

ANNUAL REPORT AND ACCOUNTS 2008





Engineering Construction Industry Training Board

Report of the Trustees and Accounts for the Year Ended 31 December 2008

To the Secretary of State for Business, Innovation and Skills

Laid before Parliament by the Secretary of State for Business, Innovation and Skills pursuant to section 8(4) of the Industrial Training Act 1982, and in respect of the accounts, on behalf of the Comptroller and Auditor General pursuant to section 12 of the Government Resources and Accounts Act 2000 (Audit of Public Bodies) Order 2003

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CHAIRMAN'S STATEMENT



I am very pleased to report that the ECITB's output performance rose again and delivered skills training to almost 13,000 people in 2008 against a target of 7,000.

- New apprentice starts reached a new high of 750, bringing the total number of people in our apprenticeship programmes to almost 2,000.
- 2,000 more people benefited from our work based re-skilling and up-skilling programmes that lead towards N/SVQ 3.
- 6,000 more people were supported in our short course and professional programmes that cover technical engineering skills, project management, project control and leadership. Our well established, industry wide safety passport programme was delivered to over 50,000 people.

Overall, an excellent result has been achieved by the employers working with the ECITB in the regions and nationally to attract, develop and qualify the industry's workforce.

However, more is needed even though the general economic downturn is impacting engineering construction. In the latter half of 2008 as work demand slowed, demand for our training increased as employers took the opportunity to train people and help retention.

There were some signs from employers of increasing reluctance to take on apprentices because of the long term commitments necessary. Unfortunately some companies ceased trading, but we were successful in transferring all of their apprentices to other companies. We will continue to monitor trends and adjust the balance and level of support across our programmes accordingly.

At the end of the year, we revalidated the manpower forecasts with employers and the Board. The balanced view then was that work would slow in 2009, but that our predictions for the work levels in 2014 remain valid.

This means that the longer term challenge for the industry remains to Attract, Develop and Qualify around 44,500 people from across the skills range (apprentice, graduate and personnel from other industries or economies). Therefore, this remains our overall mission.

I am indebted to all of my colleagues on the Board for their support in increasing output again and for their influence in the industry. The Chairs of the Regional Forums have invested considerable effort to help us and I am grateful for their personal and their companies' commitment.

Nationally, we will develop further our relationships with the Sector Skills Councils that rely on engineering construction

to both assist them and ensure we are working to common, portable standards and qualifications.

We have made good progress in accessing governmental support for training of apprentices and adult skill enhancement. We were awarded a Train to Gain Compact within England which added to successful initiatives in Scotland and Wales.

Together these increase the leverage of the training levy and create annual investment of around £15-18 million, virtually matching the training levy raised each year.

We have continued to extend the range of approved programmes and have engaged more training providers across the regions to deliver them.

Our innovative "Construct your life, Engineer your future" road-show to schools was again a major success, delivered to over 35,000 young people across the regions learning about graduate, technician and craft career opportunities in engineering construction.

The suite of technical and management programmes has expanded to meet demand from employers and new in 2007 were innovative interactive one day training events aimed at developing the skills of graduate engineers. A total of 70 options are available including an MSc in Project Management.

Our network of over 220 accredited providers and approved centres continues to grow and will further increase capacity and accessibility of quality assured training in the regions.

ECITB staff have again performed well. They have continued to show dedication and enthusiasm in delivering our exciting vision for the future of skills and training for engineering construction. My thanks to them for a tremendous year.

As in 2007, I am very pleased with the progress in 2008, particularly the response from employers.

We kept our promise to keep accelerating and we commit to this again this year.

T M Lazenby MBE FREng
Chairman



I am delighted with the ECITB's continued positive progress with increases in training being achieved across all programmes and new services introduced in response to employer demand.

In the second half of the year, short course training demand increased significantly as employers responded to the economic conditions by training to both help retain staff and raise skills.

As indicated in the Chairman's statement, there were a few redundancies, including some apprentices. Fortunately, we were able to place the apprentices with other employers and keep them in training.

Overall, a total of 750 engineering construction apprenticeships were started in 2008 bringing the total in training to almost 2,000. This is a major achievement and much is owed to our employers in supporting the changes necessary to build apprentice volumes.

I am particularly pleased with the response of employers to the new programmes, apprenticeships, short courses, professional development and work based learning, for the engineering, design and procurement (off-site) employers and skills. We expect these to be increasingly utilised going forward.

Our network of accredited training providers continued to grow with the very clear aim of increasing the availability of assured providers and courses in every region.

I am grateful for the efforts and response of all of my colleagues, the support and guidance from the Board, and officials and Ministers in the Department for Innovation, Universities and Skills (DIUS).

Management & Professional

This area was again in high demand and new programmes were introduced to meet employers' needs to support engineers to reach Chartered status. Project management and supervisory development remain very important elements. New programmes are being developed to meet demand from off-site employers, including "Routes to Chartered Engineer" for BEng graduates, expanded CAD/CAE programmes and a renewed suite of project management options.

A total of 3,350 people were supported across the range including the highest number of people in project management training.

Overall 17% of the budget was invested in these areas, including support for 1-day programmes in interpersonal skills, master classes in project delivery, supervisory programmes and MSc's in Project Management.

Apprenticeships

Apprenticeship delivery overall accounts for approximately 45% of total expenditure and is understandably a major priority for building the craft and technician workforce needed for the future.

750 starts is a very positive increase from 2007 (611) and 2006 (270) although there are concerns of a reduced ability of employers to sustain these levels in the current economic conditions.

Our innovative "Construct your life, Engineer your future" campaign in schools was delivered in 160 schools to over 35,000 pupils and, with other careers promotional activity, led to over 5,000 apprenticeship applications being received.

Skills & Technical

We have achieved substantial growth in this area, with over 6,000 learners being supported, including flexible grants being awarded through the Regional Discretionary Development funds.

Overall, these programmes account for around 19% of expenditure and include work-based learning programmes and short course delivery to existing workers, mainly in technical and craft up-skilling.

The most significant growth has been on-line learning programmes which were created for and used by the upstream oil and gas employers. In 2009 the reach of these will be extended to other employers.

Assuring Competence

This area of activity continues to be very important awarding people the industry's preferred qualifications so that individuals and their employers can be confident in the effectiveness of training delivery and the skills achieved.

The range of qualifications remains under review as part of a national project to reform vocational qualifications. Employers have led workshops to define needs and progress is on track to meet industry's needs and have qualifications in place by the end of 2010.

We continue to support the Client Contractor National Safety Group (CCNSG) in delivering one of the country's leading safety passport schemes and the ACE initiative to assure the competence of existing workers in the sector to current VQ standards.

CHIEF EXECUTIVE'S REVIEW

Development and the future

Important research and development work is being undertaken, particularly working with Sector Skills Councils (SSCs), to ensure that engineering construction needs are defined and properly represented to Governments in England, Scotland and Wales.

In England, achieving a Train To Gain Compact has guaranteed the availability of funding for apprenticeships and made governmental funding available for other ECITB programmes.

Scottish Enterprise and the Welsh Assembly have also committed funding for a range of programmes, giving a total Government commitment of around £40m to £45m over the next three years to support the industry.



David Edwards
Chief Executive



THE INDUSTRY AND ECONOMIC ENVIRONMENT

The engineering construction industry plays an important part in the UK economy. It is a specialist sector that is world class in engineering design, project management, construction and maintenance of all types of processing equipment and facilities. The range of disciplines and skill levels involved is wide, from highly experienced project and programme managers responsible for capital expenditure in hundreds of millions of pounds, to skilled craft and technician personnel responsible for the safe construction and installation of individual pieces of equipment.

At its heart are oil and gas production, power generation, refining, water treatment and chemical production. It also includes pharmaceutical production, nuclear material processing, cement, brick and metal production, waste processing, glass and bottle production and food and drink production.

The increase in work experienced in the last few years continued during 2008. Significant investments were made in new Liquid Natural Gas Terminals in Kent and Pembrokeshire and new power stations were built in Aberthaw and Plymouth. However, the majority of the work continued to be in repair and maintenance. Chemical plants in the North East and North West, Longannet power station, the Sellafield nuclear re-processing site and the Sizewell nuclear power station were amongst major repair and maintenance projects undertaken during the year.

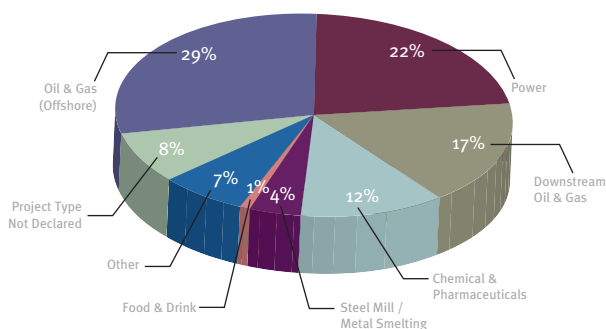
This continued growth in work was reflected in the manpower figures for 2008 and both off-site and site employment increased by 4%.

However, the financial crisis which engulfed the world in the autumn did start to have an effect on industry employment very late in the year and job losses were experienced. In addition, a number of projects scheduled for 2009 have been postponed, and the forecast for the first half of 2009 suggests a further downturn in employment.

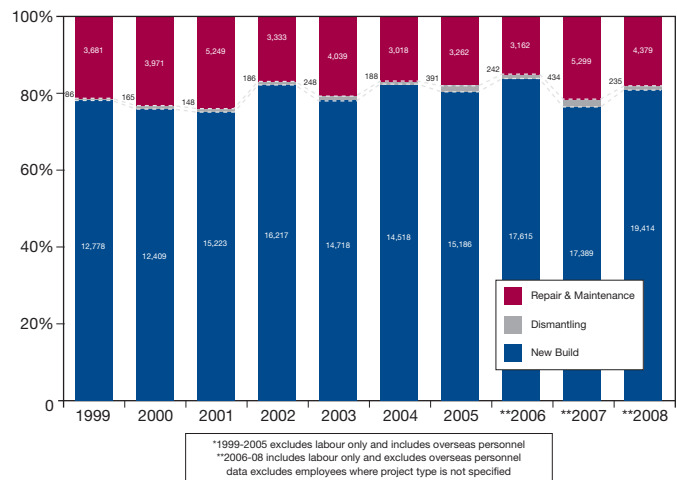
Despite this short term reverse, the medium and long term prospects are still very positive and the forecast is that 31,000 people still need to be recruited by 2014 to meet the demand. In addition, it is anticipated that 14,000 individuals from the existing workforce will need to be trained and moved into new roles. In light of this some companies have decided not to lay people off during this short term decline in work, but take the opportunity to develop their staff for the future challenges. Laying people off now carries the distinct risk of not being able to recruit them again in the future.

