholders such as the Office of Government Commerce, in 2007 CSN continued to provide the most comprehensive data on skills ever available to the industry.

Qualifications and progression routes: The Construction and the Built Environment Diploma (C&BE Diploma) will be one of the first five 'Diplomas' to be introduced from September 2008. Combining practical skills development with theoretical and technical knowledge, taught by people with relevant industry knowledge, the Diploma will give young people the chance to gain real hands-on experience, and a better insight into the industry. To date, 44 groups of schools, colleges, training providers and employers ('consortia') have been given the green light to offer places to students on the C&BE Diploma course, amounting to almost 4,000 overall.

Construction Qualification Strategy (CQS): In 2007 work continued on the development of a comprehensive Construction Qualification Strategy (CQS) to identify the type, number and content of qualifications our industry requires. We are assessing how well current arrangements and identifying the need for change through a comprehensive consultation programme. So far, hundreds of employers have contributed through surveys and a series of dedicated workshops.

CITB-ConstructionSkills in Scotland

Employment in Scotland's construction industry is set to grow by 7% (nearly 17,000 people) annually between 2008 and 2012, to reach 245,530. Taking account of flows in and out of the industry, around 6,200 new entrants need to be attracted annually over the same period to meet anticipated demand.

The work of the CSN means that future skills needs associated with big projects – like the Leith Docks and Ravenscraig developments, Crossrail Link, Commonwealth Games, Glasgow Underground Extension, and the New Forth Bridge Crossing – can be predicted accurately. The Scottish Government's plans to increase Council Housing by some 50% adds to the workload, putting skills and the delivery of training at the forefront of economic policy.

A partnership with Scotland's new skills body (Skills Development Scotland Ltd) will be critical to shape funding priorities to ensure industry's needs are met and training delivery is agreed by all stakeholders for future projects.

Shaping up the Industry's Business Performance

The continued success of companies investing in training and using the Training Plan route has influenced our promotion of training and services to employers. We endeavour to work at local level and in 2008 look to place more advisers in designated geographical areas to better impact on local issues.

Training Groups were very active in 2007, with 4,000 delegates attending over 200 courses. We aim to ensure such courses are relevant and in 2008 will be offering sustainability as an option across Scotland.

We contributed to the Scottish Construction Industry Plan 2007–2012 – *Achieving Construction Innovation and Excellence in Scotland*. This recognises that success relies on the availability of a well trained and skilled workforce and that future training and education should meet the industry's needs for emerging technologies, new build, repair and maintenance and the heritage sector.

The Scottish Government's *Skills for Scotland – A Lifelong Skills Strategy* treats SSCs as major partners. It requires us to develop engagement with employers, deliver trusted sectoral Labour Market Information, ensure that employers have a say in the design and development of learning, and develop strong partnerships.

We look to work even more closely with our stakeholders and the Scottish Government on their ambitions for skills in a lifelong learning context.

Brushing up the Industry's Existing Skills

The construction industry in Scotland continues to support training and continuous professional development. In 2007, over 70% of Scottish construction companies were involved in training. Given the difficulties Scotland's geography imposes and the added time away from work to access training made necessary by sheer distance, we look to make the most of innovative delivery methods.

We expanded our partnership LearnDirect and Build (LD&B) – bringing colleges like Inverness, Glasgow Metropolitan, North Highland, Telford, Moray, Lauder and Aberdeen together with universities like Robert Gordon, Glasgow Caledonian, Heriot-Watt, and the University of the Highlands and Islands.

Working with employers, this new project is set to revolutionise the way that current and prospective construction workers learn. Part funded through the Scottish Enterprise Construction Skills Action Plan, it will enable LD&B to develop online and mobile technology learning resources. This will ensure that new recruits into the construction industry can acquire some knowledge and understanding before they even set foot on a building site. The project will also provide e-learning for existing crafts and construction management employees.

Stepping up the Quality of New Entrants

2007 proved yet again to be a record year for new entrants starting a Modern Apprenticeship. Last year's high performance was surpassed, with over 2,500 entering the industry in 2007.

This puts more pressure on colleges to deliver the courses that industry needs. To alleviate this pressure, we contracted with more providers in the Central Belt and also helped set up the new Argyll College at Lochgilphead, which has already started delivering Joinery and Brickwork courses. We are now a major client of some 36 colleges in Scotland delivering industry-approved training.

BUSINESS ACTIVITIES

ConstructionSkills has been working with partners to build and develop construction within the school curriculum. Support has always been given to Scottish education authorities for those pupils studying for a Scottish Progression Award; however, ConstructionSkills has been directly involved in the development of the Skills for Work courses. Construction companies are directly involved with schools funding training facilities which allows pupils access to Painting and Decorating, Joinery, and Brickwork modules tutored by staff from college.

Our education team deliver modules at the three universities offering the postgraduate diploma in careers guidance, Strathclyde, Napier and the University for the West of Scotland (previously Paisley), to ensure guidance teachers have a better knowledge of career opportunities in the industry.

We are involved in active research with universities looking at gender issues. 'Getting in, Getting on in Construction' is a partnership between ConstructionSkills and Napier, Heriot-Watt, Robert Gordon, Strathclyde and Glasgow Caledonian Universities. We are also looking at a three-year project with the universities, funded by the European Social Fund (ESF), to carry out a longitudinal study of gender issues.

ConstructionSkills has been involved in many dissemination events and sits on panel debates with academics and politicians. This covers many areas, such as the debate on gender issues held in the parliament attended by Scotland's universities and opened by Jim Mather, Minister for Enterprise, Energy and Tourism.

We continue to expand our Construction Ambassador Training. In 2007 we ran two day courses for graduates from all areas within the professions designed to support our careers campaign. As ambassadors they will promote their own career path bringing a positive experience to the classroom. The Scottish Recruitment Advertising Awards 2007 saw ConstructionSkills winners of the Best Student Recruitment Campaign.

Working across Directorates

Our work with Skills Strategy has resulted in the CSN being accepted as a robust indicator of skills demand. It has also brought together our major stakeholders in a unique forum in which to communicate and share information, helping not only ourselves but our funders to better plan for future skills requirements and training strategies.

We continue to seek new partnerships, such as that being developed by Business Services with some Scottish stakeholders, including SQA and Glasgow Caledonian University, to work together overseas.

We work with Corporate Services looking at planning and process review to better deliver information and to allow us to financially forecast with accuracy.

Our work with Communications and Marketing has seen a focused approach to Scotland with good brand promotion and increased media exposure for the work we carry out.

We partner the NCC, offering an online booking service for youth apprenticeships and also work with them to support Training Groups. Together we ran a pilot for a Construction Management Award in Orkney, and road shows in conjunction with HSE from Inverness to the Borders.

In 2008, we will move the Glasgow facility to new premises at Inchinnan Business Park. This facility will be more in keeping with the image of modern construction and we will work with NCC to ensure that it is recognised as the Headquarters of ConstructionSkills in Scotland.

CITB-ConstructionSkills in Wales

During 2007, ConstructionSkills in Wales continued to work with the Welsh Assembly Government (WAG) and industry stakeholders in developing the construction strategy for Wales, enabling us to take a more strategic and co-ordinated approach to investment in training and business development. This will ensure that employees have the right skills and help businesses improve productivity and competitiveness, benefiting the industry as a whole.

Following the launch of *Building Companies; Building Skills* in February, a forum comprising key industry representatives and chaired by David Harris (Cowlin Construction) was set up to drive the strategy forward.

Shaping Up the Industry's Performance

In 2007, we built on our excellent relationship with the WAG and remain at the forefront of their strategy.

The most significant development was the launch by Jane Davidson AM, Minister for Education and Lifelong Learning and Andrew Davies AM, Minister for Enterprise Innovation and Networks of *Building Companies; Building Skills, A Strategic Framework for the Built Environment*. This strategy draws together enhanced support available to the sector by better forward planning and vision for the economic growth of the sector. It moves towards a more co-ordinated approach to the planning and supply of business support and learning provision, responsive to the emerging needs of the sector and maximising opportunities both social and economic from investment in construction across Wales.

The Built on Success Awards ceremony was the platform for the launch of *Building Companies; Building Skills*. These awards were held for the second year to recognise individuals and companies that had made a major contribution to improving the skills, productivity and image of the sector in Wales.

Work has continued to raise the profile of the CSN, which is recognised as an exemplar that should be extended to include the other Built Environment SSCs as far as possible.

We have worked with the WAG to develop Step Up Sector Construction. ConstructionSkills was the first SSC in Wales to agree the pilot funding package through DCELLS' new 'Step Up Sector' programme. The initiative can provide funding of up to half the costs of training and assessment for Level 2 and 3 NVQs for those already working in the Built Environment sector.

Funding has been achieved through Cymorth to explore the barriers faced by Black and Minority Ethnic (BME) children and young people and children (male and female) in accessing construction related education and training. Funding has also been received from WAG via the Sector Equality Fund to examine why females and BMEs do not choose to enter the Built Environment sectors.

In partnership with the Regeneration Skills Collective (RSC), ConstructionSkills is undertaking a detailed assessment of current and anticipated professional and cross-professional skills gaps required to deliver high quality, integrated and sustainable regeneration throughout Wales. The RSC is made up of RICS (the Royal Institution of Chartered Surveyors) Wales, RTPI (Royal Town Planning Institute) Cymru, ICE (the Institution of Civil Engineers) Wales, CIH (the Chartered Institute of Housing) Cymru, RSAW (the Royal Society of Architects in Wales) and LIW (the Landscape Institute Wales).

Together with the NHTG and Cadw, ConstructionSkills published the first skills needs analysis of the built heritage sector in Wales.

As identified in our SSA, research into self-employed and Micro SMEs in the Welsh construction sector is currently being undertaken and funded by WAG.

ConstructionSkills Wales is continuing its partnership on a number of Knowledge Exploitation Fund (KEF) projects with higher education institutions looking at modern methods of construction and sustainability. ConstructionSkills Wales is currently working with the HE sector and identifying ways of collaborating on a number of other potential initiatives along with our continued key stakeholder work with the Higher Education Funding Council Wales (HEFCW).

Construct Wales' 'From Words to Action' conference celebrated the achievements of a project funded by the European Regional Development Fund (ERDF) (delivered in partnership with Welsh Assembly Government and Constructing Excellence in Wales). The project aims to improve the performance of the construction industry and has safeguarded 700 jobs and generated £20m for the local economy.

ConstructionSkills Wales established a New Technologies and Materials Group with Bangor University. It also developed Sector Skills Agreements with CIOB, fforwm, the Princes Trust, the Basic Skills Agency and Wales Management Council.

BUSINESS ACTIVITIES

In 2008, ConstructionSkills in Wales will focus on setting up the Built Environment Strategic Forum as well as delivering the SSA whilst widening this network and our work with Built Environment SSCs and the professional sector. It will continue to work closely with the WAG to finalise strategic frameworks under convergence funding for 2007–2013.

Brushing Up the Industry's Existing Skills

The number of employers involved in training rose significantly in 2007, with over 420 companies submitting a Training Plan, and a renewal rate of over 75%. This represents a 65% increase on 2006.

12 businesses were recognised as Investors in People, and a further 50 are working with WAG Workforce Development Advisers to achieve the standard. Three more have met the Leadership and Management model within the iIP standard. Wales is also on target to achieve 50% of eligible employers claiming Grant.

Over 3,000 NVQs are likely to be achieved through OSAT, a 70% increase on 2006. Funding support has been available through ESF Objectives 1 and 3, and Step Up Sector. Step Up funding will continue in 2008 and 2009 to support OSAT NVQs.

The team has been supporting the Construct Wales programme, organising awareness raising workshops, and supporting Estimating and Costing workshops, Meet the Buyer events and so on.

We have been involved with projects including the Heads of the Valleys and Rhyl Regeneration, and have also worked with a number of the Housing Consortia on Stock Transfer and local labour issues.

Stepping Up the Quality of Qualified New Entrants

2007 has been the most successful year since the Managing Agency formed over 20 years ago both in terms of its performance and for receiving an overall Estyn Grade 2.

Reflecting the industry's strength in Wales, the Managing Agency recruited an all-time record of 917 new apprentices. With a record number of progressions to the Advanced Apprenticeship Scheme, there were over 1,900 apprentices in training at the end of December 2007.

The main goal in 2007 was demonstrating quality improvement, through increasing the Framework Achievement rate and receiving a positive report from Estyn. With achievement rates rising to 77% and the Inspection Report full of positive comments, the Managing Agency has enhanced its reputation as a first-class provider of Apprenticeship programmes.

With focused support via our Education Department, the recruitment of BME and Female apprentices also resulted in record performance. This maintains the Managing Agency's position as one of the largest Work Based Learning (WBL) providers in Wales. Despite this, it was not able to meet all the potential demand for apprenticeships among young people.

Education and Careers

During 2007, eight schools began the Level 2 Work Based Construction and the Built Environment Pathway project, using the BTEC 1st qualification as the basis of the Pathway.

Main successes include the introduction of bilingual teaching material for the BTEC and the Welsh Baccalaureate, the development of work experience mapping against specific elements of the BTEC course and occupational areas, and successfully arranging work experience for more than 75 students, with CSCS being attained by students and agreements for CRB checking with employers.

The Education Team played a key role in the development of the CQS for Wales, taking into account WAG views concerning the suitability of specialised diplomas in Wales.

Significant additional diversity events have been run in North Wales, Powys and West Wales to promote diversity amongst under represented groups. The success of these events is reflected in a year on year 50%+ rise in applications from applicants from under-represented groups to NET. STEP into Construction targets have been exceeded.

25 events were run across Wales looking at the key themes; highlights include the work undertaken with the Heads of the Valleys scheme and ECO homes project in North Wales.

Very good progress continues in supporting the ICE Bridge project with significant extra activity forecast for 2008 in North and South West Wales.

CITB-Sgiliau Adeiladu yng Nghymru

Yn ystod 2007, parhaodd Sgiliau Adeiladu yng Nghymru i weithio gyda Llywodraeth Cynulliad Cymru a rhanddeiliaid yn y diwydiant i ddatblygu'r strategaeth adeiladu ar gyfer Cymru, gan ein galluogi i gymryd ymagwedd fwy strategol a chydlynol at fuddsoddi mewn hyfforddiant a datblygu busnes. Bydd hyn yn sicrhau fod gan weithwyr y sgiliau cywir a helpu busnesau i wella cynhyrchiant a gallu cystadleuol, gan fod o fudd i'r diwydiant yn ei gyfanrwydd.

Yn dilyn lansio *Adeiladu Cwmnïau; Adeiladu Sgiliau* ym mis Chwefror, sefydlwyd fforwm dan gadeiryddiaeth David Harris (Cowlin Construction) yn cynnwys cynrychiolydd allweddol o'r diwydiant i lywio'r strategaeth.

Hybu Perfformiad y Diwydiant

Yn 2007, gwnaethom adeiladu ar ein perthynas ardderchog gyda Llywodraeth y Cynulliad ac rydym yn parhau yn flaenllaw yn eu strategaeth.

Y datblygiad mwyaf sylweddol oedd *Adeiladu Cwmnïau; Adeiladu Sgiliau Fframwaith Strategol ar gyfer yr Amgylchedd Adeiledig* a lansiwyd gan Jane Davidson AC, Gweinidog Addysg a Dysgu Gydol Oes ac Andrew Davies AC, Gweinidog Menter Arloesedd a Rhwydweithiau. Mae'r strategaeth yn dod ynghyd â'r cymorth estynedig sydd ar gael i'r sector drwy well blaengynllunio a gweledigaeth ar gyfer twf economaidd y sector. Mae'n symud at ymagwedd fwy cydlynol at gynllunio a chyflenwi darpariaeth cymorth busnes a dysgu, gan ymateb i anghenion newydd y sector a chynyddu'r cyfleoedd cymdeithasol ac economaidd buddsoddi mewn adeiladu ledled Cymru.

Y seremoni Adeiladu ar Lwyddiant oedd y llwyfan ar gyfer lansio *Adeiladu Cwmnïau; Adeiladu Sgiliau*. Cynhaliwyd y gwobrau hyn am yr ail flwyddyn i gydnabod unigolion a chwmnïau a wnaeth gyfraniad pwysig i wella sgiliau, cynhyrchiant a delwedd y sector yng Nghymru.

Mae gwaith wedi parhau i godi proffil y CSN, a gaiff ei gydnabod fel patrwm y dyldid ei ymestyn i gynnwys y Cynghorau Sgiliau Sector eraill ar gyfer yr amgylchedd Adeiledig cyn belled ag sy'n bosibl.

Rydym wedi gweithio gyda Llywodraeth y Cynulliad i ddatblygu Adeiladu Sector Camu Ymlaen. Sgiliau Adeiladu oedd y Cyngor Sgiliau Sector cyntaf yng Nghymru i gytuno ar y pecyn ariannu peilot drwy raglen newydd 'Sector Camu Ymlaen' newydd APADGOS. Gall y cynllun roi cyllid o hyd at hanner costau hyfforddiant ac asesu ar gyfer NVQ Iefel 2 a 3

i'r rhai sydd eisoes yn gweithio yn y sector Amgylchedd Adeiledig.

Sicrhawyd cyllid drwy Cymorth i ymchwilio'r rhwystrau sy'n wynebu plant a phobl ifanc o gymunedau du a lleiafrif ethnig (gwryw a benyw) wrth gael mynediad i addysg a hyfforddiant cysylltiedig ag adeiladu. Derbyniwyd cyllid hefyd gan Lywodraeth y Cynulliad drwy'r Gronfa Cydraddoldeb Sector i archwilio pam nad yw merched a rhai o grwpiau du a lleiafrif ethnig yn dewis ymuno â'r sectorau Amgylchedd Adeiledig.

Mewn partneriaeth â'r Gydweithfa Sgiliau Adfywio (RSC), mae Sgiliau Adeiladu yn cynnal asesiad manwl o'r bylchau sgiliau proffesiynol a thraws-broffesiynol cyfredol a disgwylidig fydd eu hangen i gyflenwi adfywio ansawdd uchel, integredig a chynaliadwy ledled Cymru. Mae'r RSC yn cynnwys RICS (Sefydliad Brenhinol Syrfewyr Siartredig) Cymru, RTPI (Sefydliad Brenhinol Cynllunio Tref) Cymru, ICE (Sefydliad Peirianwyr Sifil) Cymru, CIH (Sefydliad Tai Siartredig) Cymru, RSAW (Cymdeithas Frenhinol Penseiri Cymru) a LIW (Sefydliad Tirlun Cymru).

Gyda'r NHTG a Cadw, cyhoeddodd Sgiliau Adeiladu y dadansoddiad anghenion sgiliau cyntaf o'r sector treftadaeth adeiledig yng Nghymru.

Fel y dynodwyd yn ein Cytundeb Sgiliau Sector, caiff ymchwil ei gynnal a'i ariannu gan Lywodraeth y Cynulliad ar fusnesau bach a chanolig hunangyflogedig a microfusnesau yn y sector adeiladu yng Nghymru.

Mae Sgiliau Adeiladu Cymru yn parhau ei bartneriaeth ar nifer o brosiectau Cronfa Datblygu Gwybodaeth gyda sefydliadau addysg uwch yn edrych ar ddulliau modern o adeiladu a chynaliadwydd.

Mae Sgiliau Adeiladu Cymru yn gweithio ar hyn o bryd gyda'r sector addysg uwch ac yn dynodi ffyrdd o gydweithredu ar nifer o gynlluniau posibl eraill ynghyd â'n gwaith rhan-ddeiliaid allweddol parhaus gyda Chyngor Cyllido Addysg Uwch Cymru.

Dathlodd cynhadledd 'O Eiriau i Weithredu' Adeiladu Cymru lwyddiannau prosiect a ariannwyd gan y Gronfa Datblygu Rhanbarthol Ewropeaidd (a gyflwynwyd mewn partneriaeth gyda Llywodraeth Cynulliad Cymru ac Adeiladu Ardderchogrwydd yng Nghymru). Nod y prosiect y w gwellu perfformiad y diwydiant adeiladu ac mae wedi diogelu 700 o swyddi a chynhyrchu £20m i'r economi lleol.

Sefydlodd Sgiliau Adeiladu Cymru Grŵp Technolegau a Deunyddiau Newydd gyda Phrifysgol Cymru. Mae hefyd wedi datblygu Cytundebau Sgiliau Sector gyda

BUSINESS ACTIVITIES

CIOB, fforwm, Ymddiriedolaeth y Tywysog, yr Asiantaeth Sgiliau Sylfaenol a Chyngor Rheolaeth Cymru.

Yn 2008 bydd Sgiliau Adeiladu yng Nghymru yn canolbwyntio ar sefydlu Fforwm Strategol yr Amgylchedd Adeiledig yn ogystal â chyflenwi ein Cytundeb Sgiliau Sector tra'n ehangu'r rhwydwaith hwn a'n gwaith gyda Chyngorau Sgiliau Sector Amgylchedd Adeiledig a'r sector proffesiynol. Bydd yn parhau i weithio'n agos gyda Llywodraeth y Cynulliad i gwblhau fframweithiau strategol dan gyllid cydgyfeiriad ar gyfer 2007–2013.

Gloywi Sgiliau Presennol y Diwydiant

Bu cynnydd sylweddol yn 2007 yn nifer y cyflogwyr sy'n ymwneud â hyfforddiant, gyda dros 420 cwmni yn cyflwyno cynllun hyfforddi a chyfradd adnewyddu o dros 75%. Mae hyn yn gynydd o 65% ar 2006.

Cafodd 12 o fusnesau eu cydnabod fel Buddsoddwyr mewn Pobl ac mae 50 arall yn gweithio gyda Chyngorwyr Datblygu Gweithle i gyflawni'r safon. Mae tri arall wedi cyflawni'r model Arweinyddiaeth a Rheolaeth o fewn y safon Buddsoddwyr mewn Pobl. Mae Cymru hefyd ar y targed i gyflawni 50% o gyflogwyr cymwys yn hawlio Grant.

Mae'n debyg y cyflawnir dros 3,000 o NVQs drwy OSAT, cynnydd o 70% ar 2006. Bu cefnogaeth ariannol ar gael drwy Amcan 1 a 3 y Gronfa Gymdeithasol Ewropeaidd a'r Sector Camu Ymlaen. Bydd cyllid Camu Ymlaen yn parhau yn 2008 a 2009 i gefnogi NVQ OSAT.

Bu'r tîm yn cefnogi'r rhaglen Adeiladu Cymru, trefnu gweithdai codi ymwybyddiaeth a chefnogi gweithdai Amcangyfrif a Chostio, digwyddiadau Cwrdd â'r Prynwr ac ati.

Rydym wedi cymryd rhan mewn prosiectau yn cynnwys Blaenau'r Cymoedd ac Adfywio'r Rhyl a hefyd wedi gweithio gyda nifer o Gonsortia Tai ar Drosglwyddo Stoc a materion llafur lleol.

Codi Safon Newydd-ddyfodiaid gyda Chymwysterau

2007 fu'r flwyddyn fwyaf llwyddiannus ers ffurfio'r Asiantaeth Reoli dros 20 mlynedd yn ôl o ran ei berfformiad ac am dderbyn Gradd 2 Estyn yn gyffredinol.

Gan adlewyrchu nerth y diwydiant yng Nghymru, recriwtiodd yr Asiantaeth Reoli'r nifer fwyaf o erioed o 917 o brentisiaid newydd. Gyda'r nifer fwyaf erioed yn symud ymlaen i'r Cynllun Prentisiaeth Uwch, roedd

dros 1,900 o brentisiaid yn hyfforddi ddiwedd Rhagfyr 2007.

Y brif nod yn 2007 oedd arddangos gwelliant ansawdd, drwy gynyddu'r gyfradd Cyflawni Fframwaith a derbyn adroddiad cadarnhaol gan Estyn. Gyda chyfraddau cyflawniad yn codi i 77% a'r Adroddiad Arolygu yn llawn sylwadau cadarnhaol, mae'r Asiantaeth Reoli wedi gwella ei henw da fel darparydd o'r radd flaenaf o raglenni Prentisiaeth.

Gyda chymorth wedi ei ffocysu drwy ein Hadran Addysg, arweiniodd recriwtio prentisiaid du a lleiafrif ethnig a merched hefyd at y perfformiad gorau erioed. Mae hyn yn cadw sefyllfa'r Asiantaeth Reoli fel un o ddarparwyr Dysgu Seiliedig yn y Gweithle yng Nghymru. Er hyn, ni fedrodd ateb yr holl alw posibl am brentisiaethau ymysg pobl ifanc.

Addysg a Gyrfaoedd

Yn ystod 2007, dechreuodd wyth ysgol ar Lefel 2 y Prosiect Llwybrau Seiliedig yn y Gwaith Adeiladu a'r Amgylchedd Adeiledig, yn defnyddio cymhwyster BTEC 1af fel sail y Llwybr.

Mae'r prif lwyddiannau'n cynnwys cyflwyno deunydd dysgu dwyieithog ar gyfer y BTEC a'r Fagloriaeth Gymreig, datblygu mapio profiad gwaith yn erbyn elfennau penodol y cwrs BTEC a meysydd galwedigaethol a threfnu profiad gwaith yn llwyddiannus ar gyfer mwy na 75 o fyfyrwyr gyda myfyrwyr yn ennill CSCS a chytundebau ar gyfer gwirio CRB gyda chyflogwyr.

Bu gan y Tîm Addysg rôl allweddol wrth ddatblygu'r CQS i Gymru, gan roi ystyriaeth i farn Llywodraeth y Cynulliad am addasrwydd diplomâu arbenigol yng Nghymru.

Cynhaliwyd nifer sylweddol o ddigwyddiadau amrywiaeth yng Ngogledd Cymru, Powys a Gorllewin Cymru i hyrwyddo amrywiaeth ymysg grwpiau a dangynrychiolir. Caiff llwyddiant y digwyddiadau hyn ei adlewyrchu mewn cynnydd o 50%+ flwyddyn ar flwyddyn mewn ceisiadau gan ymgeiswyr o grwpiau a dangynrychiolir i NET. Rhagorwyd ar dargedau STEP i Adeiladu.

Cynhaliwyd 25 digwyddiad ledled Cymru oll yn edrych ar y themâu allweddol; roedd uchafbwyntiau'n cynnwys y gwaith a wnaed gyda chynllun Blaenau'r Cymoedd a'r prosiect cartrefi ECO yng Ngogledd Cymru.

Gwnaed cynnydd da iawn wrth gefnogi prosiect Pont ICE a rhagwelir gweithgaredd ychwanegol sylweddol yng Ngogledd a De Orllewin Cymru.

Advisory Services

Following Board approval in 2006, this directorate underwent a planned restructuring during 2007 with the aim of increasing customer focus through greater frontline activity, while streamlining back-office processes. These changes included a new title – Advisory Services.

As a result, it now has three processing hubs in England based at Eastleigh, Loughborough and Morley. With the opening of satellite offices in the West Midlands and Hatfield, there is now a base in every region in England along with offices in Scotland and Wales.

Although 2007 was very challenging, there were many successes. The number of companies involved in training rose by 1,510 to 21,975 across Great Britain. This represents 7.4% more companies accessing Grant support than in 2006.

The number of employers investing in training through the development of a Training Plan or achieving IIP increased from 4,100 in 2006 to 5,306 in 2007. The Training Plan route has now become an established method for many companies to support the development of their employees.

As part of its support for employers, the Training Committee agreed to offer an extra incentive to encourage companies to commit to the Government's Skills Pledge. As well as having a Training Plan in place, employers are expected to commit to a further three elements of training for their workforce. We expect a planned maximum of 2,000 company pledges to be achieved.

The specialist team has continued to develop and deliver training and assessment support in an increasing range of sectors. The National Specialist Accredited Centre (NSAC) successfully supported 1,761 NVQ achievements during the year and provides assessment opportunities in 74 occupations at NVQ Level 2. During the year, the team also secured LSC funding for Specialist Apprentice Programmes which have been developed and rolled out over the last four years in 12 occupations. These programmes link with employer federations and manufacturers to deliver training where college-based provision is unavailable. 51 qualifications were achieved during the year.

Within the heritage sector, the NHTG held its first annual conference, which focused on procurement, as well as a national event linking together regional skills groups.

A significant success in 2007 was the drive to increase recruitment into the industry of a more diverse workforce. By targeting strategic partnerships with employers and a range of other organisations ConstructionSkills was successful in delivering almost 1,500 STEP into construction outcomes – a substantial increase on the 2006 figure of 1,119. In addition, the Women into Work project began early in 2007, and by the end of the year, over 700 successful outcomes were achieved.

There was a disappointing end to the year for diverse recruitment into apprenticeships, which at 299 was 163 below target. Plans to ensure that this target is achieved in 2008 and beyond were discussed at the end of the year and a new cross-directorate group will work closely on this.

ConstructionSkills launched Construction Legacy London in conjunction with the Housing Forum. This has the specific aim of engaging housing associations, registered social landlords and arm's length management organisations with employers to identify demonstration projects that promote good practice in the training and employment of local labour in housing regeneration. The initiative has a specific emphasis on diversity.

During the year, it was agreed that the number of Inspire Scholars supported would rise from 200 to 300. This greater figure was achieved by the year end and the programme goes from strength to strength with the first cohort from 2005 due to graduate in 2008.

In 2007, the 14–19 education agenda continued to see significant change, particularly with regard to developments of the new 14–19 Diploma in Construction and the Built Environment. Recruitment and Careers teams contacted all successful consortia to ensure that they received maximum assistance in developing employer engagement to support work-related elements of the diploma.

There was a significant amount of work with the Olympic Development Authority (ODA) to develop a skills strategy in conjunction with the London Development Agency (LDA) and the LSC. This involved several other directorates and will begin to deliver a wide range of outputs during 2008 and in the years leading up to 2012.

BUSINESS ACTIVITIES

Apprenticeships

2007 was a period of change for the Managing Agency. Major restructuring of the directorate, announced at the end of 2006, continued across 2007 with the twin aims of improving performance and providing a more efficient and effective service to our customers, especially employers and apprentices.

Rebranded as ConstructionSkills Apprenticeships, the directorate split key functions into back-office processing/recruitment and front-line operational teams, realigned teams to reflect LSC/RDA boundaries and focused back-office support into hubs located at Eastleigh, Loughborough and Morley. Mobile staff have access to these or one of the other offices located in each English region.

The new structure better positions the directorate to increase its mobile workforce to reflect planned apprenticeship growth. Potential redundancies were minimised with administrative staff transferring to other suitable, mainly front-facing, roles.

Apprenticeships Directorate All-Staff Conferences took place across the country, enabling interaction between mobile Apprenticeships Officers and staff based in the hub offices, and giving the chance for opinions to be voiced, heard and responded to by the Senior Management Team. An action plan was produced to address issues raised.

Our regular learner surveys highlight our continued success. Over 94% of our apprentices said they receive the support they need and 99% felt their programmes developed new skills and knowledge.

Understanding Our Customers

By getting closer to employers, we can better understand their requirements and offer an improved service to all our customers. During 2007, meetings were held to engage more effectively with employers and federations, and a number of larger employers were attracted by a key account management approach. Work is underway with federations keen to identify relevant issues and promote the benefits of apprenticeships to members.

Cross-Industry Task Force

In England, since 2004, there has been a gradual fall in the number of employers recruiting apprentices and the number of apprentices taken on by each employer. Action is underway to reverse this, including the launch of an employer-led Task Force chaired by Geoff Lister, President of FMB.

We are committed to supporting the Task Force in its aim of proposing solutions leading to a doubling of the number of fully qualified apprentices entering the industry over the next five years. A particular challenge is to generate increased employer take-up by raising awareness of the business benefits of apprenticeships. Our Programme-led Apprenticeship (PLA) programme (a key element in the expansion of apprentice numbers) relies on employers to provide the essential work experience to achieve an NVQ. Uptake of PLAs has been slower than planned although this alternative route is praised by many employers, as apprentices do not take time away from the worksite to complete their qualification.

Performance

2007 saw a contract earnings growth of 10.3%, maintaining our position as the largest provider of construction apprenticeships in England. Performance exceeded expectations with a 77.2% framework achievement rate – a 10 percentage point growth on 2006 outcomes. We also saw an increase in timeliness (a key LSC target) which means our apprentices complete their qualifications on time.

Benchmarking data from the LSC shows good apprenticeship delivery in all regions in terms of timeliness, NVQ and full Framework delivery which keeps us ahead of other providers.

We continue to look at providing options to meet the needs of employers and learners, supporting the development and piloting of new Specialist Apprenticeships and innovative delivery methods.

Working with colleges and private providers across England we have delivered over 5,000 full apprenticeships and advanced apprenticeships in 2007, with 81% of leavers achieving their NVQ thus enabling them to gain a full CSCS card.

Since joining the Apprenticeships national LSC contract, the NCC has continued to improve its framework achievement rate. Specialist construction occupations have historically performed less well, but this year they also closed the gap, rising by more than 21 percentage points to 68.7% and Advanced Apprenticeships programmes have performed exceptionally well at 80.8%.

The restructured directorate is well positioned in 2008 to continue its performance improvements whilst attracting more employers to recruit increased numbers of apprentices.

Business Services

The directorate's mission is to develop, deliver and manage a customer focused portfolio of commercial products and services linked to qualifying the workforce and improving business performance that, in turn, delivers additional resources to support ConstructionSkills' beneficiaries.

In 2007, the ongoing commitment of industry to achieving a fully qualified workforce, together with the introduction of the new Construction (Design and Management) Regulations 2007 (CDM 2007), resulted in a higher than expected demand for the directorate's products and services. This, together with efficiency changes introduced in 2006, helped Business Services exceed its turnover targets in 2007.

The Health, Safety and Environment team continued to build its position as a key contributor to debate on strategic issues, ensuring that ConstructionSkills is at the forefront of initiatives to improve the culture and behaviour of all who work in the industry. This was particularly evident in the fact that a senior member of ConstructionSkills' staff chaired the Health and Safety Executive Working Group responsible for preparing the employer guidelines in response to the revised CDM Regulations.

Migrant workers and sustainability were also key issues. In response, ConstructionSkills launched a new website to assist employers to integrate migrant labour, a project to assess key language requirements for working on site was started and new publications on subjects such as waste management were launched.

Throughout 2007, the portfolio of health, safety and environment publications was updated and amended in light of these new requirements. The increasing emphasis on ensuring a healthy and safe environment on site was reflected in record numbers of Health and Safety Tests booked throughout 2007 (614,005) and publication sales (£3.5 m).

In response to this drive from industry, a new portfolio of products was launched under the Site Safety Plus brand, based around the established and very successful five-day SMSTS course. The Site Safety Plus portfolio, which now also includes the Plant Manager Safety Training Scheme, Site Supervisor's Safety Training Scheme, Health and Safety Awareness and Site Safety for Shopfitters and Interior Contractors courses attracted 19,267 delegates.

Interest from overseas has grown throughout 2007, mainly in response to requests from UK-based contractors working in the Middle East. Following permission from the Secretary of State to actively develop an international market, a small portfolio of new and existing ConstructionSkills products, centred around health and safety training and assessment, was developed.

Early successes include the launch and uptake of an International Health and Safety Assessment, the accreditation of new centres to deliver Site Safety Plus in the Middle East and the development of supervisory training and accreditation for India.

During the year, the Awarding Body for Construction was rebranded as the Construction Awards Alliance (CAA). Despite the inevitable disruption caused by this repositioning, the number of vocational qualification registrations and achievements rose significantly. The CAA registered and issued a total of 98,692 first time NVQs, 90,453 Construction Awards, 59,915 NVQ achievement certificates and 71,920 Construction Award Certificates.

This success was, in part, driven by the On-Site Assessment and Training team that helped over 48,000 skilled and experienced workers achieve an NVQ.

Behind the scenes, the Customer Contact Centre handled almost 1,000,000 calls whilst the Data Management Unit processed over 600,000 applications for card schemes. Of these, over 60,000 bookings were made through the SkillsDirect service, which automatically selects the simplest route for individuals to qualify for a card, managing them through the process from start to finish.

National Construction College

During 2007, the NCC continued its commercial drive with great success. Adult income grew by 21% as a result of increasing focus on driving sales through our bookings team and the Key Account Managers. The average booking value rose to £865, as we focused on core products and managed the product portfolio more vigorously.

An emphasis on managing costs meant that operating costs ended the year below target. Nevertheless, customer service is well regarded, with over 98% of learners rating our training as good or excellent.

This year, some significant milestones were reached which will secure the NCC's future and growth. In October, the LSC agreed in principle to provide £17.2m of the £21.5m capital investment needed to develop the NCC East, and in November outline planning permission for our proposals was granted.

At the same time, a planning application for a small housing development at Bircham Newton – income from which the NCC planned to use to contribute to the capital investment – was rejected. A written appeal is to be submitted in early 2008.

In Scotland, a new site was purchased and work is underway to refurbish existing structures and extend the footprint. The outcome will be a flagship facility for ConstructionSkills and the NCC in Scotland. It is expected this will be completed by mid-2008.

With demand for scaffolding training remaining high, a business case to extend capacity at NCC Midlands and South was agreed, and one new demountable scaffolding workshop was purchased (another will be bought in 2008). Planning permission was granted at NCC Midlands, and the building was completed in December. It is hoped that once planning processes are complete, NCC South's building will be open by Spring 2008.

2007 also saw the opening of a temporary training facility at Eton Manor (East London), another milestone in the College's evolving strategy and estates plan. This will provide vital plant training for the area and was developed with a number of parties, including the LDA, LSC, JCB and the ODA. It has been branded as a National Skills Academy for Construction (NSAfC) facility, and is the first of several regional initiatives that the NCC is exploring with the LSC.

The NCC successfully launched a number of new products during 2007, including 12 modules on sustainability and waste management, developed in conjunction with Sheffield University. A successful pilot was also run on the Management and Leadership diagnostics tool; this is now being rolled out across other areas.

The Constructionarium continued to grow, with seven universities using the facility during the year. In 2008, 11 universities are already booked, and the College is extending its links with higher education by jointly developing a Foundation Degree in Construction Management with Salford University.

Following the Adult Learning Inspectorate's inspection in October 2006, we have continued our focus on improving the performance of learning achievement, with framework achievements for 2007 of 75.14% up by 22.64% from 2006, against a national benchmark of 60% for Construction and the Built Environment.

The NCC's roofing students were recognised as some of Britain's best young construction talent at the Skillbuild National Competition final held in October. Nine of them took top honours, achieving five Gold, three Silver and one Bronze medal.

The NCC also maintained its focus on Staff Training and almost a thousand days of formal training were delivered to staff to ensure they have the latest updates and new skills.