Skills shortages are still being reported. In the 2008 Customer Survey, carried out in September, 65% of companies stated that they were experiencing skills shortages or gaps, the most significant being with welders, pipefitters and qualified engineers. The shortage of some specialist welders was so critical that High Integrity Pipe Welders were added to the skills shortage list by the Home Office as being eligible for Work Permits.

2008 ESTIMATED EMPLOYEES ON SITE BY PROJECT CATEGORY IN GREAT BRITAIN



TEN YEAR* ESTIMATED ON SITE EMPLOYMENT TREND: DISMANTLING, NEW BUILD AND REPAIR AND MAINTENANCE AS AT SPOT DATE



ACTIVITIES AND MISSION

The ECITB's charitable activities

The ECITB's charitable activities are in four main areas that are set out below. Together these form an integrated approach that enables the ECITB to assist individuals and employers to develop their skills and capabilities.

Pathways to enter the industry are provided for school leavers, the unemployed and graduates. Ongoing support is then available to assist re-skilling, skill enhancement and professional development.

At every step achievement of skills is marked by the award of qualifications that are recognised and portable.

The recruitment and development of new entrants to the industry

This activity is geared towards encouraging people to seek, and helping them gain, access to worthwhile careers in engineering construction. The main activity in attracting young and new people revolves around the ECITB's apprenticeship programmes. This involves the recruitment of people to apprenticeship programmes with industry employers and accredited training providers.

Evidence shows that young people in particular are showing much more interest in apprenticeships generally than before. The ECITB's aim is to ensure that school students are made aware of the opportunities in the industry. To achieve this and to ensure sufficient quality applicants for apprenticeships, the ECITB supports a programme of careers events and marketing to schools and colleges, which is carried out annually.

Up-skilling the existing workforce

The ECITB's principal activity in this area is the provision of a range of flexible training programmes, designed to develop or "up-skill" existing industry workers from a wide spectrum, but normally with some existing technical competence.

The provision of Technical, Supervisory and Management Programmes

The ECITB offers a comprehensive range of training programmes and courses within technical, supervisory and managerial disciplines, which are principally designed to up-skill professional engineers and the like within the industry.

The Competence Assurance of industry workers

The ECITB's principal activities in the area of Competence Assurance are:-

- Awarding Body - assessing, verifying and awarding National and Scottish Vocational Qualifications
- Accrediting and quality assuring Training Providers
- Assuring Competence in Engineering Construction (ACE)
- Client Contractor National Safety Group (CCNSG) Safety Passport Scheme
- Engineering Construction Industry (ECI) Skills Database Scheme (new registrations ceased to be taken in 2008)
- Development of products and services, including National Occupational Standards, that contribute to the competence of individuals.



ACTIVITIES AND MISSION

New titles for the charitable activities

It should be noted that from January 2009 the names under which the ECITB's charitable activities are undertaken will change, as follows:-

CURRENT NAME OF CHARITABLE ACTIVITY	NEW TITLE
Recruitment and development of new industry entrants	Apprenticeships & Careers
Up-skilling the existing workforce	Skills & Technical Programmes
Technical, Supervisory and Management Programmes	Management & Professional Programmes
Competence Assurance	Awards & Qualifications

These changes do not affect the nature of the ECITB's purposes or activities. However, they will more closely reflect the manner in which the ECITB presents and delivers its services to the engineering construction industry.

The ECITB's Mission

The ECITB's Mission can be stated very simply as to help employers ensure their skills and competence needs are met.

The ECITB's focus is to support the core technical and engineering skills necessary for the industry to prosper. The strategy is to put in place programmes to **Attract** people to the industry, **Develop** them through a network of accredited training providers and **Qualify** them to industry standards (assure competence).

In order to do this the ECITB works in close partnership with employers in the sector and provides significant skills development support to them financially, giving expert advice and brokering access to training and assessment services.

The ECITB has continued its policies in respect of its own staff and trainees. The policies relate to equal opportunities and the provision of full information through consultations with elected staff representatives and other means.

OBJECTIVES, ACHIEVEMENTS AND CHALLENGES IN 2008

The engineering construction industry was very buoyant in the first part of 2008. Work was plentiful and in some respects training of staff suffered.

From August 2008, the economic downturn affected the industry and there was a definite change in the attitude amongst employers caused by some companies going into liquidation, projects being deferred and cash flow.

However, the amount of training that took place in the final third of 2008 outstripped all expectations. It would appear that a number of companies took the opportunity of the downturn to train their staff.

The ECITB made a step change in the level of training it supported in terms of numbers and quality in 2007.

In 2008, the ECITB maintained, and in a number of notable instances increased, the levels of training delivered across the board.

PROGRAMME	PLANNED	ACHIEVED
Apprenticeships	600	750
TECSkills (re-skilling and up-skilling)	650	967
Technical, Supervisory and Management	2,600	3,788
ACE Registrations	2,000	1,100
Regional Discretionary Grants	800	6,262
TOTAL	6,650	12,867

The ECITB supported approximately 12,800 learners in 2008 across all programmes. In addition over 50,000 ECITB Safety Passports were issued.

2008 was the most successful year for the ECITB in terms of quality and quantity of training delivered. It included:-

New entrants to the industry

- The recruitment of 750 apprentices onto approved ECITB apprenticeship programmes.
- 175 industry employers employing apprentices to pursue approved ECITB apprenticeship programmes.
- A total of 1,740 apprentices at various stages of ECITB approved apprenticeship programmes.

In most areas there were significant increases in the numbers of apprentices recruited. This was so particularly in the Yorkshire & Humberside and Offshore regions, and in the Off-site sector. However, the biggest disappointment in this area of activity was in the number of apprentices recruited for employers associated with the nuclear industry working in the Sellafield area.

The two new 14-19 Diplomas in Construction and Built Environment, and Engineering were launched in schools in September and the ECITB played a crucial role in ensuring that the needs of the engineering construction industry were met with regard to content and delivery.

The ECITB was involved in far more careers development activities in 2008 than in 2007. In each region the ECITB worked with local schools and colleges to emphasise the opportunities and range of training available in the industry using the "Construct your Life, Engineer your future" roadshow to provide an insight into the engineering construction industry. In total over 35,000 pupils attended these events from approximately 160 schools across England, Scotland and Wales.

Up-skilling the existing workforce

In 2008, the number of learners following modular up-skilling programmes increased by over 50% with 967 (650 target) new learners registered on a work based learning programme.

400 learners were working towards N/SVQ qualifications, and 100 learners were up-skilling towards individual unit qualifications. In addition, a further 440 learners were engaged in individual modules. This flexible use of the programme has proved very successful with employers as they strive to meet clients' requirements.

In 2008 6,262 learners benefited from Regional Discretionary Grants for approved training programmes compared to a target of 800. The most notable successes were in the following regions:-

- The Offshore region – 3,000 learners.
- The North West region – approximately 1,500 learners.
- The North East region – approximately 500 learners.

OBJECTIVES, ACHIEVEMENTS AND CHALLENGES IN 2008



Up-skilling the existing workforce cont'd

The Offshore region used its regional fund to develop new programmes specifically designed to meet the requirements of the offshore industry. It included the introduction of a Project Control apprenticeship scheme, and the offering of varied programmes such as electrical training for hazardous environments, rigger training and process specific training.

The North West supported an initiative at Sellafield to improve the safety awareness of all contractor site staff. In addition many smaller employers in the region received support training to meet their specific requirements.

Technical, Supervisory and Management programmes

The programmes in this area are principally designed for and used by supervisors and managers within the engineering construction industry and 3,788 learners took ECITB Technical, Supervisory and Management Programmes during the year, compared to a target of 3,600.

Interestingly, uptake of these programmes was below expectations in the first half of 2008 and then increased in the summer. The most heavily subscribed training programme is SMTD (Supervisory Management Training and Development). It is widely recognised as setting the industry standard and is used by some employers as an entry qualification for management positions. The completion of the SMTD programme leads towards industry recognised competency cards known as the Engineering Construction Industry Approved Supervisor (ECIAS) Silver and Gold cards. In 2008, approximately 2,500 supervisors undertook SMTD training.

Competence Assurance

The Assuring Competence in Engineering Construction initiative (ACE) continued at a steady pace throughout 2008, despite changes to the funding arrangements.

In total, 1,844 individuals registered for a qualification included in ACE, which then leads to the issue of an ACE Card. 1,100 of these received some form of financial support from the LSC, Scottish Enterprise, Highlands and Islands Enterprise or DCELLS. Over 1,400 individuals completed their qualification during 2008.

This now means that in the 5 years the initiative has been running, almost 6,000 existing craft and technician personnel have obtained a National or Scottish Vocational Qualification which validates and recognises their competence.

2008 was a very busy year in all activities associated with Competence Assurance, but particularly in the area of qualifications. Throughout the year the Government's Sector Qualifications Reform Programme began to take shape and the implications for the engineering construction industry and the ECITB became clearer. Once Ministers had approved the introduction of the new Qualifications and Credit Framework (QCF) and had formed the new Office of the Qualifications Regulator (OfQual), it became obvious that the project was going to be a priority activity throughout 2008 and into 2009 and 2010.