Legislation on professional teaching standards was introduced by the Government in September 2007. The new qualifications, known as Qualified Teacher Learning and Skills (QTLS), requires existing teachers/trainers to register with the Institute for Learning and complete a minimum of 30 hours Continual Professional Development (CPD) per annum; 85% of teaching staff were registered by the end of December 2007.

The NCC also rated well in ConstructionSkills' own staff survey, with higher scores than the corporate average in 43 out of the 55 areas, and an improved performance in 41 of the 55 areas. We are above the overall norm (based on data from other similar surveys undertaken by MORI across the UK economy) in 43 out of 45 scores and above the Top Ten norm in 18 out of 45 areas. NCC also scored a creditable 49 on the Employee Satisfaction Index.

The challenge for 2008 is to continue to drive forward, and ensure our future plans are delivered.

Skills Strategy

Throughout 2007, the Skills Strategy Directorate continued to support the work of the Sector Skills Council by providing the best possible evidence base, qualifications framework and infrastructure needed to secure a more high quality, responsive and demand-led skills system to meet the needs of the UK construction industry.

ConstructionSkills continued to perform well in delivering its Sector Skills Agreement with very positive feedback being received from Government departments and the devolved administrations. Working with our key partners we have started to review our sector skills priorities so that they keep up-to-date with the needs of all sectors in the industry.

2007 has been a significant year for the Construction Skills Network (CSN). A major development has been the creation of a collaborative partnership with the Treasury, ensuring that CSN data is the data of choice that informs key Government decisions. The network's membership also doubled from 300 to 600 active Observatory participants during 2007. 2007 also saw the development of our capacity to test and review scenarios that have the potential to impact significantly on the future of the construction industry, such as Crossrail, housing growth and migration.

Key research projects have included the *2020 Vision* project, which has involved wide consultation with industry and key experts to examine the potential impact of key drivers for change, such as innovative methods of construction and zero carbon homes.

Our investment in research and evaluation has provided a strong basis for considering the major challenges facing our sector. Significant research projects have included an analysis of the key issues that may influence the sector in 2020. We have also conducted authoritative studies on the mobility of construction labour and migration, and the outcomes will be published in early 2008.

During 2007, the team has been working with other directorates and external partners to identify current and future products and services to improve the knowledge and skills of industry around sustainable construction. A key product launched in 2007 was the suite of 12 sustainability training courses by the National Construction College and work is ongoing with the Communications and Marketing directorate to launch an organisation-wide suite of sustainability outputs in early 2008. Staff have also worked closely with BERR in the development of the industry and Government strategy for sustainable construction.

The team continued to lead on the Construction Qualifications Strategy. This included preparatory work ahead of the launch in September 2008 of the 14–19 Diploma. We also continued to maintain ConstructionSkills' bank of National Occupational Standards, adding new suites including Industrial Storage Systems; Supervising Hire and Rental Operations (Plant, Equipment and Tools); and Planning and Supervising Lifting Operations. We also reviewed and were successful in gaining renewed approval of our apprenticeship frameworks for Scotland, England and Wales. ConstructionSkills is participating as a pathfinder in the United Kingdom Vocational Reform Programme which is engaging SSCs in the process of formally approving vocational qualifications into the Qualifications and Credit Framework. We also reviewed and updated the SVQ industry skills tests for Scotland.

Work on the National Skills Academy for Construction (NSAfC) continued to gain momentum. Following the launch of the first pilot site in London, a further seven projects have been agreed, typically linked to the construction of schools, hospitals and housing. The objective is to ensure that first class education, training and employment provision is designed around the needs of these major construction projects and we have been working with our key partners in the English regions to agree employment and skills plans for each project. We now have all our Regional Partnerships established and they are looking at the potential for further NSAfC projects to come on stream in 2008. In London this includes the Olympic sites following the announcement made by the Prime Minister towards the end of 2007.

It has been a busy year on the Government policy front with the publication of 'Skills for Scotland: A Lifelong Skills Strategy', the Webb Review in Wales and the 'Sub-national economic development and regeneration review' in England. More recently the team has worked with the industry in London to respond to the consultation document from the London Skills and Employment Board (LSEB).

The Housing Green Paper 'Homes for the future', published in July, set some significant quality and quantity targets for the house building sector which are being assessed. Skills Strategy staff also formed part of the 'expert group' that advised the Callcutt Review on how the supply of new homes is influenced by the nature and structure of the house building industry. ConstructionSkills, working with the other relevant SSCs, will prepare a specific cross-sector agreement for house building in 2008.

Communications and Marketing

The Communications and Marketing (C&M) Directorate provides ConstructionSkills with an in-house one-stop-shop for communications and marketing services and expertise. In 2007, C&M continued to drive the alignment of business strategy with customer strategy through a programme of integrated communications and marketing campaigns. It proactively managed the reputation of the organisation through a wide range of corporate communications activities including brand management, public relations, public affairs, online communications and internal communications.

Building on a robust business planning process to identify the business need for campaign work, the investment in C&M activity (delivered in partnership with delivery directorates) resulted in a healthy return to the business in increased sales and/or take-up of products and services. For example, C&M helped to maximise non-Levy income potential by integrating campaign work to effectively cross-sell and up-sell health and safety products and services to specific groups of customers. As a result, the NCC and Business Services achieved record sales for health and safety courses and publications in 2007. This work is set to continue in 2008 through an integrated 'Big Skills' campaign aimed at promoting a wider portfolio of products and services to construction employers and ensuring that this promotion is backed up by follow up from Company Development teams.

To increase apprenticeship and Inspire scholarship applications from under-represented groups, work continued on the 'Make your Mark' advertising campaign. TV, online and outdoor advertising, supported by high profile PR activity, resulted in 33.5m 'opportunities to see' the campaign and 55 pieces of quality press coverage with an advertising equivalent value (AEV) over £400k. Applications from under-represented groups subsequently rose for both apprenticeships and Inspire scholarships.

Further C&M activity supported the drive for more employer apprenticeship vacancies. Direct marketing generated 1,700 employer leads and a calendar of supporting media relations activity resulted in over 150 pieces of press and broadcast coverage with an AEV of £350k.

Better targeted campaign work in 2007 was underpinned by increasingly sophisticated customer and market analysis – made possible by improved data capture/quality arising from the Customer Relationship Management (CRM) programme. The C&M Directorate also put in place the foundations of improved online communications and the ability for ConstructionSkills to deliver more of its core services via the internet, introducing an improved content management system which will underpin a new website being launched in Spring 2008.

In addition, corporate communications effectively positioned the organisation so it maintained credibility with industry and Government stakeholders. The Corporate Communications Department secured a number of opportunities to promote the work of ConstructionSkills to key Government stakeholders – providing the chance to lobby for a better deal for the construction industry across Great Britain. ConstructionSkills hosted three meetings of the All Party Parliamentary Group for Construction Skills and Training in 2007 and submitted evidence to the Department for Business, Enterprise and Regulatory Reform Select Committee in November. Skills Minister David Lammy MP and Construction Minister Stephen Timms MP also attended ConstructionSkills and partner events – including the launch of the Cross-Industry Apprenticeships Task Force in December and the awards ceremony for Construction and Built Environment GCSE completers held during National Construction Week in October.

The Press Office helped to keep construction and ConstructionSkills in the news – maximising positive media coverage and managing the reputation of the organisation when appropriate. During 2007, over 4,263 pieces of news coverage were generated, a 34% increase on 2006, of which 89% was positive, 9% neutral and only 2% negative.

Several high profile events to engage industry stakeholders were also managed – from the first ConstructionSkills Open Meeting in April to a major heritage event in July.

Corporate Services

This directorate drives efficiency and effectiveness across the business by challenging plans and performance. It provides value-for-money shared services and leads on governance and the financial management of Levy and Grant funds.

During 2007, governance and consultation arrangements were reviewed in order to strengthen linkages with industry and other stakeholders. An enhanced framework covering SSC and ITB responsibilities and the delivery of products and services will be submitted to the Board in 2008.

At the same time, national and SSC partner information was added to the suite of business plans. The planning cycle was accelerated to facilitate more detailed cross-directorate assessment and better stakeholder consultation. A successful management conference launched ConstructionSkills rebranding and delivered key messages on Commercial Awareness, later supported by a bespoke development programme.

New clauses, relating to the way industry support for Levy proposals is evidenced, were approved by Parliament as part of the Further Education and Training Act. The associated 'Reasonable Steps' Order is now awaiting Parliamentary approval.

Wherever possible, appeals against the raising of individual Levy assessments are resolved without recourse to a formal Tribunal hearing. In 2007, 91% (2006 86%) of cases received and resolved during the year were settled without such a hearing.

Meanwhile, a new Grants Scheme was launched in August with active targeting of 75,000 employers to encourage greater participation. At the same time the online Grants service was enhanced allowing easy access to statements and reports to track Grant claims and payments. Work also began to define a new vision for the Grants Scheme. The employer-led Grants Scheme Working Party, which has sought views from across the industry via workshops and events with industry federations, is overseeing this.

The Finance Team led the development of more detailed management information reporting systems, including enhanced analysis of financial support offered to employers, whilst also achieving a much faster production of monthly performance data.

Reporting on direct benefits to employers (designated as employer support) as well as Grant payments was also introduced during the year (see value added statement on page 34).

Reorganisation in Advisory Services and Apprenticeship Directorates needed support and guidance from the Human Resources team to bring the process to a successful end by December.

During the year, the 'One' Scheme (a new reward and recognition system) was launched to give all employees the chance to submit their ideas for improving the way the organisation works. So far, 181 suggestions have been received.

Information Systems development included the delivery of a new bookings system for the NCC and significant infrastructure changes in establishing the England hub offices. In the final quarter, our new email and office systems environment was rolled out to 300 members of staff. 2007 also saw the introduction of Blackberry devices for the Senior Team and the full deployment of digital pen technology for Modern Apprenticeship Officers.

Working across the organisation, the Change Support team established more robust methods of project and performance management and improved the overall control mechanisms across the portfolio of development projects. This included establishing a standard approach to process definition and supporting tools for use across the organisation. Procedures regarding the acquisition and subsequent delivery of external contracts were completed and are now being rolled out to relevant areas.

The directorate continued to provide legal advice and support to the business. During 2007, this included advice on the development of facilities at NCC East, the arrangements under which the Apprenticeships directorate contracted with colleges throughout the country, and several major procurement contracts.

Risk Management controls were further developed and regular management reporting introduced to boost visibility and awareness of risk across the business. Giving an independent and objective opinion across operations, Corporate Assurance has used this increasingly sharpened focus on key risks to tailor internal audit assignments to cover the highest risk activities.

It was pleasing to note the standards of our internal Corporate Assurance team were recognised by third party funding providers to assist with their external performance monitoring and assessment of CITB-ConstructionSkills' use of their funding.

Financial Report

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

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

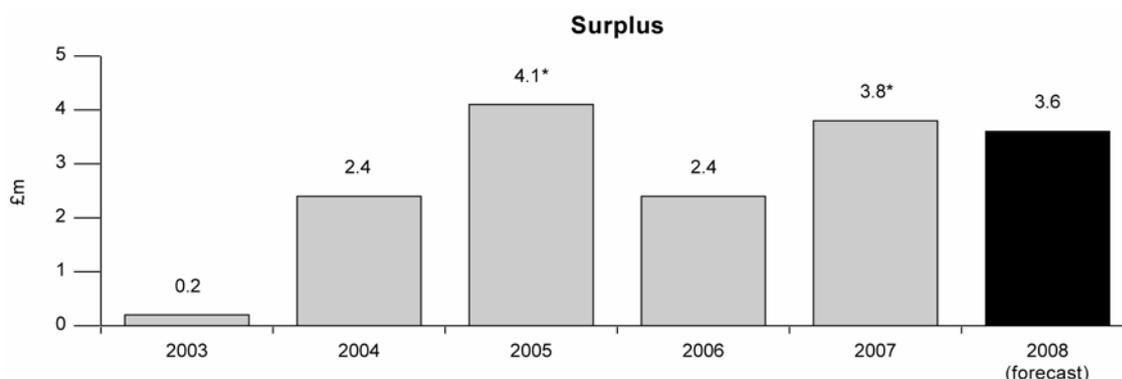
Accounts Direction

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

Result for the Year

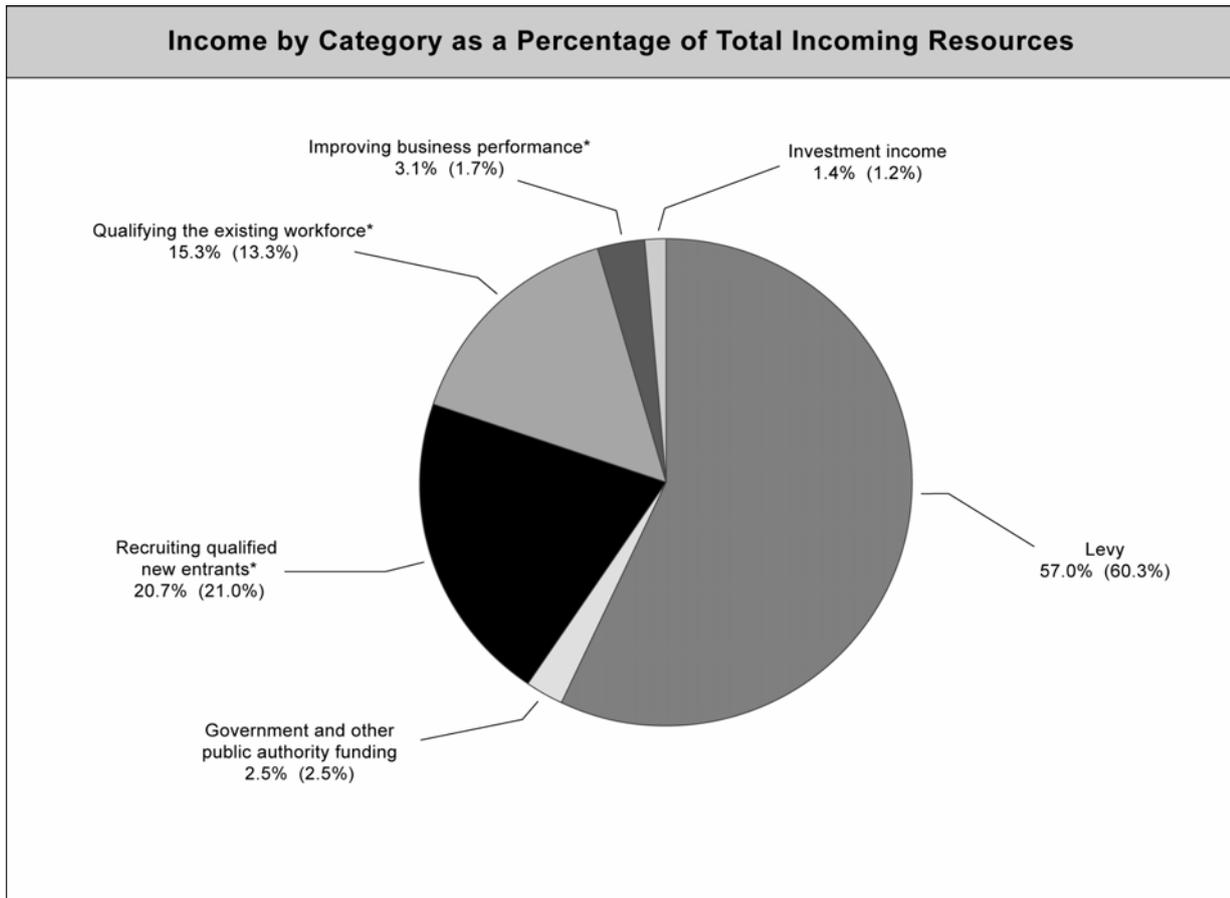
CITB-ConstructionSkills returned a £3.8m surplus for the year to 31 December 2007 (2006 £2.4m surplus), including a £0.7m unrealised gain on the revaluation of freehold property (2006 nil). Excluding the property revaluation, the surplus of £3.1m compared with a forecast surplus of £2.1m. Combined non-Levy and investment income rose by 24.7% over 2006, whereas expenditure (excluding Grants) increased by 11.6%. Together with additional Levy of £13.1m, the increased contribution from non-Levy income has enabled Grants to employers to rise by £24.6m. The percentage of Levy returned in Grant rose by 9% to 83% which, together with employer support, provided a 100% direct return to employers in the year (2006 89%) (see page 34).

CITB-ConstructionSkills manages its finances over a five-year period as part of its planning process. A surplus of £3.6m is forecast for the year to 31 December 2008, planned to keep pace with the target level of reserves (see the heading 'Reserves' within Note 1 to the Financial Statements on page 46, which describes the Reserves Accounting Policy), whilst maintaining current Levy rates. The forecast is based upon further increased contributions from non-Levy income to support higher levels of Grant payments, other direct employer support and deliver the Sector Skills Agreement.



* The results for 2005 and 2007 include £3.0m and £0.7m respectively for unrealised gains on the revaluation of freehold property.

Income



* See Industry Skills Challenges on pages 30 and 31.

Levy

Levy income amounted to £165.4m for 2007 (2006 £152.3m), made up of £164.9m (2006 £152.4m) in respect of the current year's assessment plus an adjustment of £0.5m (2006 reduction of £0.1m) for the reassessment of prior years' charges.

Levy rates remained unchanged at 0.5% on direct labour payments (PAYE) and 1.5% on labour-only sub-contract payments (LOSC). The small firms' exclusion level was raised from £69,000 to £73,000 in line with growth in average pay.

The increase in Levy income over 2006 (8.6%) resulted largely from combined growth in industry activity and earnings (7.8%) partially offset by a 3.4% movement from LOSC to lower rated direct employment, as measured from employers' Levy return declarations. In addition, the Levy and Grant Registration, Verification and Collection teams made a significant contribution to the increase.

In 2007, over 13,400 employers paid their Levy by direct debit instalments, representing 51% of Levy payers (2006 46%).

ANNUAL ACCOUNTS

Government and Other Public Authority Funding

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

Government and other public authority funding increased from £6.3m to £7.3m (see Note 2 to the Financial Statements on page 47).

European grant funding increased by £0.9m to £1.2m, including £0.6m for 'On Your Marks', a project to fund learners/beneficiaries from SME companies to find learning and career opportunities in construction or to upskill within existing roles.

Sector Skills Development Agency (SSDA) funding rose by £0.7m to £3.0m. Funding for Sector Skills Council core contract activities was £1.5m to match expenditure on specific contracted activities, £0.3m lower than in 2006. The current core contract, which commenced on 01 October 2006, provides for up to £5.6m over three years for ConstructionSkills to deliver four key goals:

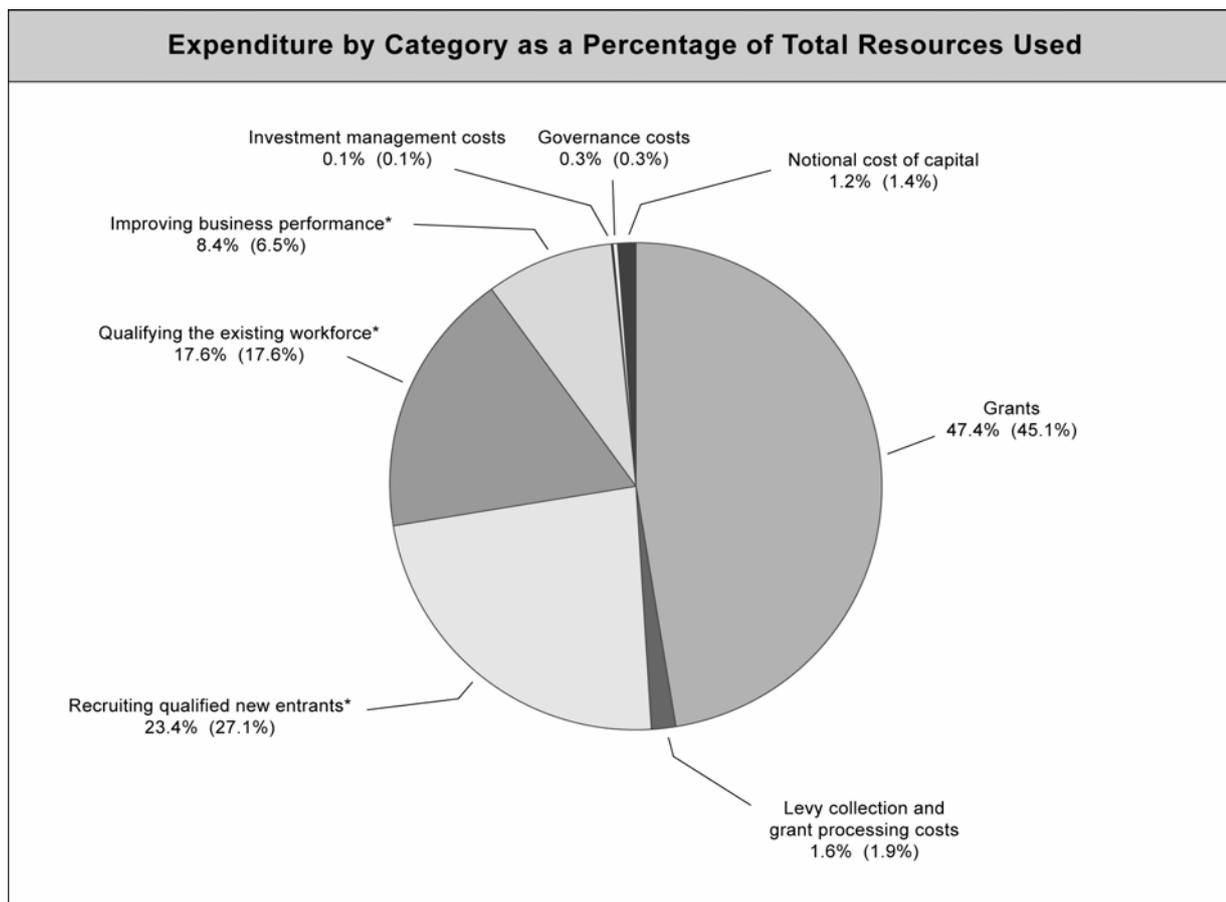
- reducing skills gaps and shortages, and anticipating future needs
- improving productivity, business and public service performance
- increasing opportunities to develop and improve the productivity of everyone in the sector's workforce
- improving learning supply.

Funding for Sector Skills Council non-core contract activities increased by £1.0m to £1.5m. This included £0.6m for a project to develop specialised diplomas for 14- to 19-year old students and £0.5m for 'Women Into Work', a project to increase the opportunities for and recruitment of women into construction.

Investment Income

Income rose by £1.0m (31.8%) to £4.1m in 2007 resulting from an increase in the average level of cash deposits held during 2007, generating higher returns from increased interest rates, together with improved yields on gilts and bonds. The increase in the average level of cash deposits held was mainly due to higher investments at the start of 2007 (£65.8m) than at the start of 2006 (£43.8m) with a greater proportion of Grant expenditure towards the end of 2007 as compared with 2006.

Expenditure



* See Industry Skills Challenges on pages 30 and 31.

Grants

New Entrant Training (NET) Grants amounted to £65.9m, up by £3.8m (6.2%) on 2006 (see Note 4 to the Financial Statements on page 47). NET commitment and attendance Grants fell by £0.3m and £8.4m respectively due to reductions in the recruitment of apprentices over the past two years. However, NET achievement Grants increased by 93.2% to £26.2m, reflecting higher levels of achievement and increases in framework and NVQ/SVQ Grant rates.

Other Grants rose by £20.8m (40.8%) to £71.8m (see Note 4 to the Financial Statements on page 47). This resulted from a substantially higher level of OSAT achievements, increases in both the number of training days and the Grant day rate in respect of Training and Development Plans and an increase in Management and Supervisory training. The number of employers claiming Grants grew by 7.4% to 21,975.

Notional Cost of Capital

The notional cost of capital was £4.0m (see Note 8 to the Financial Statements on page 49). This charge, which is added back in the Statement of Financial Activities, is included as a requirement within the Government Financial Reporting Manual. The rate, set by HM Treasury for 2007, was 3.5% (2006 3.5%).

ANNUAL ACCOUNTS

Industry Skills Challenges

CITB-ConstructionSkills' business planning for 2007 was structured around the three Industry Skills Challenges under the Sector Skills Agreement of:

- recruiting qualified new entrants
- qualifying the existing workforce
- improving business performance.

These challenges provided the context for the organisation's vision, objectives and targets, and the activities of its seven directorates. The resources associated with these activities are allocated against the three challenges accordingly, to show the amount of incoming and expended resources between the three.

Recruiting Qualified New Entrants

The priority areas for action for this challenge are delivered through the key activities of the Advisory Services and Apprenticeships Directorates. These activities centre on:

- improving understanding of career opportunities in construction
- increasing apprenticeship completions and widening opportunities for on-site practice
- promoting diversity through local employment and training projects
- increasing quality applications for construction-related degree courses.

Income increased by £7.2m (13.6%) to £60.1m. As in 2006, this relates to additional funding for New Entrant Training arising from higher numbers of trainees gaining vocational qualifications in England, Wales and Scotland.

Expenditure at £68.2m (2006 £67.8m) includes college fees, trainee allowances and operating costs.

Qualifying the Existing Workforce

The priority areas for action for this challenge are delivered through the key activities of the Business Services and Advisory Services Directorates. These activities centre on:

- intensifying and widening the industry's Qualifying the Workforce initiative
- developing flexible training and qualification structures for specialist occupations
- assisting the effective integration of immigrant workers.

Income during 2007 increased by £10.9m (32.4%) to £44.4m. The industry initiatives for Qualifying the Workforce through Health and Safety Testing, Experienced Worker Assessment, certification schemes and NVQ/SVQ registrations showed significant increased volumes, generating additional income. Income from direct training courses delivered by the National Construction College also increased.

Expenditure during 2007 increased by £7.0m (15.8%) to £51.1m, mainly due to the costs of the increased volumes flowing from the industry initiatives for Qualifying the Workforce, including £1.0m for the additional support to employers for the conversion of plant operators holding trainee cards (red) to competent operator status (blue).

Improving Business Performance

The priorities driving activities aimed at improving the business performance of employers within the construction industry are delivered through the work of the Corporate Services, Advisory Services, Business Services and Skills Strategy Directorates. These activities centre on:

- increasing the number of employers investing in training
- developing management and leadership skills
- supporting lifelong learning in construction
- developing skills for sustainability.

Income includes the sale of Executive Management Programmes, health and safety training courses by NCC, the sale of publications and funding from the Learning and Skills Council (LSC) for the 'Train to Gain Government initiatives'. Total income increased by £4.6m to £9.0m as a result of increased course fee income (£0.4m), publication sales (£1.9m) and LSC income (£2.3m).

Expenditure rose from £16.2m in 2006 to £24.6m, an increase of £8.4m, which includes £2.0m for additional direct support to employers in relation to the Skills Pledge. Also included are the costs associated with:

- increased support to the industry for structured training through Training Plans and liP
- the 'Train to Gain' initiative
- Management and Supervisory programmes
- the sale of Executive Management Programmes and health and safety training courses by NCC
- the sale of publications.

Governance Costs

Governance costs represent the costs of the governance infrastructure (as defined in the SORP 2005) and include the costs of the Board and committees, corporate assurance, external audit, business planning and related support costs. Total expenditure for 2007 was £0.8m (2006 £0.8m) (see Note 7 to the Financial Statements on page 49).

Balance Sheet

The balance sheet shows net assets of £57.3m at 31 December 2007 (£53.5m at 31 December 2006); the increase on the previous year reflects the surplus for the year of £3.8m. Working capital (net current assets) rose from £40.3m to £41.8m (see below).

Fixed Assets

The net book value of fixed assets increased by £2.6m to £16.3m, reflecting additions of £3.7m less depreciation charges of £1.8m and a rise of £0.7m for the revaluation of freehold property (see below).

All freehold properties, which were held at 31 December 2005 values, were revalued at 31 December 2007. No adjustment has been made in respect of these valuations as the changes in values are not considered to be material, with the exception of the valuation of the NCC South training centre at Erith which has been increased by £0.7m.

Additions to freehold property of £2.1m include the purchase of a new demountable scaffolding training facility (£0.2m) at the NCC Midlands training centre in Birmingham and a new training centre and offices in Glasgow (£1.9m). The new Glasgow centre will not come into operation until mid-2008.

Expenditure on plant and machinery totalled just £12,000 (2006 £0.4m) pending the decision on the future development of the NCC East training centre at Bircham Newton (see page 22).

During 2007, additions to motor vehicles of £0.7m were offset by disposals of £0.7m.

The major purchases of computer equipment and applications were £0.3m on a new storage area network and £0.3m on implementing an online Award Body system.

ANNUAL ACCOUNTS

Debtors

Total debtors at 31 December were £39.1m (2006 £25.7m).

Levy debtors rose by £8.5m to £20.1m. This was because Levy assessments were raised one month later than in 2006, as a result of the Levy Order coming into force later, leaving one month's direct debit instalments to be received in January 2008.

Non-Levy debtors went up by £5.7m to £19.7m, of which £4.1m related to Intra-Government balances. This was largely due to an increase in the amount due from the Learning and Skills Council (£2.7m) and the Department of Education and Lifelong Learning (£1.3m) mainly arising from higher achievements towards the end of the year. There were also increases in trade/other debtors of £1.4m because of greater activity towards the end of the year, whilst prepayments and accrued interest rose by £0.2m.

Creditors

Creditors increased by £13.7m to £65.9m at 31 December 2007. Trade creditors increased by £7.6m reflecting a rise in accruals for employer support payments (£2.2m), an increase in college fees (£1.3m) and general increases in activity in 2007 over 2006.

New Entrant Training grants and allowances outstanding at the year end rose by £0.8m to £6.2m. This reflects the increase in achievement Grants payable as a result of the improvement in new entrant achievement volumes in 2007. Provisions for outstanding claims for other Grants increased by £5.7m, in line with the forecast rise in the 2007/08 Grants Scheme expenditure.

At the end of 2007, £0.8m was outstanding from the provision of £2.7m made in 2006 for costs relating to the exceptional item for the reorganisation of the Apprenticeships and Advisory Services Directorates during 2007. £0.3m was transferred to long-term provisions to cover the costs of vacated office leases which have not been reassigned (see Note 9 to the Financial Statements on page 49).

Net Current Assets/Reserves

Net current assets, which are taken as a measure of CITB-ConstructionSkills' reserves, increased from £40.3m at 31 December 2006 to £41.8m at 31 December 2007 as a result of the surplus for the year of £3.8m, less a net rise of £2.3m in tangible fixed assets and provisions for liabilities and charges.

Reserves at £41.8m fell below the minimum year-end target level of reserves of £46.6m. The target increased at the end of 2007 from the original forecast range of £43.1m – £47.6m to a range of £46.6m – £51.5m because of an increase in forecast expenditure in 2008. The shortfall against the original forecast minimum reserves was because of expenditure of £1.9m on the new training centre and offices in Glasgow. However, this should be recovered in 2008 by the sale of three properties in Scotland, once the new facility is refurbished. Reserves are forecast to come within the target range over the next two years as part of the five year plan.

The target range for reserves is calculated using a risk-based formula (see the heading 'Reserves' within Note 1 to the Financial Statements on page 46).

Provisions

Provisions increased from £0.5m to £0.8m because of the increase in the provision for rent and other charges in respect of vacated properties surplus to current requirements (see Notes 9 and 15 to the Financial Statements on pages 49 and 53).

Other Information

Employer Registrations

The number of employers on the Levy and Grant Register increased by 2,436 to 77,624 at 31 December 2007, of which 26,208 (2006 26,054) were due to pay a Levy in 2007 – see Statistical Information Tables 1 and 3 on pages 57 and 58. During the year 9,986 employers were added to the register compared with 7,550 deletions resulting from firms going out of business or out-of-scope to CITB-ConstructionSkills.

Grant Policy

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

Risk Management

The major risks to which CITB-ConstructionSkills is exposed, as identified by management, have been reviewed and systems have been established to mitigate those risks (see the Statement on Internal Control on pages 38 and 39).

Material Cash Support Payments

The names of the recipients and the aggregate amounts of material Grant and support payments are disclosed in Note 5 to the Financial Statements on page 48.

Events Since the End of the Year

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

Charitable Donations

No charitable donations were made during the year.

Auditor

The Comptroller and Auditor General (C&AG) is appointed under statute as CITB-ConstructionSkills' auditor. The audit fee for the 2007 Accounts amounted to £36,000. No other work was performed by the C&AG in respect of the reporting period.

Payment Policy and Performance

CITB-ConstructionSkills' payment policy is to pay all undisputed invoices within 30 days (or the agreed contractual terms if otherwise specified). The aim is to pay 100% of undisputed invoices, and disputed invoices once the dispute has been settled, on time within these terms.

The payment performance for the whole of 2007 was 96.2% compared with 97.9% in 2006. The reduction was due to processing delays arising from the back-office reorganisation in 2007. This position should improve during 2008.

Trade creditors at 31 December 2007 represented 28 days of average purchases during the year (2006 29 days).

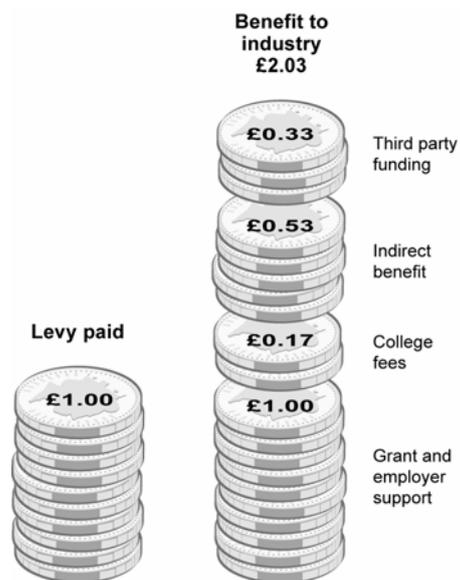
Investment Policy and Performance

CITB-ConstructionSkills invests funds within guidelines set by HM Treasury. Funds invested by CITB-ConstructionSkills staff generated a return of 5.68% for the year compared with a benchmark (Charities Official Investment Fund) rate of 5.48%.

Funds invested by fund managers Singer & Friedlander remained at £15.0m. They achieved a return of 5.34% for 2007 against a benchmark of 6.97% (Merrill Lynch 1–3 year gilt index).

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Value Added by CITB-ConstructionSkills to Levy Payments Made by Employers



Levy income for the year amounted to £165.4m.

Training Grants expenditure amounted to £137.7m, representing 83% of Levy (2006 74%). During the year the Board agreed to measure and report on the additional direct support given to employers such as subsidised training courses, apprentice travel and lodging allowances and Inspire scholarship payments. This support amounted to £27.0m (17% of Levy). Therefore, for every £1.00 of Levy paid, employers received £1.00 (2006 £0.89) back in Grant and direct employer support, which with college fee payments resulted in a £1.17 direct benefit to the industry.

This high ratio of support has been made possible because CITB-ConstructionSkills has acted on behalf of the industry to generate income from the Learning and Skills Council, Welsh Assembly Government and Scottish Executive as a contribution towards the cost of the New Entrant Training programme. In addition to New Entrant Training income, there has been a significant increase in the contribution from other training and sales activity income.

In addition to the direct benefits paid to, or on behalf of, employers and trainees, CITB-ConstructionSkills carries out the recruitment and management of apprentices, undertakes industry research, provides advice on training and careers, and develops construction qualification standards. Specific activities include running a diversity programme (£1.8m), National Construction Week (£0.9m) and the Positive Image campaign (£0.9m). The total value of this support amounts to £0.53 for each £1.00 of Levy.

CITB-ConstructionSkills also leverages extra funds and benefits directly for the industry which do not enter CITB-ConstructionSkills' accounts but are included in the figures shown in the table below. In 2007, for every £1.00 of Levy paid, third party contributions rose from 32p to 33p. This derived from increased activity such as contributions for college fees in Scotland and further education in England.

Employer support has been separately identified for the first time in 2007. As a result comparative figures for 2006 are not given.

During the year to 31 December 2007, for each £1.00 of Levy paid by registered employers, the construction industry received £2.03 (2006 £1.90), as follows:

Per Statutory Accounts	2007 £
Grant	0.83
Employer support	0.17
Grant and employer support directly returned to employers	1.00
College fees	0.17
Total Direct Benefit	1.17
Indirect Benefit	
Recruitment and management of trainees, research, development of standards, providing careers and training advice	0.53
Third Party Funding	0.33
Total Benefit 2007	2.03
Total Benefit 2006	1.90

Statement of the Board's Responsibilities

The Industrial Training Act 1982 requires the Board to keep proper accounts and other records in relation to the accounts, and to prepare in respect of each of its financial years a statement of account in such form as the Secretary of State may, with the approval of the Treasury, determine. The accounts are prepared on an accruals accounting basis and must show a true and fair view of CITB-ConstructionSkills' state of affairs at the year-end and of its income and expenditure and cash flows for the financial year. In preparing that statement of account, the Board is required to:

- a) select suitable accounting policies and then apply them consistently
- b) make judgements and estimates that are reasonable and prudent
- c) state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements
- d) prepare the Financial Statements on a going concern basis unless it is inappropriate to presume that CITB-ConstructionSkills will continue in business.

The Board is responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of CITB-ConstructionSkills and to enable it to ensure that the Financial Statements comply with the Industrial Training Act 1982. It is also responsible for safeguarding the assets of CITB-ConstructionSkills and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of the Accounting Officer's Responsibilities

The Chief Executive of CITB-ConstructionSkills undertakes the role of Accounting Officer. His responsibilities in this capacity, which include ensuring the propriety and regularity of the public finances for which he is answerable, are set out in the Accounting Officer Memorandum, issued by HM Treasury, and published as Chapter 3 of Managing Public Money, which is available on the Treasury website, www.hm-treasury.gov.uk.

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

Annual Report approved by the Board on 28 February 2008 and signed on its behalf by:



Chairman
Sir Michael Latham DL



Chief Executive
Peter Lobban

Remuneration Report

Membership

The Remuneration Committee is a subcommittee of the Board. Its purpose is to determine general policy on remuneration and individual remuneration packages for Directors. Its membership is made up of the Chairman, Deputy Chairman and three Board members (Dave Cochrane, Ian Miller and James Wates). The Chief Executive, Corporate Services Director and Head of Human Resources provide information to the Committee to inform its decisions.

Policy on the Remuneration of Directors

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

Individual remuneration for directors is reviewed annually with regard to external market changes and an assessment of individual performance evidenced by the performance management process (the range for individual performance payments is 0–5% of basic salary). Along with other staff they participate in the CITB-ConstructionSkills Scorecard bonus based on the achievement of a number of key performance indicators. For 2007, the bonus paid to all staff and directors was 4% (the range for the Scorecard bonus is 0–5%).