As part of the Sector Qualifications Reform Programme extensive labour market research was carried out and three reports were produced; Skills Demand, Skills Supply and Skills Gaps. These reports then informed the development of a Qualifications Strategy and Action Plan. This Strategy and Plan were also developed with significant input from industry, through a number of workshops and consultations. The Strategy and Plan were approved by industry and accepted by the UK Commission for Employment and Skills. They will direct ECITB activity in the area of qualification development and maintenance during the next 3-5 years.

All existing National and Scottish Vocational Qualifications were given a two year extension to their accreditation (to 31st December 2010) to enable them to be converted and then migrated to the new Qualifications and Credit Framework.

New Standard Operating Procedures were developed and implemented for the CCNSG Safety Passport Scheme designed to streamline processes. During the year, new course delivery licensing arrangements were implemented for training providers. New 2-day national and 1-day renewal safety courses were introduced.

All of the TECSkills training resource material was finalised and the SMTD programme received further revisions including further development of the on-line learning capability. New Project Control Courses were developed and piloted, including a specific programme for the Offshore sector. Routes to take individuals from BEng to MEng were developed and piloted. This work will continue into 2009, as will work on new Project Management programmes. This follows the successful development of a new Project Management Competency Framework.

The 2008 Market Report was produced and published and the 2008 Customer Satisfaction Survey was successfully completed. Further collaborative work with Cogent and EU Skills (Sector Skills Councils) was undertaken and formalised under the banner 'Energy Alliance'. This work focused on Labour Market Information, Occupational Standards and the identification of other strategic activities that may be undertaken collectively.

PLANS FOR THE FUTURE

The ECITB is totally focused on helping employers to attract, develop and qualify the people needed to meet work demand and create a sustainable, competitive workforce. This is being achieved through grant supported training programmes and the award of qualifications for assuring competence, delivered by a regional network of over 100 accredited training providers.

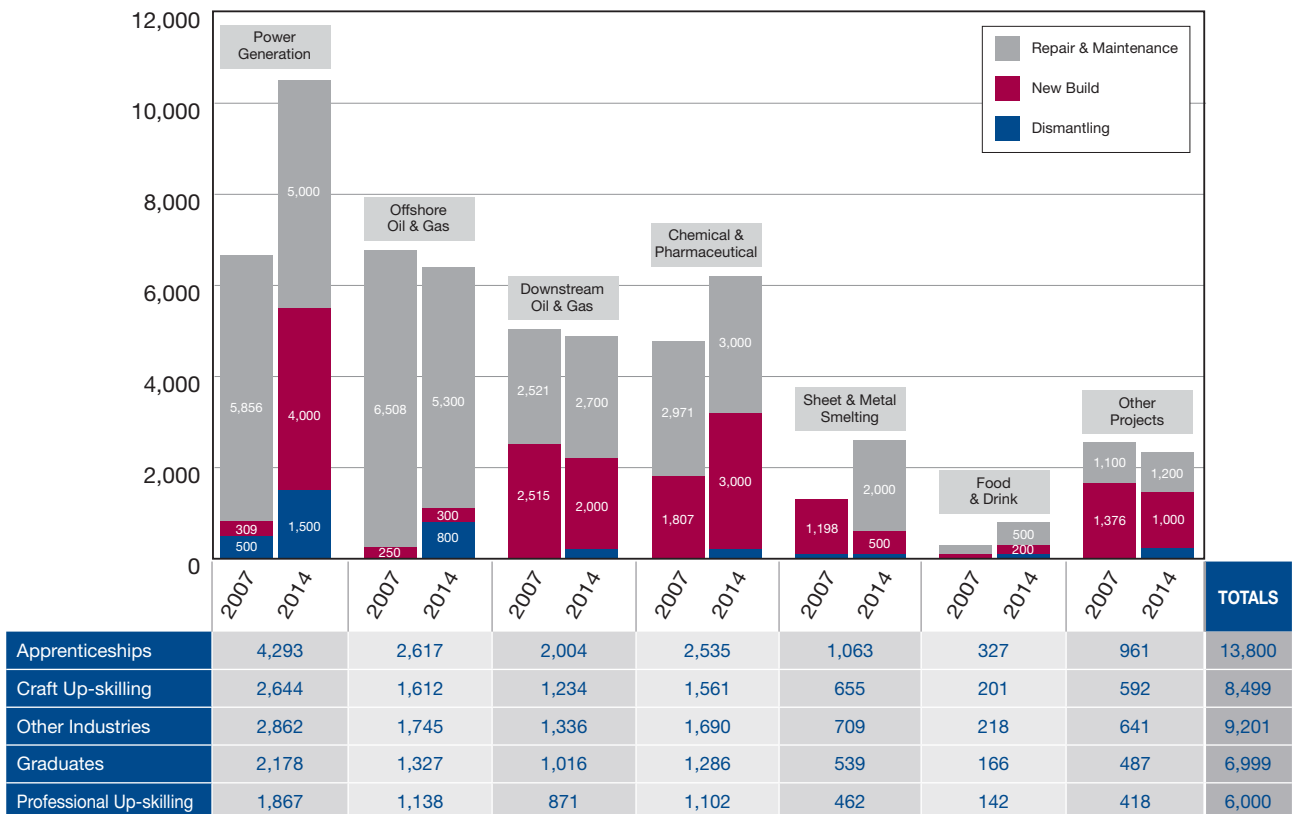
The regional model of stimulating employer demand and identifying needs has been a great success and forms the backbone of our approach going forward as well as establishing employer-led working parties to define new programmes.

Consultation across the industry has generated the clearest picture possible as to the current and future skills needs. In simple terms ~44,500 people need to be recruited and trained at an annual rate of 6,325 to fulfil demand. At current rates the industry is keeping pace with retirees, but is not increasing to meet demand growth, more is needed.

Across the whole industry – off-site design, engineering and project management and on-site construction, repair and site management – 31,000 new people need to be attracted and trained and 14,500 existing personnel need substantial up-skilling between now and 2014 in order to meet the skills volume and capability needs.

The chart and tables below show manpower forecasts and the new entrant and up-skilling requirements by 2014 by major sector. Power generation shows the greatest demand as the power station fleet needs replacing with new coal and nuclear stations.

COMPARISON OF 2007 ACTUAL AND PROJECTED 2014 SITE ACTIVITY BY SECTOR AND ANALYSIS OF NEW ENTRANT TRAINING REQUIREMENTS



13,800 people will need to enter the industry via an apprenticeship and 7,000 will be graduate entrants. 9,200 will need to be sourced from other industries or sectors that have similar skills patterns.

The ECITB's plan to deliver training programmes and grants without changing the levy rates will support the development of 40% of the need. Employers are investing to meet a further 20% currently and so the challenge is to influence the industry as a whole, including clients and Government, to support further growth and investment to bridge the remaining 40% of the need.



PLANS FOR THE FUTURE

Off-site Skill Category	2007 Population	Average annual need	Total need to 2014	2014 Population
Senior Management & Project Management	4,278	471	3,294	5,177
Engineering Design & Project Engineering	14,667	1,613	11,293	21,181
Administration & non technical support	8,556	941	6,588	11,747
Total off-site workforce	27,501	3,025	21,175	38,105

On-site Skill Category	2007 Population	Average annual need	Total need to 2014	2014 Population
Professional Engineering and Technical	4,800	528	3,864	6,592
Management & Supervisory	2,400	264	1,846	3,296
Skilled Craft & Technician	18,000	1,980	13,843	24,720
Semi-skilled & technical support	4,800	528	3,691	6,592
Total on-site workforce	30,000	3,300	23,244	41,200

Over the next five years the challenge is to expand delivery in every region by working closely with employers to increase the volume of people entering the industry from schools, colleges and universities and ensuring that the necessary training pathways are in place and supported.

A very important project is underway to develop a sector qualification strategy for Engineering Construction. This is part of a national drive in all sectors to prepare a new qualifications framework that will define the programmes for which the Government will provide financial support.

Consultation has confirmed very strongly that the ECITB's qualifications are fit for purpose and need to be retained and augmented with new qualifications that recognise entry-level craft skills at VQ2 with progression options to level 3 and beyond. Over the next 2 years, the project will create the new qualifications, translate the existing qualifications into the new framework and brief employers and providers on how to deal with the new systems that will operate from 2011.

ECITB is continuing to work together with the industry and its associations, improving communication and alignment on skills priorities.

In terms of specific programmes, the ECITB will:-

- Increase the number of apprenticeship frameworks that it supports to meet employer demand.
- Develop additional training programmes within the Skills & Technical area, based upon the TECSkills material to support specific company initiatives.

- Implement similar delivery models for Management & Professional programmes to those used in the Apprenticeships and Skills & Technical programmes. This will bring about administrative simplification.
- Implement a new careers strategy aimed at providing information to a wider range of age-groups than before. This will include initiatives involving leavers from the armed forces, the unemployed and ex-offenders.

In all areas, the ECITB will seek to generate income from external sources thereby providing additional funding to support the services to the engineering construction industry.

The main objectives in each area of charitable activity in 2009 are as follows:-

Apprenticeships & Careers

(formerly known as recruitment and development of new entrants to the industry)

- ECITB plans to recruit 720 apprentices on approved ECITB apprenticeship programmes.

Skills & Technical Programmes

(formerly known as up-skilling of existing workforce)

- ECITB plans to register 880 new learners on its skills development (TECSkills) programmes.
- The ECITB plans to pay Regional Discretionary Grants to employers which will enable 2,560 learners to follow training programmes.

PLANS FOR THE FUTURE

Management & Professional Programmes

(formerly known as Technical, Supervisory and Management Programmes)

- ECITB plans to enrol 3,700 learners on its professional programmes.
- A new system of delivering supervisory training courses will be introduced from April 2009 under which a wider range of approved training providers will be able to offer courses on a more flexible and regional basis. This will also increase the training capacity available to industry thereby ensuring that a wider audience is able to have access to the programme.

Awards & Qualifications

Work in 2009 will be dominated by the Sector Qualifications Reform Programme. Apart from the need to reconstruct all the existing ECITB qualifications for migration into the new Qualifications and Credit Framework, the Qualifications Strategy and Action Plan will also direct a number of other activities:-

- Consideration of new qualifications at lower levels, and for occupations not yet covered, such as Tray Fitters and Estimators.
- A review of the ECITB's health and safety qualifications.
- Development of career progression routes.
- A review of the assessment methods used by the ECITB Awarding Body.
- Development of a new Occupational and Functional Map for the industry.
- Review of National Occupational Standards for Project Management.
- Influence academic institutions to form a better understanding of industry needs and deliver appropriate solutions.
- Review qualifications for the offshore sector and develop any new qualifications that may be required.

The Training Provider Accreditation and Monitoring programme will be brought fully in-house and strengthened. Amendments will be made to the framework for both accrediting providers and monitoring their performance. A new function will be established to take this forward. In association with this, an evaluation process to measure the effectiveness of ECITB programmes will be developed and introduced.

The conversion routes from BEng to MEng, introduced in 2008, will continue to enable engineers to achieve Chartered status.

Further refinement will take place within the craft and technician (TECSkills) and supervisor programmes, including the simplification of processes and procedures. A number of new programmes will be developed for the off-site sector including Plant Layout and Design, and Estimating. The Project Management and Project Control programmes will receive significant attention with new programmes emerging that will meet the industry's changing needs. A new Foundation Degree in Supervisory Management will also be explored in conjunction with Teesside University. A new assessor and verifier training programme will also be completed and launched.

All ECITB National Occupational Standards will be reviewed and amended, as necessary.

Other targets for 2009 include:-

- 2,000 VQ registrations
- 2,000 VQ completions
- 50,000 Safety Passports
- 13 new Approved VQ Centres
- 1,300 ACE Cards

The Train to Gain Compact in England

The ECITB has also been successful in securing a Train to Gain Compact in England for the industry. This will secure governmental funding for training providers, which will enable them to deliver training and qualifications specifically for engineering construction industry learners. To qualify for the funding the ECITB's learner targets shown above must be achieved. Funding will be available for the following additional learners:-

- 500 new apprentices.
- 970 new learners enrolling on skills development programmes.
- 100 learners registering on the approved Management & Professional programmes.



ECITB's statutory basis and charitable status

The Engineering Construction Industry Training Board ("ECITB") is a statutory body governed by the Industrial Training Act 1982 (as amended) ("the Act"). The Industrial Training (Engineering Construction Board) Order 1991 (Statutory Instrument 1991 No. 1305) defines the activities of the engineering construction industry in Schedule 1 thereto. Full details on the powers and responsibilities of the ECITB, as well as the restrictions placed on it, can be found in the Act. The ECITB is a Non-Departmental Public Body (NDPB), and its Government sponsor body is the Department for Innovation, Universities and Skills (DIUS). The Secretary of State for Innovation, Universities and Skills appoints Board members.

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

The ECITB is also a registered charity in England and Wales and undertakes charitable activities in Scotland. Information has been lodged with the Office of the Scottish Charities Regulator (OSCR) in accordance with the Charities and Investment (Scotland) Act 2005.

The charitable activities of the ECITB are partly funded by the statutory levy established by the Act and confirmed by the annual Levy Order passed by both Houses of Parliament. The levy applies to all in-scope establishments to ensure greater equity across employers in the industry in the provision of training. The most recent levy order is the Industrial Training Levy (Engineering Construction Board) Order 2009 (2009 No. 549), which was enacted on 3rd March 2009 and came into force on 4th March 2009.

How decisions are made

Board and Committees

The Board of Trustees

The Board of Trustees (the Main Board) is responsible for ensuring that the ECITB performs within its remit and all applicable legislation. It is also responsible for setting the strategy and overseeing the exercise of these powers. The Board members are also the trustees of the ECITB as a registered charity. As such they will need to take account of any guidance issued by The Charity Commission from time to time.

The following are the main issues that require the support and/or action of the Secretaries of State (England, Scotland and Wales). These all require endorsement and recommendation from the Main Board.

- Recommending to Parliament the raising of a levy.
- Laying the Annual Report and Accounts before Parliament.
- Endorsement of the Strategic Plan.
- Approval of grant schemes.
- Approval of information to be collected from employers.
- The delegation of functions to a Committee and approval of any allowances to Committee members for loss of remunerative time.

In addition to approving recommendations to the Secretaries of State as set out above, the Main Board has the following responsibilities:-

- Appointing the Management Board, agreeing Codes of Practice and recommending any remuneration for the non-executive members.
- Recommending the Terms of Reference of and powers delegated to the Management Board and to other Committees.
- Setting and endorsing the Strategic Plan and agreeing the annual Business Plan and Budget, together with appropriate performance measures to be used to monitor progress.
- Receiving reports from the Management Board on progress against the Business Plan.
- Approving the Annual Report and Accounts.
- Setting the Risk Management strategy and reviewing its operation.
- Appointing the Audit Committee Chair and Members, and the Internal Auditors.
- Considering the annual report from the Audit Committee supported by reports from the external and internal auditors.
- Appointing the Qualifications Committee Chair and Members.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Management Board

The Main Board has delegated powers to the Management Board which are set out in sections 5, 10 and 14(5) of The Industrial Training Act 1982. The Management Board's responsibilities are to:-

- Direct the operations of the ECITB.
- Ensure that the ECITB operates within the approved budget with power to agree virement between heads of expenditure.
- Propose to the Board the rates of levy to be raised.
- Monitor performance using agreed key performance indicators.
- Act as the Remuneration Committee of the ECITB, setting overall policies and levels and approving the remuneration of the Directors.
- Agree the products and services to be offered to meet the needs of the industry and any charging policies (as defined in Section 5 of The Industrial Training Act 1982 and the appeal function defined in Section 14(5) of the Act).
- Appoint Investment Managers and monitor their performance within the guidelines set by the Secretaries of State and The Charity Commission.
- Report to the Board at agreed intervals on performance.
- Propose to the Board the annual Budget and Business Plan.
- Appoint bankers and agree appropriate mandates.
- Agree the powers delegated to staff.

The Main Board has delegated responsibility to the Management Board to form the Remuneration Committee.

The Audit Committee

The Main Board, taking account of any Treasury guidance and good practice in respect of Audit and Control, appoints members of the Audit Committee. Its Terms of Reference are to promote the highest standards of propriety in the operation of the ECITB by maintaining an overview of its financial and other systems to ensure their effectiveness and integrity of operation. The Committee will receive reports from the Board's internal and external auditors as appropriate.

The Main Board appoints members of the Committee. The aim is to have between 5 and 7 members of whom 2 or 3 are not members of the Main Board. The Chair is a Main Board member and is not the Chair of the ECITB. Representatives of internal and external auditors are invited to attend all meetings.

These representatives will have free and confidential access to the Chair of the Audit Committee if required at each meeting or during the year as appropriate. The Committee normally meets three times per year, although additional meetings may be arranged if necessary.

Of these, one meeting will be before the year-end to review plans for the external audit and one will be after the year-end to review the accounts and reports and consider the internal audit programme for the year. Minutes are taken of the meetings which record actions to be taken, by whom and when and, where necessary, reporting lines for progress.

The specific duties of the Committee are to:-

- Review the ECITB's Risk Management Policy and recommend it to the Board for approval. To review and monitor its implementation.
- Review the ECITB's financial statements and reports to ensure that they reflect best practice.
- Review the nature and scope of each forthcoming audit and to ensure that the external auditor has the fullest co-operation of staff.
- Consider all relevant reports by the appointed external auditors, including reports on the ECITB's accounts, achievement of value for money and the response to any management letters.
- Ensure that the internal auditors monitor the effectiveness of the ECITB's internal control system established to ensure that the aims, objectives and key performance targets of the ECITB are achieved in the most economic and effective manner.
- Ensure that the ECITB's internal audit service meets, or exceeds, the standards specified in the Government Internal Audit Manual and complies in all other respects with these guidelines and meets agreed levels of service.
- Consider and advise the Board on the ECITB's annual and long-term audit programme.
- Consider any internal audit reports, including value for money reports and the arrangements for their implementation.
- Review the operation of the ECITB's Code of Practice for Board Members and Code of Conduct for staff.
- Review the operation of the Board's procedures for ensuring the independence and integrity of its systems for awarding qualifications.
- Consider any other matters where requested to do so by the Board.
- Report at least once a year to the Board on the discharge of the above duties.

The Main Board has delegated responsibility to the Audit Committee to form and discharge the duties of the Qualifications Committee.



Regions

The ECITB has a regional service delivery structure. ECITB's delivery of training support and services is driven by the demands of industry on a regional basis. ECITB adopts a customer-focused approach, and delivers its services to match industry requirements in each region. The ECITB has organised its regional structure into nine "regions," which ensures that the varying requirements of the industry across the UK are represented in the formulation of policy and the delivery of services.

The ECITB "regions" either represent geographical areas where there are high levels of engineering construction activity, or specific and significant industry sectors, which have particular requirements. The regions are as follows:-

- Scotland
- North East England
- North West England
- Yorkshire & Humberside
- Wales & South West England
- The Midlands
- South East & East England
- The Offshore Industry
- The Off-site Industry

Each region has a Forum comprising industry employers. The Forum's normally meet three times a year, under the chairmanship of a Main Board member (the Regional Chair). Through this structure ECITB concentrates on identifying and meeting regional skills requirements, and is able to address particular recruitment and training needs. ECITB also works closely with other key regional stakeholders, such as industry clients, Regional Development Agencies, local government agencies, funding bodies, local authorities, training providers, trades unions and the workforce.

Under the ECITB's regional governance model, regions are empowered and operate as "business units" charged with supporting the achievement of the agreed strategic goals by the development and delivery of regional operating plans.

In broad terms, the Regional Chair leads the region on behalf of the Main Board, ensuring effective governance and the creation of a regional operating plan (targets and outcomes) and budget (financial resources). He/she will also provide support and guidance to the staff of the ECITB. In turn, the staff will be accountable for delivery of the agreed regional operating plan.