All eligible employees, including directors, are members of the 'Old Section' of the ITB Pension Funds Scheme.

Policy on Contracts, Notice Periods and Termination Payments

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

Non-cash Remuneration

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

Salary and Pension Entitlements (Audited)

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

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Remuneration	Salary	Benefits in kind	Total	2006 Total
	£'000	£'000	£'000	£'000
Peter Lobban – <i>Chief Executive</i>	258.6	1.2	259.8	241.4
Frazer Clement – <i>Business Services Director</i>	104.7	9.9	114.6	109.4
David Boyden – <i>National Construction College Director</i>	77.1	8.7	85.8	83.2
Nicola Thompson – <i>Communications and Marketing Director</i>	94.0	0.8	94.8	81.9
Mike Bialyj – <i>Advisory Services Director</i>	94.4	9.8	104.2	95.2
Max Hamps – <i>Apprenticeships Director</i>	93.6	10.7	104.3	86.9
Mark Farrar (from 19 March 2007) – <i>Corporate Services Director</i>	89.2	5.1	94.3	–
Steve Geary (from 03 September 2007) – <i>Skills Strategy Director</i>	34.3	3.0	37.3	–

Salary includes gross pay, performance bonus, payments in lieu of car and luncheon allowance.
Benefits in kind include the use of allocated cars and medical insurance.

Pension Benefits	Real increase in pension at normal retirement date	Total accrued pension at normal retirement date as at 31 Dec 2007	Cash equivalent transfer value at 01 Jan 2007	Real increase/ decrease in the cash equivalent transfer value during the year	Cash equivalent transfer value at 31 Dec 2007
	£'000	£'000	£'000	£'000	£'000
Peter Lobban – <i>Chief Executive</i>	5.0 – 7.5	35 – 40	432	57	506
Frazer Clement – <i>Business Services Director</i>	2.5 – 5.0	45 – 50	490	(8)	502
David Boyden – <i>National Construction College Director</i>	0 – 2.5	35 – 40	410	(3)	424
Nicola Thompson – <i>Communications and Marketing Director</i>	0 – 2.5	5 – 10	35	9	46
Mike Bialyj – <i>Advisory Services Director</i>	0 – 2.5	10 – 15	103	6	113
Max Hamps – <i>Apprenticeships Director</i>	2.5 – 5.0	5 – 10	89	30	122
Mark Farrar (from 19 March 2007) – <i>Corporate Services Director</i>	0 – 2.5	0 – 5	0	11	11

Note: Steve Geary was appointed (from 03 September 2007) as Skills Strategy Director on a two-year secondment from the Department for Children, Schools and Families (DCSF). He is not a member of the ITB Pension Fund. However, CITB-ConstructionSkills makes payments directly to DCSF to cover his pension contributions.



Sir Michael Latham DL
Chairman of the Remuneration Committee
28 February 2008

Statement on Internal Control

Scope of Responsibility

As Chief Executive and Accounting Officer, I am responsible for maintaining a sound system of internal control that supports the achievement of CITB-ConstructionSkills' policies, aims and objectives, whilst safeguarding the funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Government Accounting.

The Board is responsible for establishing and monitoring appropriate policies to fulfil the objectives of CITB-ConstructionSkills as a statutory Industrial Training Board (ITB). As Chief Executive and Accounting Officer, I am responsible for managing the implementation of agreed policies and am accountable to the Board. As a Sector Skills Council, CITB-ConstructionSkills operates as ConstructionSkills with its partners and is accountable to the Secretary of State for Innovation, Universities and Skills. In addition, as a statutory ITB and non-departmental public body, CITB-ConstructionSkills also reports to the Department for Innovation, Universities and Skills. CITB-ConstructionSkills is established for exclusively charitable purposes and is therefore registered as a charity. The charitable activities of CITB-ConstructionSkills are partly funded by a statutory Levy, which is confirmed by an annual Levy Order passed by both Houses of Parliament.

The Purpose of the System of Internal Control

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

Capacity to Handle Risk

The management of strategic and operational risk is embedded in business processes. The Executive Team and senior managers provide high-level leadership to the risk management process. These groups of staff have a good understanding of the

key risks facing CITB-ConstructionSkills. Selection and performance review procedures ensure personnel are trained to manage risk in a way appropriate to their authority and duties. Risk is considered and managed as part of day-to-day operations. In addition, it is formally considered in our business planning process, programme and project management, financial planning and legal contracting arrangements.

The Risk and Control Framework

CITB-ConstructionSkills aims to adopt best practice in the identification, evaluation and cost-effective management of risk, as an integral part of operational activity. Directors are accountable to the Executive Team for risk management in their respective areas of activity, with top risks reviewed as part of monthly performance. Implicit in this approach is encouragement and support to the achievement of business objectives, anticipating and responding to changing social, environmental and legislative requirements, optimisation of control to achieve operational efficiencies and the ensuring of legal compliance as a minimum standard.

Policy and Responsibility

A risk management policy has been established and communicated to all relevant parties. Responsibility for risk management is assigned to the Directors and their respective managers, to reflect actual responsibilities. All Directors are responsible for evaluating risk and taking measures to mitigate or minimise identified risk within their respective areas of operations. Control Risk Self Declarations are completed by the management population annually.

Localised risk awareness work is undertaken in conjunction with Directors. Numerous other risk management activities take place as part of normal operations, such as system development risk analysis and progress reports for major projects.

Conflicts of Interest

In our role of 'integrator' for the industry, we operate in a range of capacities for the benefit of the industry and this puts the organisation in situations of potential conflict. During 2007, we commenced a review of external and internal governance arrangements to proactively address any future potential issues (see also page 25).

Internal Audit

Corporate Assurance is the dedicated internal audit unit operating within ConstructionSkills to standards defined by HM Treasury, which include the submission of an independent opinion on the adequacy and effectiveness of the system of internal control. Reports are submitted to the Audit Committee concerning audits undertaken, implementation of recommendations, risk management, post capital expenditure reviews and other matters, as required.

Corporate Assurance also facilitates the maintenance of a corporate risk register for top-level risks and incorporates risk in to audit coverage and planning.

The Head of Corporate Assurance (HCA) has a functional direct reporting line to the Chief Executive and has access to the Chair of the Audit Committee to ensure independence.

Audit Committee

A formally constituted Audit Committee operates in accordance with best commercial practice and HM Treasury guidelines. The Chairman of the Audit Committee makes formal reports to the Board concerning risk management and the status of internal control within CITB-ConstructionSkills. The Chief Executive joins the Audit Committee to review CITB-ConstructionSkills' management of risk and ensures that advice from members concerning the identification, assessment and management of risk is taken into account.

The Chairman of the Audit Committee is also an ex-officio member of the Finance Committee to enable a two-way dialogue on matters of mutual interest concerning risk management within CITB-ConstructionSkills.

Review of Effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review is informed by the work of executive managers and the internal auditors within CITB-ConstructionSkills, who have responsibility for the development and maintenance of the internal control framework.

The HCA's opinion on the overall adequacy of the effectiveness of risk management, control and governance processes is that they are satisfactory. Comments made by the external auditors in their management letter and other reports also inform my review of the effectiveness of the system of internal control.

As part of my review, I have been informed on the effectiveness of the system of internal control by the Executive Team, through control self declarations and also by the Audit Committee. A plan is in place to ensure the continuous improvement of the system. The system of internal control has been in place for the year ended 31 December 2007 and up to the date of approval of the Annual Report and Accounts, and accords with HM Treasury guidance. No significant problems were encountered in 2007 and none is known to exist at the year end.

Data Security

Although we routinely review our systems and processes for handling data securely, in light of recent revised Government guidelines and in order to ensure we are meeting latest best practice, we are currently undertaking a thorough review of systems, access and information security process and procedure.

Accounting Officer:



Peter Lobban
Chief Executive
28 February 2008

Acknowledged on behalf of the Board:



James Wates
Chairman of the Audit Committee
28 February 2008

Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament and the Board of CITB-ConstructionSkills

I certify that I have audited the Financial Statements of CITB-ConstructionSkills for the year ended 31 December 2007 under the Industrial Training Act 1982. These comprise the Statement of Financial Activities, the Balance Sheet and Cash Flow Statement and the related notes. These Financial Statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective Responsibilities of the Board, Chief Executive and Auditor

The Board and Chief Executive, as Accounting Officer, are responsible for preparing the Annual Report, the Remuneration Report and the Financial Statements in accordance with the Industrial Training Act 1982 and directions made by the Secretary of State for Innovation, Universities and Skills and for ensuring the regularity of financial transactions. These responsibilities are set out on page 35 in the Statement of the Board's and Accounting Officer's Responsibilities.

My responsibility is to audit the Financial Statements and the part of the Remuneration Report to be audited in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the Financial Statements give a true and fair view and whether the Financial Statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Industrial Training Act 1982 and directions made by the Secretary of State for Innovation, Universities and Skills. I report to you whether, in my opinion, certain information given in the Annual Report, which comprises the Introduction, Business Activities, and Financial Report is consistent with the Financial Statements. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

In addition I report to you if the Board has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by relevant authorities regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal Control reflects the Board's compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or form an opinion on the effectiveness of the Board's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited Financial Statements. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the Financial Statements. My responsibilities do not extend to any other information.

Basis of Audit Opinion

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the Financial Statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Board and Accounting Officer in the preparation of the Financial Statements, and of whether the accounting policies are most appropriate to the Board's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or error, and that in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the Financial Statements and the part of the Remuneration Report to be audited.

Opinions

Audit opinion

In my opinion:

- the Financial Statements give a true and fair view, in accordance with the Industrial Training Act 1982 and directions made thereunder by the Secretary of State for Innovation, Universities and Skills, of the state of affairs of CITB-ConstructionSkills as at 31 December 2007 and of the incoming resources and application of resources for the year then ended;
- the Financial Statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Industrial Training Act 1982 and directions made thereunder by the Secretary of State for Innovation, Universities and Skills; and
- information given within the Annual Report, which comprises the Introduction, Business Activities, and Financial Report, is consistent with the Financial Statements.

Audit Opinion on Regularity

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

Report

I have no observations to make on these Financial Statements.



T J Burr
Comptroller and Auditor General
National Audit Office
151 Buckingham Palace Road
Victoria
London SW1W 9SS

07 March 2008

ANNUAL ACCOUNTS

Financial Statements

CITB-ConstructionSkills Statement of Financial Activities for the Year Ended 31 December 2007

	Notes	2007 £'000	2006 £'000
INCOMING RESOURCES			
Incoming resources from charitable activities			
Non-Levy income			
Recruiting qualified new entrants		60,105	52,902
Qualifying the existing workforce		44,354	33,496
Improving business performance		8,991	4,362
Government and other public authorities	2	7,297	6,255
Total non-Levy income		120,747	97,015
Levy	3	165,393	152,307
Incoming resources from generated funds			
Investment income		4,070	3,089
		<u>290,210</u>	<u>252,411</u>
RESOURCES EXPENDED			
Cost of generating funds			
Investment management costs		29	30
Charitable activities			
Grants	4, 5	137,675	113,051
Recruiting qualified new entrants		68,180	67,828
Qualifying the existing workforce		51,093	44,114
Improving business performance		24,566	16,243
Levy collection and Grant processing costs		4,834	4,861
Total cost of charitable activities	6	286,348	246,097
Governance costs	7	824	798
Total resources expended		287,201	246,925
Notional cost of capital	8	3,961	3,492
Total resources expended including notional costs		291,162	250,417
Net (outgoing)/incoming resources for the year after charging notional cost of capital		(952)	1,994
Notional cost of capital added back	8	3,961	3,492
Net incoming resources before other recognised gains and losses		3,009	5,486
Other recognised gains and losses			
Realised loss on investments		(255)	(386)
Unrealised gain on investments		383	15
Unrealised gain on revaluation of freehold property		701	–
Net movement in funds before exceptional item		3,838	5,115
Exceptional item	9	–	(2,733)
Net movement in funds	10	3,838	2,382
Accumulated unrestricted fund at 01 January		53,469	51,087
Accumulated unrestricted fund at 31 December	16	<u>57,307</u>	<u>53,469</u>

The above results include all recognised gains and losses and are derived from continuing activities. Notes 1–28 form an integral part of these accounts.

Balance Sheet as at 31 December 2007

	Notes	2007		2006	
		£'000	£'000	£'000	£'000
FIXED ASSETS					
Tangible assets	11		16,302		13,744
CURRENT ASSETS					
Debtors	12	39,842		25,677	
Investments	13	65,465		65,810	
Cash at Bank		2,449		984	
		<u>107,756</u>		<u>92,471</u>	
CREDITORS					
Amounts falling due within one year	14	<u>(65,914)</u>		<u>(52,219)</u>	
Net current assets			<u>41,842</u>		<u>40,252</u>
Total assets less current liabilities			<u>58,144</u>		<u>53,996</u>
PROVISIONS FOR LIABILITIES AND CHARGES	15		<u>(837)</u>		<u>(527)</u>
NET ASSETS			<u>57,307</u>		<u>53,469</u>
FINANCED BY					
Accumulated unrestricted fund	16		<u>57,307</u>		<u>53,469</u>

Notes 1–28 form an integral part of these accounts.

Approved by the Board on 28 February 2008

and signed on its behalf by:



Chairman
Sir Michael Latham DL



Chief Executive
Peter Lobban

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Cash Flow Statement for the Year Ended 31 December 2007

	Notes	2007 £'000	2006 £'000
Reconciliation of net resources used to net cash inflow from operating activities			
Net (outgoing)/incoming resources for the year after charging notional cost of capital		(952)	1,994
Exceptional item	9	–	(2,733)
Notional cost of capital		3,961	3,492
Interest receivable		(4,070)	(3,089)
Operating deficit		(1,061)	(336)
Depreciation charges		1,828	2,007
Profit on sale of tangible fixed assets		(122)	(71)
Realised loss on investments		(255)	(386)
(Increase)/Decrease in debtors		(14,008)	8,945
Increase in creditors and provisions		13,363	10,459
Net cash (outflow)/inflow from operating activities		(255)	20,618
CASH FLOW STATEMENT			
Net cash (outflow)/inflow from operating activities		(255)	20,618
Returns on investments and servicing of finance	17	3,913	2,861
Capital expenditure (net)	17	(2,921)	(1,302)
Management of liquid resources	17	5,877	(23,581)
Increase/(Decrease) in cash and investments on call		6,614	(1,404)
Reconciliation of net cash flow to movement in net funds	18		
Increase/(Decrease) in cash in the period (cash, current accounts, call accounts and money market funds)		6,614	(1,404)
Management of liquid resources (term deposits and externally managed funds)		(5,877)	23,581
Other non-cash movements in the year		383	15
Movement in net funds in the year		1,120	22,192
Net funds at 01 January		66,794	44,602
Net funds at 31 December		67,914	66,794
Represented by:			
Investments	13	65,465	65,810
Cash at Bank		2,449	984
		67,914	66,794

Notes 1–28 form an integral part of these accounts.

Notes to the Financial Statements for the Year Ended 31 December 2007

1. ACCOUNTING POLICIES

Going concern

These accounts are prepared on a going concern basis.

Accounting convention

Without limiting the information given, the accounts meet the accounting and disclosure requirements of the Companies Act 1985, Government Financial Reporting Manual and applicable Accounting Standards. The accounts are also prepared in accordance with guidance given in Accounting and Reporting by Charities: Statement of Recommended Practice (SORP 2005).

These accounts are prepared under the historical cost convention as modified to reflect the revaluation of fixed assets and investments.

Incoming Resources

Levy

Levy income is that receivable from assessments based on the employment details returned by firms, with an estimate for firms from which employment details have not been received, and is recognised in the period in which assessments are raised.

Government and other public authority funding

Government grants received are recognised in the Statement of Financial Activities so as to match them with the expenditure towards which they are intended to contribute.

Recruiting qualified new entrants

Income is accounted for on an accruals basis apart from output related funding which is included in the period in which the trainee attains the specified achievements.

Resources Expended

Grants

The charge in the Statement of Financial Activities consists of the Training Grants paid during the year together with an estimate of the liability for unpaid Grants for the period and any adjustments to provisions made in earlier years.

Recruiting qualified new entrants

The charge in the Statement of Financial Activities includes payments in relation to New Entrant Training made during the year together with an estimate of the liability for unpaid course fees for the period.

Leasing

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

Allocation of resources expended

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

Cost of generating funds – direct

Charitable activities and governance costs – direct and by staff time

Other Recognised Gains and Losses

Realised on investments

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

Unrealised on investments

The difference between the cost and the year end market value of all investments held at the balance sheet date is recognised in the Statement of Financial Activities.

ANNUAL ACCOUNTS

Notes to the Financial Statements for the Year Ended 31 December 2007 (continued)

1. ACCOUNTING POLICIES (continued)

Assets

Estimation techniques

Levy debtors

Amounts receivable for Levy assessments are calculated on the basis of historical results and patterns adjusted for any known changes in circumstances. In particular the calculation includes an adjustment to estimated levies that normally result in being reassessed to a level below that originally estimated.

Tangible fixed assets

Tangible fixed assets are stated at modified historical cost. Costs of acquisition, comprising only those costs that are directly attributable to bringing the asset into working condition for its intended use, are capitalised. The threshold for capitalisation is £2,500.

Freehold land is not depreciated. Motor vehicles are depreciated on a reducing balance basis at 30% per annum. All other tangible fixed assets are depreciated evenly in order to write-off the value of the asset over their estimated useful economic lives. These lie within the following ranges:

Freehold buildings	– 50 years (permanent buildings)
	– 20 years (improvements and temporary buildings)
	– Nil (buildings under construction)
Leasehold land and buildings	– the lease term
Plant and machinery	– 5 to 10 years
Office equipment	– 4 to 10 years
Computer equipment	– 4 years

Freehold property

Freehold properties are fully revalued every five years.

Investments

Investments are stated at market value at the balance sheet date.

Liabilities

Estimation techniques

Grant and college fees creditors

Amounts payable in relation to Grant claims and college fee invoices not yet received are calculated on the basis of historical payment patterns adjusted for any known changes in circumstances.

Other

VAT

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

Pensions

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

Reserves

Reserves (defined as net current assets) are required to cover exposure to delays in income receipts and acceleration of Grants and costs which are outside the control of CITB-ConstructionSkills and to ensure continuity of funding to the construction industry.

A risk-based formula, as agreed with Government, is used to calculate an appropriate year-end target level of reserves. This should generally equate to 15% of total forecast expenditure for the following year and actual reserves should fall within a range of plus or minus 5% of the target figure.

Notes to the Financial Statements for the Year Ended 31 December 2007 (continued)**2. INCOMING RESOURCES FROM GOVERNMENT AND OTHER PUBLIC AUTHORITIES**

	2007 £'000	2006 £'000
European grants receivable	1,200	273
Government departments and Scottish Executive	<u>3,129</u>	<u>3,755</u>
	4,329	4,028
Sector Skills Development Agency (SSDA) (see below)	<u>2,968</u>	<u>2,227</u>
	<u>7,297</u>	<u>6,255</u>

No grant-in-aid is receivable by CITB-ConstructionSkills

SSDA income includes funding for the Sector Skills Council core contract of £1,518,000 (2006 £1,779,000) to reimburse expenditure of £1,518,000 (2006 £1,779,000) for specific activities during the year.