Each region, through its Regional Forum and Chair, has the authority and responsibility to devise its own objectives and plan within the overall ECITB strategic framework in terms of training outcomes on an annual basis. The regional plan will include training targets, the mix and methods required to meet its needs together with leveraged funding arrangements. Such targets and objectives may vary between regions. Furthermore, each regional plan will determine the training providers and partners engaged to deliver regional outcomes, subject to satisfying relevant procurement requirements.

An annual regional plan and budget is submitted to the Main Board (via the Management Board) for approval. Once approved, ECITB staff are responsible for the delivery of the regional plan within the agreed budget, and the operational manner in which this occurs.

Management and staff

The Main and Management Boards have delegated responsibility for the implementation of the ECITB's strategic plans, and the management of the organisation to the Chief Executive. The Chief Executive forms part of, and presides over, the organisation's executive management team (the Executive Team). This comprises the Chief Executive, the Board Secretary and Director of Finance, the Operations Director and the Development and Quality Director ("the Directors"). The ECITB's management and organisation structure has been divided into the following directorates:-

- Operations
- Finance and Administration (including Levy, Compliance, and Human Resources)
- Development and Quality (including Competence Assurance and Awarding Body)

Each director is responsible for ensuring that the activities of each directorate are managed to ensure that the achievement of the ECITB's strategic and regional objectives are conducted efficiently, to the highest quality standards, and in compliance with the law.

FINANCIAL REPORT

Accounting and Reporting Compliance

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

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

In preparing the accounts the ECITB is required to:

- observe the accounts direction issued by the Secretary of State for Innovation, Universities and Skills, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards have been followed and disclose and explain any material departures in the financial statements
- prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the body will continue in operation

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

The Accounting Officer for the Department for Innovation, Universities and Skills designated the Chief Executive of the ECITB as the Accounting Officer for the ECITB. His relevant responsibilities as Accounting Officer, including his responsibility for the propriety and regularity of the public finances for which he is answerable, and for the keeping of proper records, are set out in the Non Departmental Public Bodies' Accounting Officers' Memorandum, issued by the Treasury and published in Managing Public Money by The Stationery Office.

FINANCIAL REPORT

Results for the Year

A financial summary for the period 1st January 2008 to 31st December 2008 (with comparative information for 2007) is shown immediately below. This has been extracted from the audited financial statements which appear in full later in this report.

SUMMARY STATEMENT OF FINANCIAL ACTIVITIES	2008	2007
	£'000	£'000
Incoming Resources		
Levy	17,152	14,019
Non levy income	3,086	5,244
Total incoming resources	20,238	19,263
Expenditure		
Investment management costs	31	30
Charitable activities	16,443	19,755
Governance costs	107	104
Total outgoing resources before other gains and losses	16,581	19,889
Net incoming/(outgoing) resources before other gains and losses	3,657	(626)
Gain/(Loss) on revaluation of fixed assets	(222)	(71)
Gain/(Loss) on investment assets	610	103
Net Movement in Funds Surplus/(Deficit)	4,045	(594)
Reconciliation of Funds		
Total funds brought forward at 1 January	9,775	10,369
Total funds carried forward at 31 December	13,820	9,775
Balance Sheet		
Fixed Assets		
Tangible assets	1,245	1,450
Investments	9,573	9,813
	10,818	11,263
Current Assets		
Creditors	(4,481)	(3,789)
Net current assets (liabilities)	3,002	(1,488)
Total Assets less current liabilities	13,820	9,775
Fund		
Unrestricted Fund	13,820	9,775

FINANCIAL REPORT

Commentary on the Results

Statement of Financial Activities for year ended 31st December 2008

Incoming Resources

Levy income in 2008 amounted to £17.15m (2007 £14.02m). The levy income represents the gross levy assessed, and a provision for bad debts has been shown separately as a cost of charitable activities.

The growth in gross levy income between the years is approximately 22%. However, the gross levy includes a levy assessment (£1.34m) on a large establishment, which represents 8% of the levy income. An appeal against the assessment is ongoing at 31st December 2008 (see below). If this assessment and the other assessments under appeal (£132,000 in value) are ignored, the underlying growth in levy was 20% during the year. Wage and labour costs in the industry grew during the 2006/2007 base period. In addition, the number of declared on-site and off-site workers engaged in the industry grew by 6% and 12% respectively during the 2006/2007 period.

Another factor in the increased levy income in 2008 arises from the agreement reached with AMEC Group plc. over disputed levy assessments issued relating to the 2005/2006 and 2006/2007 base periods. The disputed income was not recorded in previous accounts due to the uncertainty of recovery. Following the resolution of the issues, levy amounting to £252,000 (2005/2006) and £202,030 (2006/2007) was paid and recorded in the 2008 accounts relating to the assessments under consideration.

Apart from the matter mentioned above, the levy assessed and collected in 2008 was calculated by reference to the payments made to industry workers during the base period 6th April 2006 to 5th April 2007. For this purpose payments comprise PAYE wages paid to employees and labour-only payments made in respect of non-employed workers. Levy rates remained unchanged in 2008 at 1.5% on payments made in respect of on-site workers, and 0.18% on payments made in respect of off-site personnel.

The levy exemption levels remained the same in 2008 as in 2007 for both categories of workers. Employers were exempt from paying on-site levy if payments made in respect of on-site workers were less than £275,000 during the 2006/2007 base period. Employers were exempt from paying off-site levy in 2008 if payments made in respect of off-site workers during the same period were less than £1.0m.

The ECITB received public funding in respect of its apprenticeship programmes from The Learning and Skills Council (LSC) and Scottish Enterprise, under the ECITB's managing agency contracts relating to apprentices.

The ECITB also received public funding for the Assuring Competence in Engineering (ACE) programme. Grant income and programme support income fell significantly in 2008 by 69%. This was due to a combination of factors. From 2007 onwards new apprentice cohorts have not been subject to managing agency arrangements with the funding bodies. Funding in respect of prior-year cohorts continued to be received in 2008. However, as the number of pre-2007 starters completed their apprenticeships, the amount of funding received under the managing agency agreements reduced commensurately (2008: £1.06m, 2007: £1.78m).

In 2008 the LSC withdrew public funding to employers participating in the ACE programme. The income received for the ACE scheme fell from £2.02m in 2007 to £89,000 in 2008. It should be noted that grant funding for the ACE programme continued to be received in 2008 in Scotland and Wales. Funding for the programme continued to be available in England from the LSC on a regional basis under the Train to Gain initiative.

Income from sales and sponsorships grew in 2008 to £952k (2007: £499k) largely because of increases in price and demand for the ECITB's Safety Passports. These are issued to learners following attendance at ECITB safety courses delivered by accredited training providers. In 2008, Safety Passport income amounted to £766,000, compared with £423,000 in 2007.

Investment income grew by 25% in 2008 compared with 2007. Whilst the ECITB planned to use a higher level of investments to fund current activities, the actual requirement was not as high as planned. Nevertheless, profits from the sale of quoted investments were £595,000 (2007: £103,000) because of a buoyant market for such instruments. As it was unnecessary to make significant disposals of quoted investments to fund activities, the market value of such investments at the year-end (£9,573m) was similar to that at 31st December 2007 (£9,881m). The drawings from cash deposits required for charitable activities were also lower during the year than planned. This meant that income from cash deposits was considerably higher in 2008 (£460,000) when compared with 2007 (£255,000).

Expenditure

In 2008 expenditure on charitable activities (including levy collection costs and bad debts) fell by £3.31m compared with 2007. Levy collection costs and the bad debts provision of £1.89m (2007: £1.37m) are included in the costs of charitable activities. All levy assessments which become the subject of formal appeals are provided for in full as bad debts, regardless of the likely outcomes of the proceedings. Sellafeld Limited and On-Line Design & Engineering Limited appealed against levy assessments, and a corresponding provision of £1.47m was included in the costs of levy collections and bad debts.

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Expenditure cont'd

If the bad debts and levy collection costs are ignored, expenditure on charitable activities was £3.83m lower in 2008 than in 2007. Most of this variance (£2.77m) can be attributed to the following two factors.

As mentioned above, public funding in England of the ACE programme payable via the ECITB fell. Consequently, there was a corresponding reduction of £2m in the level of ACE grants paid by the ECITB to employers (2008: £111k, 2007: £2,110k). This is recorded as part of the charitable activity called Competence Assurance.

In addition, at the end of 2007, estimates were made relating to the value of grants, which would become payable to employers after 31st December in connection with activity occurring during 2007. Corresponding accruals were made in the 2007 accounts relating to Apprenticeship, TECSkills, ACE and Regional Discretionary grant commitments. It was subsequently identified that these accruals had been over-estimated, and thus the charitable expenditure disclosed in the 2008 accounts is £766,000 less than the amount actually expended in the period. Better information has been obtained in order to improve the estimate of accruals for 2008.

If these factors are disregarded, charitable expenditure in 2008 is 1.6% lower (-£295,000) than in 2007, as demonstrated in the following table:

	2008 (£'000)	2007 (£'000)
Charitable Activities after deduction of Bad Debts and Levy Collection Costs	14,554	18,381
Reduction in ACE Grant Expenditure	2,000	-
Impact of 2007 over-accruals	766	(766)
Adjusted charitable expenditure	17,320	17,615

However, the accounts do not reflect the growing number of learners in the four areas of charitable activity. A comparison of the numbers of learners undergoing training during 2008 and 2007 is shown in the table below.

CHARITABLE ACTIVITY	LEARNERS UNDERGOING TRAINING DURING THE YEAR		
	2007	2008	% change
Recruiting and developing new entrants	1,338	1,740	+30%
Re-skilling and skill enhancement of existing workers	2,845	7,445	+162%
Supervisory, leadership & management training	2,157	3,788	+75%

As shown above, industry demand for training services grew in 2008. The ECITB has continued to use new methods and models of delivering training services and support. This was so particularly in the areas of apprenticeship programmes. Although the number of apprentices increased, in 2008 expenditure on apprenticeship programmes fell significantly. The number of learners still pursuing older and more expensive programmes reduced during the year. Furthermore, most new recruits were employed by industry employers from the commencement of their apprenticeships. Such initiatives enabled significant increases in the numbers of learners while costs were controlled within economic limits. This also enabled resources to be expended in other areas of activity. For example, expenditure on supervisory, leadership, and management training increased by £747,000 (2008: £2.86m, 2007: £2.11m), as a consequence of the high demand for training in these disciplines, particularly from the Off-site sector of the industry.

Off-site levy abatement grants amounting to £680,000 (2006: £796,000) were paid to eligible employers who could demonstrate training activity for off-site workers across the areas of charitable activity. The amount of abatement grant fell during the year as the abatement factor reduced from a maximum of 100% to 50%.

The ECITB's freehold property at Blue Court, Kings Langley was last formally revalued in 2007. In view of falling commercial property market values during the year, the property has been revalued to reflect movements in commercial property indices published at the year-end. These indicated that office property values in the South East of England had fallen in 2008 by approximately 20%. The value of the property (after adjustment for depreciation) has been reduced by £222,000, and this appears as a recognised loss in the accounts.

Balance Sheet at 31st December 2008

Assets

Tangible Assets fell in value to £1.24m (2007: £1.45m). This largely relates to the loss arising from the revaluation of freehold land and buildings (see above).

Debtors stood at £609,000 compared with £1.32m at the 31st December 2007. The difference is largely attributable to the reduced amounts owed by the Learning and Skills Council and other central government funders (2008: £8,000, 2007: £756,000), as the levels of funding for the ACE and apprenticeship programmes have significantly fallen (see above). Levy debtors increased to £185,000 (2007: £93,000), in line with increased levy income.

Bank and cash investments were significantly higher at the year end (£4.98m) than in 2007 (£0.09m). Cash inflows exceeded outflows during the year, principally due to significantly higher levy income, whilst cash expended on operating activities remained at similar levels to those in 2007 (see above).

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Creditors

Creditors rose to £4.48m (2007: £3.79m) principally due to increases in grant and trade creditors. Grant creditors rose to £2.50m at 31st December 2008 (2007: £2.25m). This reflects the increased levels of learners participating in programmes during 2007, and the high level of year approved claims for Regional Discretionary grants. Trade creditors stood at £1.08m at the year-end (2007: £345,000). The increase can be attributed to several reasons. In 2007 invoice accruals (£493,000) were shown separately as part of accruals. In 2008 invoice accruals were included as part of trade creditors. Also, at the year-end payments were being withheld from some training providers pending resolution of contractual and performance issues. These have now been resolved. Finally, marketing expenses for the year were higher than planned (see Note 7 to the accounts).

The Funds of the Charity

The year-end balance sheet shows total charity funds of £13.82m (2007: 9.78m). The ECITB planned to incur a deficit for the year, as part of its strategy to increase the level of training support and services to industry.

Reserves Policy

The value of reserves (defined as the unrestricted fund) at 31st December 2008 was £13.82m.

The ECITB retains reserves required to cover run-out costs (i.e. the costs of completing training programmes and meeting staff redundancy costs in the event that the ECITB ceases to operate).

The Main Board and Audit Committee review Reserves Policy principally to cater for the levels of financial commitments arising from apprenticeship and TECSkills programmes. This is because such programmes carry forward significant financial commitments into future periods. It was concluded that a minimum of approximately £9.5m in reserves should be held for the purpose of covering run-out costs.

The Audit Committee reviews the Reserves Policy annually, to ensure that adequate reserves are held to meet the requirements of the organisation over the ensuing three-year period. Its conclusions and recommendations are reported to the Main and Management Boards, which confirm the Reserves Policy annually.

Investment Policy and Performance

The ECITB must invest money in accordance with guidelines approved by the Secretary of State (section 17(5) Industrial Training Act 1982). The latest guidelines were issued in March 2004, and are attached to the ECITB's Financial Memorandum dated February 2006. The management of investments is contracted to Schroder & Company, which is required to operate within the guidelines.

These broadly allow investment in a range of high quality interest bearing instruments. Investment in equities is not permitted.

Performance is measured against a benchmark, namely the Citigroup UK Government Bond 1-5 Year Index. In the period from 14th September 2004 (when Schroder took over the portfolio) to 31st December 2008, performance after deduction of management fees was 29.1% compared to the benchmark 27.9%.

Investment performance during the year was better than anticipated. The value of the investment portfolio (comprising long-term and current assets) at 31st December 2008 was £14.56m, which is £4.59m higher than at the 1st January 2008 (£9.97m). In view of recent financial market and economic volatility, the ECITB reviewed its investment portfolio and policy during the year. It was concluded that in view of the very low risk attached to the investment portfolio (all investments are effectively guaranteed by the government), it was unnecessary to dispose of any part of the portfolio or change the current investment policy. The fund manager has reported that the investment mix was appropriate to the prevailing market conditions, and has confirmed that the portfolio is not directly exposed to US sub-prime related securities.

Performance is reported to and monitored by the Management Board and Audit Committee.

Employer Registrations

The number of employers' establishments registered as being in-scope to the ECITB at 31st December 2008 was 417 (411 at 31st December 2007), of which 233 were due to pay a levy in 2009.

Grant Payment Policy

Levy paying companies are eligible to receive grants for training activities. Details of the grant schemes and criteria for award are approved by the Secretary of State and are set out in the ECITB's Guide to Grants and Training Programmes, which is published annually.

Material Cash Support Payments

The names of the recipients and the aggregate amounts of material grant and support payments are disclosed in Note 6 to the Financial Statements.

Charitable Donation

No charitable donations were made during the year.

Payment Policy & Performance

The ECITB observes the principles of the Government's Better Payment Practice Code. In doing so payment terms are agreed at the outset of relationships with suppliers and, wherever possible, amounts due are settled promptly within these terms except in cases of dispute.

FINANCIAL REPORT

In 2008, 91% of invoices were settled within 30 days of receipt of goods and services or the presentation of a valid invoice, whichever is the later. The average time for the payment of invoices not subject to query was 14 days. For the purposes of these calculations it has been assumed that invoices that are outstanding for more than forty days are the subjects of disputes or other queries with the suppliers concerned.

Auditors

The ECITB's external auditor is the Comptroller and Auditor General who is appointed under Section 2 of the Industrial Training Act 1982 as amended by the Government Resources and Accounts Act 2000 (Audit of Public Bodies) Order 2003. The cost of the statutory external audit for 2008 was £32,000.

Statement as to Disclosure of Information to the Auditors

The Accounting Officer who was in office on the date of approval of these financial statements has confirmed, as far as he is aware, that there is no relevant audit information of which the auditors are unaware. The Accounting Officer has confirmed that he has taken all the steps that he ought to have taken as Accounting Officer in order to make himself aware of any relevant audit information and to establish that it has been communicated to the auditors.

Remuneration Report

Decisions on remuneration are delegated to the Management Board, which determines general policy on remuneration and the individual remuneration packages for the Executive Team (comprising the Chief Executive, the Board Secretary and Director of Finance, the Operations Director and the Development & Quality Director).

The contracts of employment of the Executive Team are, in all material respects, in line with those of other staff of the ECITB. The only exception is a notice period of 3 months (6 months notice for the Chief Executive) rather than the normal 1 month. They are entitled to membership of the ITB pension fund, which is a contributory final salary scheme.

At its meetings held in 2008 the Management Board reviewed the salaries and performance of the Chief Executive and Executive team, drawing on its extensive knowledge of business affairs and taking account of comparable remuneration packages within the industry.

Details of the individual remuneration packages and benefits are set out in the note 7 to the financial statements. This constitutes the part of the Remuneration Report that has been subject to audit.

T M Lazenby MBE FREng
Chairman

21st April 2009

David Edwards
Chief Executive

21st April 2009

FINANCIAL REPORT

Statement on Internal Control

Scope of responsibility

As Chief Executive and Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the ECITB's 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 Managing Public Money. The Board is responsible for establishing and monitoring appropriate policies to fulfil the objectives of the ECITB 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 statutory ITB and Non-Departmental Public Body, the ECITB reports to the Department for Innovation, Universities and Skills. The ECITB is established for exclusively charitable purposes and is therefore registered as a charity. The charitable activities of the ECITB 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 the ECITB's 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. The system of internal control has been in place for the year ended 31st December 2008 and up to the date of approval of the Annual Report and Accounts, and accords with HM Treasury guidance.

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 the ECITB. Selection and performance review procedures ensure personnel are trained to manage risk in a way appropriate to their authority and duties. The Directors and Senior Managers understand the importance of their role in the risk management process.

The risk and control framework

The ECITB aims to adopt best practice in the identification, evaluation and cost-effective management of risks, as an integral part of operational activity. Directors are accountable for risk management in their respective areas of activity and regularly report to the Chief Executive and Accounting Officer.

Risk is assessed in these reviews and, more importantly, within the established business and financial planning process. 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 ensuring legal compliance as a minimum standard. A corporate Risk Register is maintained for each Directorate. The Chief Executive and Accounting Officer reports to the Audit Committee formally on these matters at least two times per year.

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 and responsibility. The results of this exercise are reported to the Chief Executive and Accounting Officer at least twice in the year.
- Risk management is embedded within normal operations, such as system development risk analysis and progress reports for major projects.

Internal Audit

- Deloitte & Touche Public Sector Internal Audit Ltd served as the ECITB's internal auditor throughout 2008. The internal auditor operates 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, post capital expenditure reviews and other ad hoc reports, as required.
- The internal auditor has a direct reporting line to 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 the ECITB.
- The Chief Executive joins the Audit Committee to review ECITB management of risk and ensures that advice from members concerning the identification, assessment and management of risk is taken into account.