3. LEVY

2006 Levy assessment receivable in 2007	164,907	152,362
Adjustment to previous years' Levy assessments	<u>486</u>	<u>(55)</u>
	<u>165,393</u>	<u>152,307</u>

4. TRAINING GRANTS

	2007 £'000	2006 £'000
Paid or offset during the year	131,146	108,510
Less: Accruals brought forward	<u>(24,809)</u>	<u>(20,268)</u>
Add: Accruals for further payments	<u>31,338</u>	<u>24,809</u>
	<u>137,675</u>	<u>113,051</u>
 New Entrant Training grants		
Commitment grants	2,080	2,467
Attendance grants	<u>37,599</u>	<u>46,017</u>
Achievement grants	<u>26,233</u>	<u>13,581</u>
	<u>65,912</u>	<u>62,065</u>
 Other grants	<u>71,763</u>	<u>50,986</u>
 Total grants (all claimed as institutional grants)	<u>137,675</u>	<u>113,051</u>

ANNUAL ACCOUNTS

Notes to the Financial Statements for the Year Ended 31 December 2007 (continued)

5. MATERIAL CASH SUPPORT PAYMENTS IN RESPECT OF TRAINING

Accounting and Reporting by Charities: Statement of Recommended Practice 2005 requires material Grants made to be disclosed. Disclosure must include the name of the recipient and the aggregate amount of Grants made to that recipient. The definition of Grants includes Grants, trainee allowances and college fee payments, and these are reconciled below. Training Grants make a contribution towards an employer's training costs.

Aggregate payments/offsets over £200,000 made during the year:

Recipient	£'000	Recipient	£'000
Carillion* – CITC	£5,634,000	Costain	500
– Other	£689,000	Bovis Lend Lease	488
Balfour Beatty	2,726	Grantrail	475
Morgan	2,462	Bell	472
Taylor Wimpey	2,436	H B G	416
Kier	2,046	Miller	374
Barratt	2,006	Ainscough	341
Persimmon	1,459	Brandon Hire	331
Edmund Nuttall	1,432	Alfred Bagnall	318
Laing O'Rourke	1,379	SGB Services	309
Morrison	1,123	Vinci	304
Rok	943	Ashtead	299
Keepmoat	869	Aggregate Industries	291
H B Civil and Building Services* (all CITC)	848	Ringway	268
Galliford Try	805	Mitie	264
Interserve	727	Wates	262
Bellway	705	J N Bentley	261
Amey	676	Fitzpatrick	253
Sir Robert McAlpine	611	Inspace	251
Alfred McAlpine	567	Bowmer & Kirkland	241
Skanska	556	Roger Bullivant	237
May Gurney	526	Willmott Dixon	220
Seddon	524	Redrow	217
R G Carter	521	H S S	215
Hewden	521	Clancy	211
Shepherd	509	Heyrod	209
		Murphy	203
			41,530
		Other recipients	129,302
		Total payments	170,832

* These employers operate managing agencies for the Construction Industry Training Centres (CITC) and therefore had access to higher levels of New Entrant Training grants.

The number of employers claiming Grant increased from 20,465 in 2006 to 21,975 in 2007 (+7.4%).

Reconciliation with charges:	Accruals B/F £'000	Payments £'000	Accruals C/F £'000	Charges £'000
Grants (Note 4)	(24,809)	131,146	31,338	137,675
Trainee allowances	(375)	5,635	375	5,635
College fees	(9,972)	34,051	11,267	33,844
	(35,156)	170,832	42,980	177,154

College fees and trainee allowances are included within expenditure attributed to recruiting qualified new entrants in the Statement of Financial Activities (page 42).

Notes to the Financial Statements for the Year Ended 31 December 2007 (continued)**6. CHARITABLE ACTIVITIES**

Activity	Activities undertaken directly	Support costs (Note 10)	Total	Grant making	2007 Total including Grants	2006 Total including Grants
	£'000	£'000	£'000	£'000	£'000	£'000
Grants	137,675	–	137,675	(137,675)	–	–
Recruiting qualified new entrants	65,324	2,856	68,180	65,912	134,093	129,893
Qualifying the existing workforce	48,315	2,778	51,093	42,613	93,706	66,523
Improving business performance	23,673	893	24,566	29,150	53,715	44,820
Levy collection and Grant processing costs	–	4,834	4,834	–	4,834	4,861
	<u>274,987</u>	<u>11,361</u>	<u>286,348</u>	<u>–</u>	<u>286,348</u>	<u>246,097</u>

7. GOVERNANCE COSTS

	2007 £'000	2006 £'000
Board and committee costs	198	232
Corporate Assurance	337	321
External audit	36	36
Other	253	209
	<u>824</u>	<u>798</u>

8. NOTIONAL COST OF CAPITAL

In accordance with HM Treasury Guidance, the accounts include a notional charge representing the cost of capital, which is based on the average capital employed (equivalent to net assets) at a rate prescribed by HM Treasury of 3.5% (2006 3.5%). The charge has been included after the heading 'total resources expended'. As the charge is notional, it is removed from the Statement of Financial Activities before identifying net incoming resources for the year.

9. EXCEPTIONAL ITEM

The exceptional item relates to the provision in 2006 for costs of staff redundancies and office closures associated with the reorganisation of the Apprenticeships and Advisory Services Directorates during 2007. £324,000 has been transferred to the provision for vacated office costs (see Note 15), leaving £770,000 at the end of 2007 to cover the outstanding pension (£651,000) and redundancy costs (£119,000) to be paid in 2008 (see Note 14).

ANNUAL ACCOUNTS

Notes to the Financial Statements for the Year Ended 31 December 2007 (continued)

10. NET MOVEMENT IN FUNDS

	2007 £'000	2006 £'000
The net movement in funds for the year of £3,838,000 was arrived at after (crediting)/charging:		
Profit on sale of fixed assets	(122)	(71)
Exceptional item (see Note 9)	–	2,733
Unrealised gain on revaluation of freehold property	(701)	–
Rentals received under operating leases		
• Properties	–	(7)
Board members' remuneration (see Note 21)	43	42
Rentals paid under operating leases		
• Hire of plant and machinery	97	68
• Other operating leases	1,017	1,061
Auditors' remuneration		
• Audit fee	36	36
Depreciation		
• Owned assets	1,828	2,007
Sector Skills Council activities (see Note 2)	1,518	1,779
Indemnity insurance	11	10
Support costs (see below)	<u>11,361</u>	<u>10,989</u>

Indemnity insurance covers breach of professional duty by reason of any neglect, error or omission committed in good faith by any employee or agent.

Support costs are allocated on a staff time basis as follows:

Support cost	Levy collection and Grant processing £'000	Recruiting qualified new entrants £'000	Qualifying the existing workforce £'000	Improving business performance £'000	Total £'000
Levy and Grant	3,900	–	–	–	3,900
Management	69	289	275	94	727
Finance	239	398	379	128	1,144
Information technology	338	1,581	1,565	483	3,967
Human resources	64	375	356	120	915
Purchasing	12	74	70	24	180
Legal	212	139	133	44	528
2007	<u>4,834</u>	<u>2,856</u>	<u>2,778</u>	<u>893</u>	<u>11,361</u>
2006	<u>4,861</u>	<u>2,682</u>	<u>2,608</u>	<u>838</u>	<u>10,989</u>

Notes to the Financial Statements for the Year Ended 31 December 2007 (continued)**11. TANGIBLE FIXED ASSETS**

	Freehold property	Plant and machinery	Motor vehicles	Office and computer equipment	Total
(a) Summary	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
01 January 2007	7,893	7,562	3,322	6,981	25,758
Additions	2,082	12	731	885	3,710
Disposals	–	–	(735)	–	(735)
Write-off	–	(6)	–	(53)	(59)
Revaluation (see below)	701	–	–	–	701
31 December 2007	10,676	7,568	3,318	7,813	29,375
Valuation 2007	8,594	–	–	–	8,594
Cost	2,082	7,568	3,317	7,813	20,781
	<u>10,676</u>	<u>7,568</u>	<u>3,317</u>	<u>7,813</u>	<u>29,375</u>
Depreciation					
01 January 2007	95	4,077	2,067	5,775	12,014
Charges for the year	95	667	520	546	1,828
Disposals	–	–	(710)	–	(710)
Write-off	–	(6)	–	(53)	(59)
31 December 2007	190	4,738	1,877	6,268	13,073
Net book value					
31 December 2007	10,486	2,830	1,441	1,545	16,302
31 December 2006	7,798	3,485	1,255	1,206	13,744

At 31 December 2007, CITB-ConstructionSkills received professional valuations of its freehold property. FDP Savills undertook the valuation of the property at Bircham Newton, valuing the training centre and head office on an existing use basis and the agricultural land at market value. Lambert Smith Hampton carried out the valuations of all other freehold property on an existing use basis. These valuations were made in accordance with the Practice Statements in the Royal Institution of Chartered Surveyors Appraisal and Valuation Manual. No adjustment has been made in respect of these valuations as the changes in values are not considered to be material, with the exception of the NCC South training centre at Erith which has been increased by £0.7m.

(b) Historical cost information		2007	2006
	If the valuations had not been included then freehold property would have been included at the following amounts:	£'000	£'000
Cost		12,682	10,600
Accumulated depreciation		(3,362)	(3,171)
		<u>9,320</u>	<u>7,429</u>
(c) Freehold property	Included in freehold property is an amount of £3,833,100 (2006 £3,132,000) relating to freehold land and an amount of £2,082,000 (2006 nil) relating to a building under construction.		
(d) Modified historic cost accounting	Apart from freehold property, fixed assets are included at cost less accumulative depreciation. No adjustment has been made in respect of modified historical cost accounting as the amount is not considered to be material.		
(e) Capital commitments	There were capital commitments of £533,000 at 31 December 2007 (2006 £227,000).		

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Notes to the Financial Statements for the Year Ended 31 December 2007 (continued)

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2007 £'000	2006 £'000
Levy debtors	20,148	11,636
Trade/other debtors	6,265	4,895
Prepayments and accrued interest	2,223	2,056
	<u>28,636</u>	<u>18,587</u>
Intra-Government balances:		
Central Government bodies	11,120	6,826
Public corporations	86	264
	<u>11,206</u>	<u>7,090</u>
	<u>39,842</u>	<u>25,677</u>

13. INVESTMENTS

Listed securities managed by fund managers	14,693	15,467
Deposits with banks and building societies	50,772	50,343
	<u>65,465</u>	<u>65,810</u>

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

Investments

4.0% Treasury Stock 2009	3,730	3,661
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Term deposits

Bank of Scotland	10,000	10,000
Nationwide	10,000	5,000
NordDeutsche Landesbank	10,000	
Bank of Ireland	5,000	
Bradford & Bingley	3,500	9,000
Alliance & Leicester		10,000
Dexia Banque Luxembourg		5,000
Barclays Bank		4,900

Money market funds

Morley Sterling Liquidity Fund	8,073	
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14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

Trade creditors	27,613	20,058
Other creditors	1,231	1,185
Taxation and social security	1,185	1,436
Accruals:		
New Entrant Training grants and allowances payable to 31 December	6,228	5,402
Other grants payable to 31 December	25,485	19,782
Exceptional item (see Note 9)	770	2,733
	<u>62,512</u>	<u>50,596</u>
Intra-Government balances:		
Central Government bodies	2,344	889
Public corporations	1,046	717
Local authorities	12	17
	<u>3,402</u>	<u>1,623</u>
	<u>65,914</u>	<u>52,219</u>

Notes to the Financial Statements for the Year Ended 31 December 2007 (continued)**15. PROVISIONS FOR LIABILITIES AND CHARGES**

	Vacated office costs	Leasehold property dilapidations	Total
	£'000	£'000	£'000
Balance as at 01 January 2007	127	400	527
Income and expenditure account	8	23	31
Utilised	(2)	(43)	(45)
Transferred from reorganisation provision (see below)	324	–	324
Balance as at 31 December 2007	457	380	837

The transfer relates to properties vacated as a result of the reorganisation of the Apprenticeships and Advisory Services Directorates in England during the year.

The above provisions are calculated as follows:

- vacated offices – known rental and associated costs for the remainder of the property leases over the next three years, on the assumptions that these leases are unassigned during this period
- leasehold property dilapidations – a general provision for estimated settlements with landlords on the expiry of the leases over the next seven years based on past experience.

16. ACCUMULATED UNRESTRICTED FUND

	General reserve	Fixed asset revaluation reserve	Total
	£'000	£'000	£'000
Balance as at 01 January 2007	53,100	369	53,469
Transfer to adjust for prior years' valuations	(1,956)	1,956	–
Net movement in funds	3,137	701	3,838
Balance as at 31 December 2007	54,281	3,026	57,307

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

The general fund includes £2,103,000 arising from the sale of property, in 2003, held by the National Construction College. It is intended to use this surplus for future development of the training and recreational facilities of the National Construction College.

17. GROSS CASH FLOWS

	2007 £'000	2006 £'000
Returns on investments and servicing of finance		
Interest received on investments	3,913	2,861
Capital expenditure		
Payments to acquire tangible fixed assets	(3,068)	(1,444)
Receipts from sales of tangible fixed assets	147	142
	(2,921)	(1,302)
Management of liquid resources		
Purchase of term deposits and externally managed funds	(656,776)	(650,842)
Sale of term deposits and externally managed funds	662,653	627,261
	5,877	(23,581)

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Notes to the Financial Statements for the Year Ended 31 December 2007 (continued)

18. ANALYSIS OF CHANGES IN NET FUNDS

	At 01/01/07	Cash flows	Other non-cash movements	At 31/12/07
	£'000	£'000	£'000	£'000
Cash at Bank	984	1,465	–	2,449
Current asset investments on call	3,443	5,149	–	8,592
	<u>4,427</u>	<u>6,614</u>	<u>–</u>	<u>11,041</u>
Other current asset investments	62,367	(5,877)	383	56,873
	<u>66,794</u>	<u>737</u>	<u>383</u>	<u>67,914</u>

19. ITB PENSION FUND

CITB-ConstructionSkills is a participating employer in the ITB Pension Funds Scheme, which is a defined benefit scheme. The most recent triennial valuation of the scheme was performed as at 31 March 2007. The final draft of the valuation document awaits approval from the Scheme Trustees.

The principal future assumptions used are that the real rate of return (net of pension increases) would be 2.5% per annum; the nominal rate of investment return on assets would be 5.99% per annum; pension increases (Old Section) would be in line with the Retail Prices Index (RPI) changes and assumed to be 3.4% per annum; and 'real' salary inflation would be 1.5% per annum.

The draft valuation indicated that the actuarial value of the assets held by the Scheme showed a small surplus of between £2.0m and £3.0m over the Scheme liabilities, based on FRS 17 methodologies.

It is not possible to identify separately the proportion of assets and funding level attributable to CITB-ConstructionSkills, therefore in accordance with the provisions of FRS 17 relating to multi-employer schemes, the Scheme has been accounted for as a defined contribution scheme.

CITB-ConstructionSkills' future contribution rates will be adjusted to take into account the surplus disclosed by the valuation. The employer contribution rate for 2008 has been increased from 8% to 10%. Payments made in 2007 are shown in Note 22.

20. LEASE COMMITMENTS

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

	2007		2006	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Operating leases				
Leases expiring within one year	37	55	65	32
Leases expiring in the second to fifth years	211	45	364	70
Leases expiring after five years	247	–	203	–
	<u>495</u>	<u>100</u>	<u>632</u>	<u>102</u>

Notes to the Financial Statements for the Year Ended 31 December 2007 (continued)**21. BOARD MEMBERS' REMUNERATION**

Remuneration of the Board members was as follows:

	2007	2006
	£	£
Chairman – Sir Michael Latham	22,218	21,675
Deputy Chairman – Peter Rogerson	20,977	20,566

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

No other Board members received any emoluments from CITB-ConstructionSkills during the year.

No Board member had pension entitlements under any pension schemes funded by CITB-ConstructionSkills.

Expenses paid to Board and other Committee members during the year amounted to £29,289 (£22,183 in 2006) in respect of accommodation, travel and subsistence. The total number of recipients was 17 (18 in 2006).

22. PARTICULARS OF STAFF

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

	2007	2006
	Number	Number
Training	991	1,034
Other activities	408	389
	<u>1,399</u>	<u>1,423</u>

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

	2007	2006
	£'000	£'000
Salaries of directly employed staff	41,303	39,568
Redundancy costs	1,207	139
Social security	3,184	3,017
Other pension costs (see Note 19)	2,597	2,485
	<u>48,291</u>	<u>45,209</u>

Salaries include Scorecard bonuses (see Note 23) payable to directly employed staff amounting to £1,230,700 (£1,183,980 in 2006).

Redundancy costs include £1,186,000 for staff made redundant as a result of the reorganisation of the Apprenticeships and Advisory Services Directorates in England, provided for in 2006.

The remuneration, pension entitlements and pension transfer values of the most senior members of CITB-ConstructionSkills' staff can be found in the Remuneration Report on pages 36 and 37.

The emoluments, including benefits in kind but excluding pension contributions, of employees earning more than £60,000, other than those stated in the Remuneration Report (pages 36 and 37), fell within the ranges shown below:

	Number of employees	
	2007	2006
£60,001 – £70,000	14	15
£70,001 – £80,000	9	6
£80,001 – £90,000	4	1

ANNUAL ACCOUNTS

Notes to the Financial Statements for the Year Ended 31 December 2007 (continued)

23. PERFORMANCE SCORECARD

CITB-ConstructionSkills measures achievement against a number of key performance indicators and 14 of these are used to form an annual Scorecard. All eligible staff receive a bonus based on performance against the Scorecard targets. For 2007, the overall score achieved was 'Above' and the bonus fixed by the Board was 4%.

Details of achievements against the key performance indicators and Scorecard are shown on page 9.

24. TAXATION

As a registered charity, CITB-ConstructionSkills is exempt from corporation tax under section 505 of the Income and Corporation Taxes Act 1988.

25. LIQUIDITY, INTEREST RATE AND CURRENCY RISKS

CITB-ConstructionSkills has no borrowings and relies mainly on statutory Levy income and other secure sources of funding for its cash requirements and is therefore not exposed to liquidity risks. All assets and liabilities are denominated in Sterling so there is no exposure to interest rate risk or currency risk.

26. RELATED PARTY TRANSACTIONS

Appendix B (on pages 62 and 63) lists the members of the Board and its Committees, also giving the names of their employers. Appendix C (pages 64 and 65) shows the Register of Interests of Board Members. On this basis, in the normal course of business, most Board members are likely to have commercial interests as Levy payers and Grant claimers which, as they are transacted at arms length, are not considered to be material for either party.

27. LOSSES AND SPECIAL PAYMENTS

There were no reportable losses or special payments made during the year other than the write-off of bad debts which amounted to £1,482,165 (2006 £2,354,688). There were no individual debts written off which were greater than £250,000.

28. EVENTS AFTER THE BALANCE SHEET DATE

There have been no events after the balance sheet date requiring an adjustment to the Financial Statements. The Financial Statements were authorised for issue on 28 February 2008 by Peter Lobban (Accounting Officer).