FINANCIAL REPORT

Review of Effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the organisation who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the board, the Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

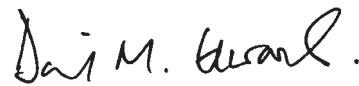
The processes described above in “The risk and control framework” contribute to ensuring that the systems of internal control are continually reviewed and improved. My review of the effectiveness of the system is also informed by the work of the Directors and executive managers (who have responsibility for the development and maintenance of the internal control framework) within the ECITB. The internal auditor’s opinion on the control environment is that the ECITB has adequate and effective systems over risk, control and governance which provide reasonable assurance regarding effective and efficient achievement of the ECITB’s objectives.

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 Directors and the Audit Committee.

Conclusion

No significant problems were encountered in 2008 and none are known to exist at the year end.

Accounting Officer



David Edwards
Chief Executive, ECITB

21st April 2009

FINANCIAL REPORT

Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament and the Board of ECITB

I certify that I have audited the financial statements of the Engineering Construction Industry Training Board for the year ended 31st December 2008 under the Industrial Training Act 1982. These comprise the Statement of Financial Activities, the Balance Sheet, the 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 Trustees Report, which includes the Remuneration Report, and the financial statements in accordance with the Industrial Training Act 1982 and directions made thereunder 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 16 in the Statement of the ECITB'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 thereunder by the Secretary of State for Innovation, Universities and Skills.

I report to you whether, in my opinion, the information, which comprises the section on "Structure, Governance and Management", the Financial Report, Appendix B: Trustees, Appendix C: Register of Interests of Trustees and Appendix E: Chief Executive and Senior Staff, included in the Trustees Report, is consistent with the financial statements. I also report whether in all material respects the incoming and outgoing resources 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 Engineering Construction Industry Training 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 Engineering Construction Industry Training 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 Engineering Construction Industry Training Board's corporate governance procedures or its risk and control procedures.

FINANCIAL REPORT

I read the other information contained in the Trustees Report and consider whether it is consistent with the audited financial statements. This information comprises the Chairman's Statement, Chief Executive's Review, the Trustees Report sections on "The Industry and Economic Environment", "Activities and Mission", "Objectives, Achievements and Challenges in 2008", "Plans for Future Periods", and other Appendices. 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 opinions

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 judgements 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 Engineering Construction Industry Training 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 and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error, and that in all material respects the incoming and outgoing resources 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 the Engineering Construction Industry Training Board as at 31st December 2008 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 which comprises the sections on "Structure, Governance and Management", the Financial Report, Appendix B: Trustees, Appendix C: Register of Interests of Trustees and Appendix E: Chief Executive and Senior Staff, included within the Trustees Report, is consistent with the financial statements.

Audit opinion on regularity

In my opinion, in all material respects, the incoming and outgoing resources 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

11th May 2009

FINANCIAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2008

Statement of financial activities for the year ended 31 December 2008

INCOMING RESOURCES	Note	2008 £'000	2007 £'000
Incoming resources from generated funds			
- Investment income	4	928	742
Incoming resources from charitable activities			
Non levy income			
- Recruiting and developing new entrants		1,090	1,922
- Re-skilling and skill enhancement for existing workers		71	70
- Supervisory leadership, management and project management training		88	18
- Competence Assurance		908	2,486
Total non-levy income	3	2,157	4,496
Levy	2	17,152	14,019
Other incoming resources	5	1	6
Total incoming resources		20,238	19,263

RESOURCES EXPENDED			
Cost of generating funds			
Investment management costs		31	30
Charitable activities			
- Recruitment and developing new entrants		7,413	9,950
- Re-skilling and skill enhancement of existing workers		3,087	3,010
- Supervisory leadership, management and project management training		2,857	2,110
- Competence Assurance		1,197	3,310
- Levy collection costs and Bad Debt Provision		1,889	1,375
Total costs of charitable activities	6 & 7	16,443	19,755
Governance costs	8	107	104
Total resources expended		16,581	19,889
Notional cost of capital		719	559
Total resources expended including notional costs		17,300	20,448
Net incoming/(outgoing) resources for year after charging notional cost of capital		2,938	(1,185)
- Notional cost of capital added back		719	559
Net incoming/(outgoing) resources for the year before other recognised gains and losses		3,657	(626)
Other recognised gains and losses			
- Gains/(Losses) on revaluation of fixed assets for own use		(222)	(71)
- Gains/(Losses) on investment assets		610	103
Net movement in funds		4,045	(594)

RECONCILIATION OF FUNDS			
Total funds brought forward at 1 January	16	9,775	10,369
Total funds carried forward at 31 December	16	13,820	9,775

The statement of financial activities reflects all gains and losses during the year to 31st December 2008. All activities are continuing. All funds are unrestricted. The notional cost of capital has been calculated in accordance with HM Treasury's Financial Reporting Manual. **The notes on pages 29 to 44 form part of these financial statements.**

FINANCIAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2008

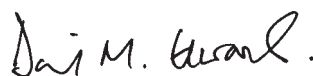
Balance sheet at 31 December 2008

	Note	2008 £'000	2008 £'000	2007 £'000	2007 £'000
Fixed assets					
- Tangible assets	9		1,245		1,450
- Investments	11		9,573		9,813
Total Fixed Assets			10,818		11,263
Current assets					
- Debtors	13	609		1,322	
- Investments	11	4,984		154	
- Cash at bank and in hand	19	1,890		825	
Total Current Assets		7,483		2,301	
Creditors					
- Amounts falling due within one year	14	(4,481)		(3,789)	
Net current assets (liabilities)			3,002		(1,488)
Total assets less current liabilities			13,820		9,775
The Funds of the Charity					
- Unrestricted fund	16		13,820		9,775
Total Charity Funds			13,820		9,775

The accounts were approved by the Board on 21st April 2009.



T M Lazenby FREng
Chairman



D M Edwards
Chief Executive Officer

The notes on pages 29 to 44 form part of these financial statements.

FINANCIAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2008

Cash flow statement for the year ended 31 December 2008

	Note	2008 £'000	2007 £'000
Net cash outflow from operating activities	17	4,294	(631)
Returns on investments and servicing of finance			
- Investment income		928	655
- Gains/(Losses) on investment assets		42	9
Capital expenditure			
- Purchase of tangible fixed assets	9	(229)	(117)
- Proceeds from disposal of tangible fixed assets		52	22
Management of Liquid Resources			
- Purchase of investments		(4,196)	(3,259)
- Disposal of investments		4,994	3,452
- Cash invested		(4,820)	(86)
Increase/(Decrease) in cash	18	1,065	45

The notes on pages 29 to 44 form part of these financial statements.

FINANCIAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2008

Notes forming part of the accounts for the year ended 31 December 2008

1) ACCOUNTING POLICIES

Going Concern

These accounts are prepared on a going concern basis.

Accounting Convention

These accounts have been prepared in accordance with the Industrial Training Act 1982 and the Statement of Recommended Practice "Accounting and Reporting by Charities" (revised 2005) ("the SORP"). An accounts direction issued by the Secretary of State requires that ECITB prepares accounts in accordance with Treasury guidance. Consequently, these accounts follow the principles in the 2007-08 Government Reporting Manual (FReM) where it goes beyond the requirements of the SORP.

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

A proportion of the investment portfolio is used to finance the day to day running of the ECITB. Investments may be converted to cash within a very short period, typically 2 weeks. Current liabilities represent liabilities which fall due for payment between the balance sheet date and up to 12 months beyond then. However the ECITB's policy is to convert investments to cash which are sufficient to meet liabilities that are due in the immediate future (up to 6 weeks ahead). Thus, in 2007 the balance sheet revealed net current liabilities as the ECITB did not convert investments to cash or cash equivalents sufficient to meet all current liabilities shown in the balance sheet.

Levy Income

Levy income is recognised on an annual cycle in the year in which it is raised together with adjustments in respect of previous levies raised. The levy receivable relating to the base period ended 5th April 2007 was raised in January 2008 and recognised as income in that year. In certain cases estimated levy notices were raised in advance of the year end. These are payable within 30 days and consequently are shown as creditors in the 2008 accounts. However, as the levy income will be matched against 2009 expenditure and recognised in the 2009 accounts, these creditors are off set by a deferred income debtor in the 2008 balance sheet.

Grants Receivable

There are two streams of grants, which are received from Government sources (such as the Learning and Skills Council), as follows:

- Grants for Apprentice Training (Charitable Activity: "Recruiting & Developing New Entrants")
- Assuring Competence in Engineering (ACE) (Charitable Activity: "Competence Assurance")

Grants are recognised when the SORP 2005 criteria of entitlement, certainty and measurement have been satisfied. Such grants are repayable in the event that the activities to which the grant relates do not occur.

This grant income is not an agreed annual cash allowance to meet the ECITB's financial cash outgoings for the year. It does not represent grant in aid. Consequently it is treated in the accounts as income.

Grants Payable

Apprenticeship and Regional Discretionary Grants are recognised as liabilities when the relevant training milestones have occurred regardless of whether or not claims for the grants have been received. Such liabilities are treated as grant accruals until claims have been received from employers.

TECSkills and NSDS Programme Grants are recognised as liabilities when claims for the grants have been accepted by the ECITB.

Investment Management Costs

Investment management costs are recognised on an accruals basis.

Charitable Expenditure

Charitable expenditure includes all expenditure incurred on the charitable activities described below in pursuance of the ECITB's objectives.

- Recruiting and developing new entrants
- Re-skilling and skill enhancement of existing workers
- Supervisory, leadership, management and project management training
- Competence Assurance
- Levy collection costs

FINANCIAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2008

Other Categories of Income

All other categories of income (e.g. sales, sponsorship and investment income) are recognised on an accruals basis.

Support Costs

Support costs include central functions which have been allocated to activity cost categories on a basis consistent with the use of the resources. Staff costs have been allocated on the basis of staff time devoted to each activity cost category. Other support costs have been allocated to the activity cost categories to directly reflect the activity in which the cost arose.

Governance Costs

Governance costs include those incurred in the governance of the ECITB and its assets and are primarily associated with constitutional and statutory requirements.

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% (2007 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 outgoing resources for the year.