Statistical Information

For the Year Ended 31 December 2007

Levy and Grant

Table 1: Distribution of Number of Employers by 2006 Levy Assessment Band and Main Activity

Main activity	Levy value						Total
	Not assessed	£ Zero	£s 1-99	£s 100-499	£s 500-999	£s 1,000+	
Alteration to a building/part of a building	229	126	1	1	17	74	448
Architectural steelwork	36	5	-	-	4	20	65
Asbestos removal	17	13	-	6	9	43	88
Asphalt and tar spraying	23	168	-	26	50	176	443
Bricklaying/pointing	298	661	5	5	12	53	1,034
Building and civil engineering	2,345	1,012	1	56	195	1,488	5,097
Building repair and maintenance	596	2,563	1	126	385	1,308	4,979
Cavity wall insulation or draught proofing	5	16	-	2	5	27	55
Civil engineering	323	504	3	38	144	845	1,857
Construction labour agencies	67	123	-	5	4	29	228
Damp proofing	17	35	-	6	8	12	78
Demolition	70	149	4	13	50	189	475
Developers	632	388	-	3	28	236	1,287
Diamond drilling	18	37	-	6	12	29	102
Dry lining or partition specialist	214	233	1	6	29	340	823
Erecting/dismantling exhibition stands	15	19	-	1	4	14	53
Felt roofing	7	171	-	11	17	85	291
Fire protection	8	11	-	2	3	31	55
Fitted kitchen/bedroom/bathroom installation	159	478	1	22	79	198	937
Flat glass glazing	9	144	-	14	41	58	266
Floorcovering	6	125	-	9	25	89	254
Flooring	109	283	1	24	57	230	704
General building	6,874	12,911	17	357	1,528	6,273	27,960
Hard landscaping	44	127	-	3	11	24	209
House building	407	1,077	2	18	159	1,258	2,921
Interior fit-out	148	79	-	4	15	158	404
Joiner and carpenter – site	968	3,778	14	100	194	530	5,584
Joinery manufacture	195	988	1	125	296	519	2,124
Mastic asphalt	4	27	-	4	18	25	78
Mastic sealant application	9	23	-	1	11	22	66
Painting and decorating	524	2,760	5	113	286	1,070	4,758
Paving	41	138	2	6	7	32	226
Plant hire/repair and/or tool hire	231	914	2	111	270	686	2,214
Plastering and/or artexing	343	1,103	2	33	59	437	1,977
Preparing/fixing stone for building including stonemasonry	53	160	-	16	22	99	350
Reinforced concrete specialist	20	60	-	-	13	52	145
Roof sheeting and cladding	51	162	-	9	26	265	513
Roofing including slating and tiling	360	1,492	6	80	186	709	2,833
Scaffolding	236	461	-	66	188	711	1,662
Shopfitting	103	194	1	14	66	440	818
Site preparation and groundworks	324	558	1	27	83	382	1,375
Steeplejack/lightning conductor engineering	7	29	-	8	15	30	89
Suspended ceiling installation	77	237	-	10	26	277	627
Swimming pool construction	3	29	-	2	13	24	71
Wall and floor tiling	117	303	4	12	23	164	623
Other	110	90	-	5	33	140	378
Total	16,452	34,964	75	1,506	4,726	19,901	77,624

Note: Not assessed – Employers in their first year of registration and untraceable employers

Zero – Employers whose payroll payments fall below the £73,000 threshold

STATISTICAL INFORMATION

Statistical Information for the Year Ended 31 December 2007 (continued)

Table 2: Levy Income by Employer Size			
Employer size	Number of employers	Number of employees	Levy £'000
Large	295	217,810	48,646
Medium	1,822	175,705	41,705
Small	11,078	220,133	45,682
Micro	47,977	125,599	28,874
Other	16,452	Not known	Nil
Total	77,624	739,247	164,907

Table 3: Employers and Employees		
	Number of employers	Number of employees
Assessable to positive Levy	26,208	644,298
Assessable to zero Levy	34,964	94,949
Not assessed	16,452	Not known
Total	77,624	739,247

Table 4: Grant and Support by Size of Employer			
	Number of employers claiming Grant and other support	Value of Grant and other support payments £'000	Percentage of total Grant and other support
Large	286	44,506	26%
Medium	1,642	40,224	24%
Small	6,785	41,433	24%
Micro	11,307	37,516	22%
Other	1,955	7,153	4%
Total	21,975	170,832	100%

Key to size of employer:

Large: 250+ employees

Medium: 50-249 employees

Small: 10-49 employees

Micro: 0-9 employees

Other: Includes new registrations

Statistical Information for the Year Ended 31 December 2007 (continued)

Table 5: Number of Employers with New Entrant Trainees					
Number of trainees	Employer size				Total
	Large	Medium	Small	Micro	
1	31	200	1,574	8,320	10,125
2 to 5	51	358	1,968	2,581	4,958
6 to 10	28	213	435	–	676
11 to 15	15	102	64	–	181
16 to 20	15	86	–	–	101
21 to 50	41	63	–	–	104
51 to 100	14	8	–	–	22
101 and over	19	–	–	–	19
Total	214	1,030	4,041	10,901	16,186

Table 6: Employers Claiming Grant by Levy Band				
Levy banding	Employers claiming Grant		Employers not claiming Grant	
Assessable to a positive Levy	12,303	16%	13,905	18%
Assessable to zero Levy	7,717	10%	27,247	35%
Other	1,955	2%	14,497	19%
Total	21,975	28%	55,649	72%

Key to size of employer:

Large: 250+ employees

Medium: 50–249 employees

Small: 10–49 employees

Micro: 0–9 employees

Other: Includes new registrations

STATISTICAL INFORMATION

Statistical Information for the Year Ended 31 December 2007 (continued)

Main activity	Employer size				Total
	Large	Medium	Small	Micro	
Alteration to a building/part of a building	–	–	27	92	119
Architectural	–	–	–	2	2
Asphalt and tar spraying	1	5	4	2	12
Bricklaying/pointing	–	10	123	499	632
Building and civil engineering	1,663	3,722	643	790	6,818
Building repair and maintenance	209	337	696	599	1,841
Cavity wall insulation or draught proofing	–	–	3	–	3
Civil engineering	295	148	102	62	607
Construction labour agencies	600	1	23	17	641
Damp proofing	–	–	6	7	13
Demolition	3	12	16	–	31
Developers	–	–	25	58	83
Diamond drilling	–	–	3	–	3
Dry lining or partition specialist	0	28	111	47	186
Erecting/dismantling exhibition stands	–	–	4	3	7
Felt roofing	–	5	38	24	67
Fire protection	–	4	–	–	4
Fitted kitchen/bedroom/bathroom installation	–	2	43	157	202
Flat glass glazing	–	7	22	35	64
Floor covering	–	7	63	43	113
Flooring	27	7	72	96	202
General building	691	2,110	3,373	5,699	11,873
Hard landscaping	–	–	1	13	14
House building	926	1,104	450	542	3,022
Interior fit-out	–	28	52	13	93
Joiner and carpenter – site	23	299	863	3,182	4,367
Joinery manufacture	–	192	807	754	1,753
Mastic asphalt	–	–	19	2	21
Painting and decorating	175	493	1,003	1,466	3,137
Paving	–	–	1	6	7
Plant hire/repair and/or tool hire	180	174	105	375	834
Plastering and/or artexing	–	78	276	558	912
Preparing/fixing stone for building including stonemasonry	–	13	94	103	210
Reinforced concrete specialist	2	8	9	2	21
Roof sheeting and cladding	–	20	44	27	91
Roofing including slating and tiling	–	125	370	380	875
Scaffolding	56	173	423	248	900
Shop fitting	38	268	204	128	638
Site preparation and groundworks	7	35	21	32	95
Steeplejack/lightning conductor engineering	–	23	67	13	103
Suspended ceiling installation	–	23	102	33	158
Swimming pool construction	–	–	4	2	6
Wall and floor tiling	–	53	79	161	293
Other activities	19	4	4	9	36
Other (out of scope)	17	34	26	328	405
Total	4,932	9,552	10,421	16,609	41,514

Key to size of employer:

Large: 250+ employees

Small: 10–49 employees

Medium: 50–249 employees

Micro: 0–9 employees

A: CITB-ConstructionSkills Trustees

The names of those serving as charitable Trustees of CITB-ConstructionSkills on 28 February 2008 are shown below, together with the names of those who stepped down during 2007.

As specified in Schedule 1 of the Industrial Training Act 1982, Trustees are appointed by the Secretary of State for Innovation, Universities and Skills, normally for five years, following a public appointment process. Nominations of candidates from the industry's employers are sought from the principal trade associations, while those for employees are made by the Trades Unions. Candidates from the Education Sector are appointed after consultation with the Ministers concerned with education in England, Scotland and Wales.

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

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

Current and Former Trustees (2007/08)

Sir Michael Latham, DL, MA, Dip Ed, FRSA – Chairman

Peter Rogerson, OBE, FloR – Deputy Chairman

David Adamson, MA, DipHM, FICE, CEng
(until 31 March 2007)

Howard Baggaley (until 30 June 2007)

Ian Billyard (from 18 June 2007)

Bob Blackman, MIOSH

Professor Barry Clarke, Eur Ing, FICE, FGS, PhD,
BSc

Dave Cochrane (from 01 September 2007)

Nancy Cookson, BA (Econ), Cert Ed, M Ed
(until 30 April 2007)

Peter Cunningham (from 01 September 2007)

Derek Field (from 01 January 2008)

George Fraser, ARICS

Trevor Gamble

Geoff Holt

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

Geoff Lister, MCIOB

Ian Miller

John Milne

Tim Peach (from 01 September 2007)

Martyn Price

Harold Rackham

Alan Ritchie

Stewart Tilley, LLB, FRICS, FCI Arb, FInstCES
(until 30 April 2007)

James Wates, FCIOB, FRSA

Graham Wren, BSc, CEng, MICE

APPENDICES

B: Membership of the Board and its Committees

	TB	FC	TC	VG	AC	HSEC
Peter ANDREWS, Civil Engineering Contractors Association			⊗	●		
Adwoa ASARE, Qualifications and Curriculum Authority				◆		
Allan ASHWORTH, University of Salford				▲		
Shelley ATKINSON-FROST, Construction Confederation			▼			▼
Robert BALDWIN, Unite the Union				□		
Ian BILLYARD, Leeds College of Building	▲		▲			
Bob BLACKMAN, Unite the Union	□					●
Greg BROWN, Construction Industry Council						▼
Duncan CANNEY, Willmott Dixon Ltd					■	
John CARPENTER, The Joint Board of Moderators						▲
Phil CHATFIELD, The Environment Agency						◆
Kevin CLANCY, York College				▲		
Professor Barry CLARKE, Newcastle University	▲					
David COCHRANE, Sir Robert MacAlpine	■	■				
Tom CORRIGAN, Hewden Stuart plc						■
Peter CUNNINGHAM, Constructing Excellence	✦					
Sally CURRIN, Carillion plc					■	
Colin DOBSON, British Association of Construction Heads						▲
Keith DONNELLY, Carillion Construction Training			▲			
Andrew DUNCAN, Department for Innovation, Universities and Skills	◆					
Richard EASTON, Hadley Shopfitters			■			
Derek FIELD, McCarthy and Stone plc	■	■				
George FRASER, Tulloch Group	■	■				
Trevor GAMBLE, Ramble Containers Ltd	■		⊗			
Michael HAGUE, Unite the Union			□			
Roger HALL, Simons Construction						■
Christine HARDY, Hewden Stuart plc			■			
David HARRIS, Cowlin Construction Ltd, Cardiff	◆					
Roger HART, Department for Innovation, Universities and Skills					◆	
Geoff HOLT, Associated Roofing and Maintenance Ltd	■		■			
Peter HORNSBY, Health and Safety Executive						◆
Robert HUDSON, National Association of Shopfitters						▼
Chris JONES, HBG UK Ltd	■		⊗			
David JONES, Classic Excel Ltd			■			
Alan KNIGHT, Union of Construction, Allied Trades and Technicians				□		
Sir Michael LATHAM, DL, Willmott Dixon Ltd	●	●				
Richard LATHAM, Persimmon plc			■			
Ben LEGG, Skanska Integrated Projects						■
Michael LEVACK, Scottish Building				▼		
Geoff LISTER, Greenwood Estate and Property Maintenance Ltd	■		■			
Mike LONG, National Specialist Contractors Council						▼
Simon LOVELL-JONES, National Federation of Builders				▼		
Simon MANTLE, National House-Building Council						▼
Jim MARTIN, CIOB						▼
Steve MASSARA, Wates Group Ltd			■			
Roger McCUNE, Council for the Curriculum, Examinations and Assessments				◆		
Ian MILLER, SkyBlue	■				■	
John MILNE, Daly (Painting Contractors) Ltd	■					

APPENDICES

	TB	FC	TC	VG	AC	HSEC
Tim PEACH, Taylor Woodrow Construction Ltd	■	■				
Andrew PEARS, National Federation of Builders						▼
David PIERRE, Hire Association Europe						▼
Martyn PRICE, Carpentry Management Contracting (CMC) Ltd	■		■			
Jim PURDIE, Scottish Water Solutions						■
Harold RACKHAM, G N Rackham & Sons Ltd	■	■				
Alan RITCHIE, Union of Construction, Allied Trades and Technicians	□	□				
Elizabeth ROBSON, Robson Builders (Hexham) Ltd						■
Peter ROGERSON, OBE, The Rogerson Group Ltd	○	■	●			■
Derek ROSS, Edmund Nuttall Ltd						■
Phil RUSSELL, Russell Building Services						■
Lance SAUNDERS, Construction Industry Council				★		
John SCOTT, Morgan Sindall						■
Paul SEALY, Kier Group			■			
Amit SHAH, Balfour Beatty plc					■	
Geoff SNOW, Snows Construction Ltd			■			
Julie SPARGO, ACCAC (Qualifications, Curriculum and Assessment Authority for Wales)				◆		
Haydn STEELE, Construction Plant-hire Association						⊗
Billy SWEENEY, Tulloch Ltd			■			
John THOMPSON, Union of Construction Allied Trades and Technicians			□			□
Lesley WALLIS, CITB Northern Ireland	◆					
James WATES, Wates Group Ltd	■	⊗			●	
Bob WHINCAP, Rotor Scaffolding Services Ltd			■			
Briony WICKENDEN, Skanska UK			■			
Edward WOODS, George Wimpey UK Ltd						■
Grant WOOLARD, Scottish Qualifications Authority				◆		
Graham WREN, Stent	■	■				
Clive YOUNG, Department for Business, Enterprise and Regulatory Reform	◆		◆			

(This table shows the position as at 31 December 2007)

● Chairman	▼ Federation Member	TB The Board
○ Deputy Chairman	★ Member	FC Finance Committee
■ Employer Member	◆ Client Member	TC Training Committee
□ Employee Member	◆ Observer	VG Standards and Qualifications Validation Group
▲ Education Member	⊗ Ex-officio	AC Audit Committee
		HSEC Health, Safety and Environment Committee

C: Register of Interests of Board Members

Related Party Transactions

Employer Board members must be concerned in the management of the activities of an employer engaging in the construction industry in order for their appointment by the Secretary of State to be valid. All will therefore have business interests as Levy payers or potential recipients of Grant that may conflict with their responsibilities as Board members.

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

Ian Billyard

Principal, Leeds College of Building

Ian Billyard is National Chair of the British Association of Construction Heads.

Barry Clarke

Professor of Geotechnical Engineering, Newcastle University

Professor Clarke is Vice-President of the Institution of Civil Engineers. He is a member of the Joint Board of Moderators for the Institution of Civil Engineers, the Institution of Structural Engineers and the Institution of Highway Engineers. He is a member of the Steering Group of IGNITE, the Centre for Excellence in Sustainable Communities in the North East and a member of the Executive Group of the Engineering Professors Council.

Trevor Gamble

General Manager, Ramble Containers Ltd

Mr Gamble is a seconded member of the Rail Plant Association Management Committee, and a member of the General Council of the Construction Plant-hire Association (CPA). He is Chairman of the Construction Plant Certification Scheme (CPCS) Management Committee.

David Harris

Divisional Managing Director of Cowlin Construction

Mr Harris is Chairman of the 'Welsh Built Environment Forum', a Welsh Assembly Government initiative.

Geoff Holt

Managing Director of Associated Roofing and Maintenance Ltd (South West) and ARM Roofing Maintenance Ltd, Newport, South Wales

Geoff Holt is a member of the NSCC Training Committee, Chair of the Roofing Industry Alliance (RIA) National Training Council, and of the National Federation of Roofing Contractors (NFRC) Technical Advisory and National Flat and Waterproof Membranes Groups. He represents the South West Region on the NFRC Board and is a member of the Code of Practice Committee. He is the UK representative for Flat and Waterproof Membranes to the International Federation, represents the NFRC at the Flat Roofing Alliance (FRA)/Single Ply Roofing Association (SPRA) Technical Meeting and is a Board member of the Institute of Roofing.

Chris Jones

Director of Learning and Development, HBG UK Ltd

Chris Jones is a member of Construction Skills Certification Scheme Ltd's (CSCS) Technical, Supervisory and Management Working Group.

Sir Michael Latham

Deputy Chairman – Willmott Dixon Ltd

Sir Michael is Chairman of the Collaborative Working Centre (UK) Ltd, of the Joint Major Contractors Group of the Electrical Contractors Association and the Heating and Ventilating Contractors Association, Chairman of the Joint Industry Board for the Electrical Contracting Industry and Chairman of the Major Projects Agreement Forum. He is an Adviser for The Builder Group Ltd and a member of the Editorial Advisory Panel of *Building* magazine. He is President of the FRA and Chairman of the RIA. He chaired the joint Government/industry review of the Construction Act in 2004. He is Deputy Chairman of Inspace plc, Chairman of the Association for Consultancy and Engineering's Advisory Group, and a regular speaker on construction issues.

Geoff H Lister

Director – Greenwood Estate and Property Maintenance Ltd

Mr Lister is National President and Director of the Federation of Master Builders and a Member of Corporation at Leeds College of Building.

Ian Miller

General Manager, SkyBlue

Mr Miller is the General Manager of SkyBlue (a subsidiary of Carillion plc) which is a labour and recruitment business.

John Milne

Managing Director, Daly (Painting Contractors) Ltd

Mr Milne is a Council Member of the Painting and Decorating Association.

Martyn Price

Managing Director of Carpentry Management Contracting (CMC) Ltd

CMC operates as a carpentry sub-contractor working throughout the eastern region of England. The company has been acknowledged for its contribution to training and workforce development through a host of awards and is one of a small number of IIP Champion organisations. Martyn Price chairs the Skills for Site Training Group and the CITB-ConstructionSkills/BACH Senate. He also represents the construction sector on the Apprenticeship Ambassador Network.

Harold Rackham

Company Chairman of G N Rackham & Sons Ltd

Mr Rackham is company Chairman of G N Rackham & Sons Ltd, a family building company which pays Levy and receives Grants from CITB-ConstructionSkills. He is a Director of the Federation of Master Builders, serving at regional and national level as Chairman of the Home Builders Committee and member of the Management, External Affairs and Training Committees. Mr Rackham represents the Federation of Master Builders on the National House-Building Council and on its Standards Committee. He has also been a long-serving member of the National Construction College Advisory Committee and East Area Advisory Committee.

Peter G Rogerson

Chairman, Rogerson Group Properties

Mr Rogerson is also Chairman of Geoff Neal (Roofing) Ltd and Equiphire (Northern) Ltd. He is a Past President of the National Federation of Roofing Contractors (NFRC) and a Director of NFRC Ltd and its subsidiaries. He is a Director of the National Specialist Contractors Council (NSCC) and its subsidiaries and a Director of the Yorkshire Group Roofing Training Association. He is also a member of the Board of Independent Construction Adjudicators, an Ambassador for the Prince's Trust (North Yorkshire Region) and Chairman of the Trustees of the ITB Pension Funds.

James Wates

Deputy Chairman of the Wates Group Ltd

Mr Wates is Chairman of the Construction Confederation, a member of the London Regional Council of the CBI, and a member of the London Skills and Employment Board.

APPENDICES

D: Employer Organisations

CITB-ConstructionSkills maintains close contact with the following major employer organisations:

Construction Plant-hire Association
Federation of Master Builders
The Hire Association Europe
The Home Builders Federation
National Association of Shopfitters
National Federation of Demolition Contractors
National Specialist Contractors Council
Scottish Decorators Federation
Scottish Plant Owners' Association

and the following constituent federations of the Construction Confederation:

British Woodworking Federation
The Civil Engineering Contractors Association
The Major Contractors Group
The National Contractors Federation
The National Federation of Builders
Scottish Building

CITB-ConstructionSkills also maintains regular contact with the following Trades Unions over skills and training issues:

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

E: CITB-ConstructionSkills Statutory Basis

As an Industrial Training Board established to promote and improve the standard of training within an industry, CITB-ConstructionSkills is held to be established for exclusively charitable purposes and is therefore registered as a charity (Registered Charity Number 264289). Members of the Board, who also act as Trustees of the charity, are identified in Appendix A, page 61.

The charitable activities of CITB-ConstructionSkills are partly funded by the statutory Levy established by the Industrial Training Act 1982 and confirmed by the annual Levy Orders passed by both Houses of Parliament. The most recent order is the Industrial Training Levy (Construction Industry Training Board) Order 2008 (2008 No. 534) which was enacted on 27 February 2008 and came into force on 28 February 2008. Full details of the powers and responsibilities of CITB-ConstructionSkills as well as the restrictions placed on it can be found in the Industrial Training Act 1982 and subsequent amendments.

In 2003, CITB, operating in partnership with the Construction Industry Council and CITB Northern Ireland (another statutory body), was recognised as the Sector Skills Council for Construction, collectively known as ConstructionSkills. This body is governed by a Council on which all three organisations are represented. The Council plans, directs and manages a programme of work to provide strategic leadership and influence in support of the learning and skills agenda across the construction sector and throughout the UK. In 2004, ConstructionSkills created a Sector Skills Agreement (SSA), involving commitments from employers and their trade associations, the trades unions, the education sector and Government. Since then, the Construction Skills Network (CSN) has developed an increasingly sophisticated analysis of construction industry data concerning its skills needs and training supply in each region. In addition, the launch of the National Skills Academy for Construction (NSAFC), based on a project-driven approach to supporting training, helps ensure that provision will be able to meet continued growth in the sector.

CITB-ConstructionSkills' Aims and Objectives

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

CITB was formed in 1964. The Industrial Training Act passed in that year provided for the establishment of Industrial Training Boards 'for the purpose of making better provision for the training of persons for employment ... in any activities of industry...'. In that July, the Industrial Training (Construction Board) Order 1964 brought the Construction Industry Training Board (CITB) into being. The legislation also provided for the raising of a training Levy to fund its activities. The rates of Levy, which with the consensus agreement of the industry expressed through employers' organisations is not based on exemption, are recommended each year by the Board and are subject to approval by Parliament. In 2007, the Levy rates were 0.5% of the total of payments made to employees and 1.5% of the payments made under labour-only agreements, offset by 1.5% of labour-only receipts from employers in the construction industry.

Policies for delivering the SSA are formulated and developed in consultation with industry through its committee structure. The Council, Board and other committees meet regularly, to ensure adequate consultation between industry representatives and staff. A further network of advisory committees provides local consultation on training needs. The Council, Board and other committees determine policy, and agree the business and financial plans which sustain delivery. They also monitor and review performance. Operational decisions are taken by executive staff within the policy framework laid down by the Board, and members of the senior management team are identified within the Remuneration Report on page 37.

The membership of the Board and its main committees is shown in Appendix B, pages 62 and 63. CITB-ConstructionSkills is indebted to all the relevant employers' organisations and other bodies that provide valuable support and advice. A list of the major employers and employee organisations with which CITB-ConstructionSkills maintains close contact is in Appendix D, page 66.

APPENDICES

CITB-ConstructionSkills' Structure

In this report, CITB-ConstructionSkills' seven directorates describe their performance during 2007 on pages 19–25. A continuing objective for each business is to become *Simpler* to deal with, *Faster* to respond to customers, and *Closer* to their needs. The seven directorates (Advisory Services, Apprenticeships, Business Services, National Construction College, Skills Strategy, Communications and Marketing, and Corporate Services) are each headed by a Director reporting to the Chief Executive and collectively responsible to the Chairman and Board.

A separate Corporate Assurance team reports directly to the Chief Executive.

Directorate planning is undertaken on a five-year rolling basis, informed by external industry-focused drivers and internal organisational development drivers. While clear accountabilities for delivery are recognised as critical, the vital importance of interdependencies between the directorates is also reflected in each directorate plan. No single directorate can fully meet any of its accountabilities without the support of at least one other directorate.

Principal Activities

CITB-ConstructionSkills' main activities encompass the provision of advice and support to employers in respect of training needs, the development and maintenance of frameworks of standards and qualifications in consultation with the industry, and the management of schemes for recording achievement. In addition, CITB-ConstructionSkills provides training itself where there is no satisfactory market alternative. These activities are managed by directorates whose plans are published in CITB-ConstructionSkills' Business Plan and updated annually. These plans include key performance indicators and identify targets for the forthcoming year and beyond. Information about their progress in 2007 is given on pages 19–25.

Research and Development

CITB-ConstructionSkills maintains an ongoing programme of research on matters relevant to training in construction. In particular, the CSN, a cross-industry alliance developed by ConstructionSkills to revolutionise construction recruitment and training, has developed a comprehensive model for forecasting capacity, productivity and skills across the construction industry, which helps the organisation and industry plan for the impact of future trends on the construction workforce. Outputs from this and other research work are reported widely and are available from CITB-ConstructionSkills' website, www.cskills.org.

CITB-ConstructionSkills' undertakes a regular review of national occupational standards, ensuring that they match current industry needs. This involves a significant programme of consultation and research with employers and trade associations across the four home countries. The development of appropriate training and other support material is undertaken separately.

CITB-ConstructionSkills and Public Service

In 2004, CITB-ConstructionSkills reviewed its Mission and Vision statements (see below) to reflect more closely its wider role as part of the Sector Skills Council for Construction. Furthermore, as a non-departmental public body, CITB-ConstructionSkills is expected continually to raise its standards of public service and to become more responsive to the wishes of users. As this report shows, CITB-ConstructionSkills constantly seeks to ensure that its policies accord with industry's needs and that it operates cost-effectively in the interests of the Levy payer.

In particular, CITB-ConstructionSkills believes that transparency of decision-making and rigorous scrutiny by stakeholders will help it attain these goals. Since December 2002, when CITB-ConstructionSkills received the approval of the Information Commissioner for a Publication Scheme compliant with the provisions of the Freedom of Information Act 2000, a range of material produced by CITB-ConstructionSkills, including Board (and since 2006 Training Committee and ConstructionSkills Council) agendas, minutes and papers, has been made available through the website, www.cskills.org/aboutus/ourstructure/theboardandcommittees.

Further requests for information can be addressed to Mark Brookes at the Secretariat, CITB-ConstructionSkills, Bircham Newton, King's Lynn, Norfolk PE31 6RH (email mark.brookes@cskills.org).

In July 1995, the Board approved a Code of Best Practice for its members, based on HM Treasury Code of Practice published in 1994. This was amended in July 1997 following the Government's response to the Second Report of the Nolan Committee on Standards in Public Life. In July 1997, the Board also agreed the introduction of a Code of Employee Conduct based on guidance issued by the Cabinet Office.

Financial Redress in Cases of Maladministration

As part of its commitment to public service principles, CITB-ConstructionSkills offers financial recompense in cases of maladministration. In 2007, no payments were made under the terms of this policy.

CITB-ConstructionSkills' Equal Opportunities Policy

CITB-ConstructionSkills has continued to support its equal opportunities policy, which aims to ensure that no job applicant, employee or client receives less favourable treatment than any other on the grounds of gender, race, colour, nationality, ethnic origin, religion, age, marital status, sexuality, political belief, offending background or disability.

CITB-ConstructionSkills' Commitment to Employee Involvement and Communication

CITB-ConstructionSkills recognises the following unions for the purposes of collective bargaining: Amicus (AEEU and MSF Sections), GMB, Unite the Union and UCATT. Procedural agreements provide for communication and consultation. A team briefing system allows two-way communication with staff, and an intranet and employee newsletter keeps them informed of CITB-ConstructionSkills initiatives.

Our Mission for the Industry

CITB-ConstructionSkills aims to achieve a fully skilled and professional UK construction industry working safely and delivering value.

Our Vision for the Organisation

To be the enterprise that people want to work with and for, in order to create a fully qualified and professional UK construction industry.

Addresses and telephone numbers of ConstructionSkills offices and National Construction College centres can be found in Appendix G (pages 72 and 73).

F: Breakdown of 2007 Achievements

Area	Grant claimers / Levy-assessed employers	Proportion of employers claiming Grant	Employers submitting a Training Plan	New employers recognised as liP
North East	1,003 / 2,078	48.3%	300	14
North West	2,847 / 6,930	41.1%	554	18
Yorkshire and Humber	2,048 / 5,249	39.0%	440	23
Midlands	3,048 / 9,497	32.1%	615	33
East	1,690 / 6,406	26.4%	403	16
South West	2,416 / 6,970	34.7%	512	14
Southern Counties	2,395 / 8,870	27.0%	804	30
Greater London	845 / 4,453	19.0%	225	6
National Construction College	–	–	–	–
Wales	1,893 / 3,905	48.5%	415	10
Scotland	3,790 / 6,481	58.5%	847	27
Other (Partners)	–	–	–	–
Great Britain	21,975 / 60,839	36.1%	5,115	191

NVQ/SVQ achievements through OSAT and EWPA	Recruit female and ethnic minority trainees	Framework achievements	Programme-led Apprenticeship starts	STEP into Construction job outcomes
3,821	9	798 (77.7%)	478	42
5,376	29	725 (73%)	199	47
4,390	63	912 (82.7%)	653	68
8,097	40	737 (76.7%)	519	36
5,448	16	485 (74.7%)	214	167
3,671	12	510 (75.6%)	212	91
6,293	16	656 (73.6%)	457	111
3,391	18	222 (75.0%)	200	109
–	34	312 (70.1%)	–	–
2,808	20	896 (81.5%)	–	56
5,105	42	1,222 (79.2%)	–	71
131	–	–	–	701
48,531	299	7,475 (77.2%)	2,932	1,499

APPENDICES

G: Location of Construction Skills Offices and National Construction College Centres

Head Office

Bircham Newton
King's Lynn
Norfolk PE31 6RH
Tel: 01485 577577
email: information.centre@cskills.org

Scottish Office

4 Edison Street
Hillington
Glasgow G52 4XN
Tel: 0141 810 3044
Fax: 0141 810 5632
(N.B. This office will be moving in Spring 2008)

HUB OFFICES – ENGLAND

Morley

(North East, North West, Yorkshire and Humber)
Milton House
Queen Street
Morley
Leeds LS27 9EL
Tel: 0844 844 0046
email: northeast.office@cskills.org
email: northwest.office@cskills.org
email: yorkshire.humber@cskills.org

Loughborough

(East Midlands, West Midlands and East)
Belton Road Industrial Estate
20 Prince William Road
Loughborough
Leicestershire LE11 5TB
Tel: 0844 844 0046
email: midlands.office@cskills.org
email: east.office@cskills.org

SATELLITE OFFICES – ENGLAND

North East

2nd Floor, Tower House
St Catherine's Court, Sunderland Enterprise Park
Sunderland
Tyne and Wear SR5 3XJ

South West

7 Kew Court, Pynes Hill
Rydon Lane, Exeter
Devon EX2 5AZ

Greater London and East

Zenith Court, 4 Bishops Square
Hatfield
Hertfordshire AL10 9NE

London Office

Carthusian Court
12 Carthusian Street
London EC1M 6EZ
Tel: 0207 600 7700
Fax: 0207 367 9800

Welsh Office

Units 4 & 5, Bridgend Business Centre
David Street, Bridgend Industrial Estate
Bridgend CF31 3SH
Tel: 01656 655226
email: wales.office@cskills.org

Eastleigh

(South East, South West and Greater London)
Eastleigh House
1st Floor, Upper Market Street
Eastleigh
Hants SO50 9FD
Tel: 0844 844 0046
email: southeast.office@cskills.org
email: southwest.office@cskills.org
email: london.office@cskills.org

National Specialist and Education Departments

Charnwood Wing, Holywell Park
Ashby Road
Loughborough
Leicester LE11 3GJ
Tel: 01509 282857

North West

8 Waterside Court, St Helens Technology Campus
Pocket Nook Street
St Helens
Merseyside WA9 1UA

West Midlands

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

FIELD AREA OFFICES – SCOTLAND

Scotland (North)

Marr House
Beechwood Park
Inverness IV2 3JJ
Tel: 01463 222893
email: scotland.north@cskills.org

Scotland (West)

4 Edison Street
Hillington
Glasgow G52 4XN
Tel: 0141 810 3044
email: scotland.west@cskills.org
(N.B. This office will be moving in Spring 2008)

Scotland (East)

Pritchard House, Gray's Mill,
32 Inglis Green Road
Edinburgh EH14 2ER
Tel: 0131 443 8893
email: scotland.east@cskills.org

NATIONAL CONSTRUCTION COLLEGE

National Construction College East

Bircham Newton
King's Lynn
Norfolk PE31 6RH
Tel: 01485 577577
Fax: 01485 577997

National Construction College South

Manor Road
Erith
Kent DA8 2AD
Tel: 01322 349638
Fax: 01322 332358

National Construction College Midlands

83 Lifford Lane, King's Norton
Birmingham B30 3JH
Tel: 0121 459 8000
Fax: 0121 459 8330

National Construction College Scotland

2 Edison Street, Hillington
Glasgow G52 4XN
Tel: 0141 882 6455
Fax: 0141 810 3197

National Construction College Central

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

Health, Safety and Supervisory

Bircham Newton
King's Lynn
Norfolk PE31 6RH
Tel: 0844 844 0466

Executive Management Programmes

Bircham Newton
King's Lynn
Norfolk PE31 6RH
Tel: 0844 844 0466

College Office (Apprentice Contact)

Bircham Newton
King's Lynn
Norfolk PE31 6RH
Tel: 01485 577464

All NCC Course Enquiries

Tel: 0844 844 0466

OTHER

CITB-ConstructionSkills' Bankers

Barclays Bank plc
17 Market Place
Fakenham
Norfolk NR21 9BE

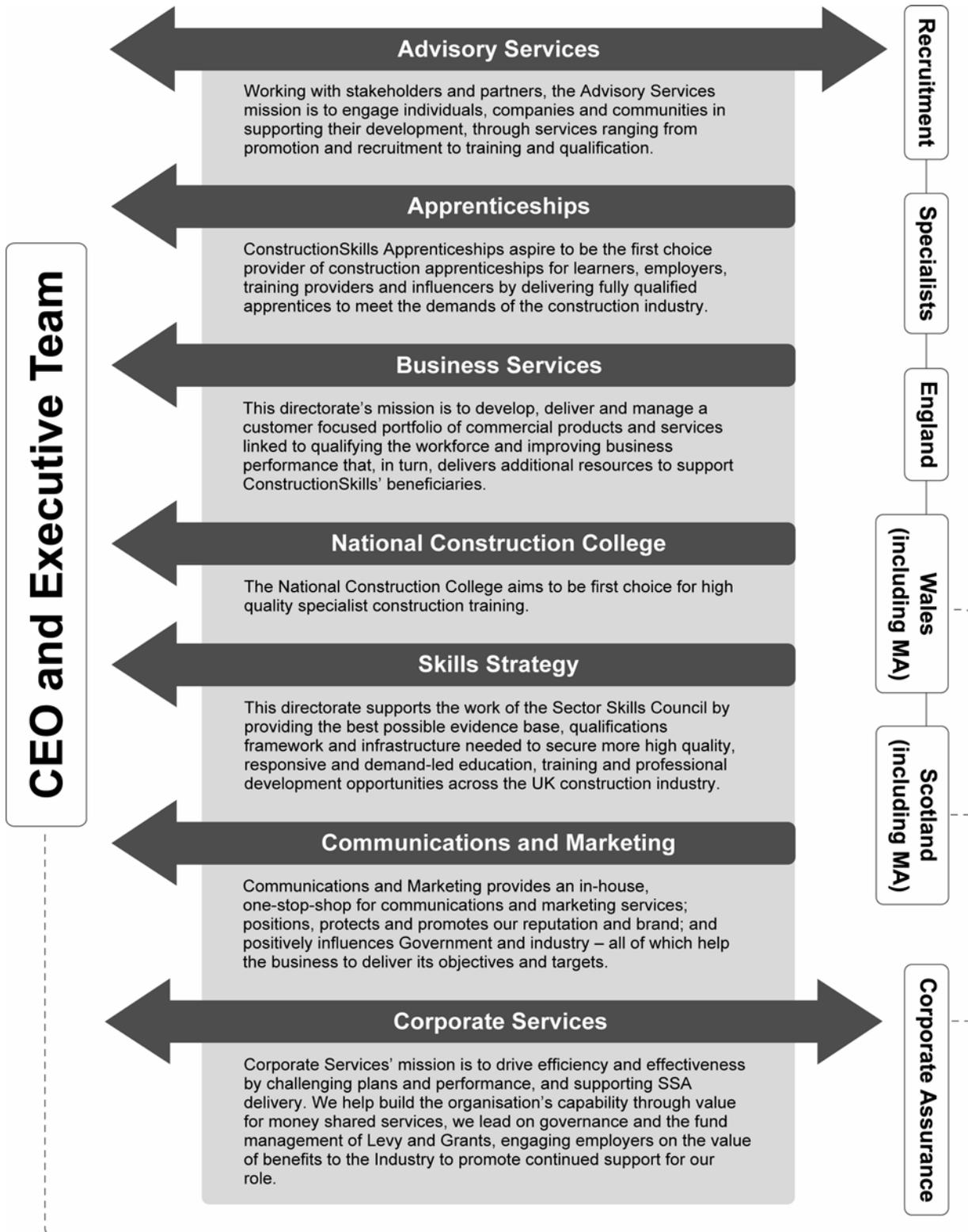
CITB-ConstructionSkills' Auditors

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

CITB-ConstructionSkills' Investment Advisers

Singer & Friedlander Investment Management Ltd
21 New Street
Bishopsgate
London EC2M 4HR

H: Organisational Structure Diagram





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Skills for Business is an employer-led network consisting of 25 Sector Skills Councils and the Sector Skills Development Agency. Through its unrivalled labour market intelligence and insights from employers in all sectors of the UK economy, the network identifies change needed in policy and practice relating to education and skills development. With the influence granted by licences from the governments of England, Scotland, Wales and Northern Ireland, and with private and public funding, this independent network engages with the education and training supply-side, such as universities, colleges, funders and qualifications bodies, to increase productivity at all levels in the workforce