Land and Buildings

FRS 15 requires fixed assets which are carried at re-valued amounts to be shown at their current value at the balance sheet date. To achieve this, freehold land and buildings are subject to a full external valuation every 5 years. In the intervening years the modified historical cost accounting basis is considered and adjusted where material. The last existing use valuation of the freehold land and buildings was undertaken at 31st December 2007.

Other Assets

Apart from freehold property, fixed assets are stated at their historical cost, less accumulated depreciation. They are not re-valued as this is unlikely to reveal any material difference in values.

Capitalisation

Fixed assets costing below £500 are not capitalised.

Depreciation

Depreciation on fixed assets other than freehold land is provided on cost or valuation in equal annual instalments by class of asset over the estimated lives of each class, from the date on which the assets are brought into use. The rates of depreciation are as follows:

Freehold buildings	- 2.5% per annum on the revalued amount over the remaining life of the property
Plant and machinery	- 10% to 25% per annum
Computer equipment and IT software	- 33.3% per annum
Office furniture and equipment	- 10% per annum

No depreciation is provided on freehold land.

Investments

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

Bad Debts Provision

Levy debtors are reported in the balance sheet net of a provision for bad debts. Full bad debt provisions are made in the following circumstances:-

1. When a formal appeal against an assessment for industrial training levy is made by an employer, regardless of the likelihood of the ECITB's success in the appeal.
2. When there is a strong possibility that a debt will not be recovered.
3. When any debt is older than six months.

In the Statement of Financial Activities the bad debts provision is treated as an expense of Charitable Activities, and is included in Levy Collection Costs and Bad Debts Provision. Levy income has not been adjusted to take into account any bad debts.

Pensions

The ECITB is a participating employer in the ITB Pension Funds, which are constituted as defined benefit schemes. Pension contributions are charged to the statement of financial activities as incurred.

Corporation Tax

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

Value Added Tax

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

Fund

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

FINANCIAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2008

2) LEVY RECEIVABLE

In 2008 Industrial Training Levy was assessed in respect of 235 establishments, which were wholly or mainly undertaking engineering construction activities. 162 establishments were exempted from paying a levy because the level of payments made in respect of personnel at these establishments did not exceed the statutory exemption levels.

3) NON LEVY INCOME	2008 £'000	2007 £'000
From LSC's/Scottish Enterprise/Welsh Assembly	1,157	3,808
Other Government bodies	48	143
ESF (European Social Funds)	0	46
From sales and sponsorships	952	499
	2,157	4,496

No grant-in-aid is receivable by the ECITB.

4) INVESTMENT INCOME

Income from quoted investments	468	487
Income from cash deposits	460	255
	928	742

5) OTHER OPERATING INCOME

Other income	1	6
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6) CHARITABLE ACTIVITIES

	Grant funding £'000	Direct costs £'000	Support costs £'000	Total 2008 £'000	Total 2007 £'000
Recruiting and developing new entrants	1,766	3,414	2,233	7,413	9,950
Re-skilling and skill enhancement of existing workers	2,418	149	520	3,087	3,010
Supervisory leadership, management and project management training	757	1,618	482	2,857	2,110
Competence Assurance	(22)	503	716	1,197	3,310
Levy collection costs and Bad Debt Provision	-	1,889	-	1,889	1,375
	4,919	7,573	3,951	16,443	19,755

FINANCIAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2008

6.1) GRANT FUNDING

SORP 2005 requires material grants made during the year to be disclosed. Disclosure must include the name of the recipient and the aggregate amount of grants made to that recipient. Of the £4.919m of grants made to employers in 2008, grants amounting to £4.224m were awarded to the employers in the following list. The list is limited to the largest 50 in terms of grant values.

Doosan Babcock Energy Ltd	790,100	*	Siemens VAI Metals Technologies Ltd	46,542
Amec Group Ltd	480,700	*	Ledwood Mechanical Engineering Ltd	45,361
Production Services Network	258,811	*	Worley Parsons Europe Limited	41,973
Wood Group Engineering (North Sea) Ltd	223,488	*	TEI Limited	41,355
C B & I UK Ltd	149,945		PPS Electrical Ltd	40,969
Petrofac Facilities Management Ltd	131,678	*	K Home International Ltd	40,957
Aker Offshore Partner Ltd	129,050		Jenkins & Davies Mech Engineering Ltd	40,550
Aker Solutions E & C Ltd	102,406	*	Jordan Engineering Services Ltd	39,433
Foster Wheeler Energy Ltd	92,005	*	AMEC Nuclear UK Ltd	33,641
Pruce Newman Pipework Ltd	91,229		Cordell Group Ltd	32,305
Southern Electrical Contractors Ltd	82,826	*	Laker Vent Engineering Ltd	31,611
Steelcraft Erection Services Ltd	81,180		Unit Engineers & Constructors Ltd	31,564
Watson Steel Structures Ltd	79,334		Thermal Energy Construction Ltd	27,400
Hertel Total Asset Management Limited	73,500		Air Products Plc	27,130
Shaw Group (UK) Ltd	72,062		E-Tech Group Ltd	26,040
MB Engineering Services Ltd	71,670		AT Group Ltd	25,026
Boulting Group Plc	71,604		RBG Ltd	24,450
M W Kellogg Ltd	69,084		Saipem UK Ltd	23,796
Fabricom Contracting Ltd	66,602		PTF Engineering Ltd	23,570
R Blackett Charlton Ltd	65,456		Stone & Webster Ltd	22,194
Shepley Engineers Ltd	65,094		East Midland Instrument Co Ltd	20,500
Jacobs LES Ltd	61,352	*	BIS O'Hare Ltd	20,422
Bechtel Ltd	50,727		Jacobs Industrial Services Ltd	20,038
Watson Norie Ltd	50,500		Gen11	20,000
Fluor Ltd	46,696		EI WHS Ltd	19,960
				4,223,884
*A member of the Board of Trustees is employed by this employer, or a member of an associated company.				

FINANCIAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2008

6.2) DIRECT COSTS

Direct costs have been allocated to activity cost categories on a basis consistent with the use of the resources. In the main, they comprise costs which have been directly incurred in fulfilling the relevant charitable activity. For example, most Training Provider costs have been incurred in consideration of services provided by training providers in the training and assessment of apprentices (recruiting and developing new entrants). Product development costs largely relate to consultancy costs incurred in the development of training products and materials used in the re-skilling and skill enhancement of existing industry workers. Other direct costs have been allocated to the cost categories to reflect the activity in which the cost arose.

	Recruiting and developing new entrants	Re-skilling and skill enhancement of existing workers	Supervisory, leadership, management & project management training	Competence Assurance	Total
Training Provider Costs	671				671
Trainee Costs	2,397				2,397
Recruitment Costs	255				255
Product Development Costs	30	108	155	17	310
Research Costs	61	11	8	16	96
TECSkills Programme Costs		30			30
Project Management Courses			583		583
SMTD Courses			618		618
Technical Managerial Courses			170		170
ECITB Active Cup			84		84
ACE				5	5
Skills Database Costs				0	0
Safety Passports Costs				197	197
Vocational Qualifications				268	268
	3,414	149	1,618	503	
Levy Collection Cost and Bad Debt Provision					1,889
					7,573

FINANCIAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2008

6.3) LEVY COLLECTION COSTS AND BAD DEBTS PROVISION

Levy Collection Costs	2008 £'000	2007 £'000
Levy Audit Costs	14	11
Legal Fees incurred in levy appeals	370	111
Debt Collection Fees	4	33
	388	155

Bad Debts Provision	2008 £'000	2007 £'000
Levy Assessments under appeal	1,472	968
Irrecoverable Debts	(15)	244
Debts older than six months	44	8
	1,501	1,220

7) SUPPORT COSTS	2008 £'000	2007 £'000
Staff Costs (see below)	2,399	2,408
Staff travel	383	348
Premises Costs	99	76
Office expenses	342	446
Staff recruitment and training	122	198
Professional Fees	446	321
Depreciation	199	230
(Profit)/Loss on disposal of fixed assets	(39)	(12)
	3,951	4,015

Support costs have been allocated to activity cost categories on a basis consistent with the use of the resources. Staff costs have been allocated on the basis of staff time devoted to each activity cost category. Other support costs have been allocated to the activity cost categories to directly reflect the activity in which the cost arose. Where this is not possible (Premises Costs, Office Expenses and Depreciation) costs have been allocated on the same basis used in the allocation of staff time.

In the 2007 accounts, Public Relations and Website costs were included in Office Expenses. In the 2008 accounts, such costs have been included in Professional Fees (Marketing – see page 35). The 2007 accounts have been represented to reflect the 2008 accounting treatment.

FINANCIAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2008

In 2008 Professional Fees significantly exceeded the level incurred in 2007. A comparative analysis of such costs is set out in the following table.

7.1) PROFESSIONAL FEES	2008 £'000	2007 £'000
Marketing	362	238
Information Technology & Telecommunications	54	63
Taxation & Financial Advice	4	10
Legal (non-levy collection matters)	7	5
Payroll	3	3
Quality Assurance	14	1
Other	2	1
	446	321

The main variances relate to Marketing fees. In 2008 the ECITB budgeted to expend £316,000 on professional fees. This was higher than in 2007 due to higher levels of marketing and promotional activities, and further reorganisation of such activities into this cost centre. For example, web-site costs are now accounted for in this area. The budget was exceeded due to the costs of promotional videos (£47,000) originally planned to occur in 2009.

The 2007 Marketing Fees have been represented to include Public Relations and web-site costs (see above).

Staff costs include Trustees' and Senior Staff Salaries & Pensions (see below).

7.2) STAFF COSTS	2008 £'000	2007 £'000
Wages and salaries	2,019	1,983
Social Security Costs	178	171
Pension Costs	185	239
Agency Costs	17	15
	2,399	2,408

Salary includes gross salary; performance related pay or bonuses; overtime; private or home office allowances and other allowances to the extent that they are subject to UK taxation. The ECITB operates a performance-related incentive scheme in which all employees are eligible to participate (after completing initial periods of employment in their roles). In 2008, the maximum achievable incentive award amounted to 2% of an employee's basic salary.

7.3) TRUSTEES' COSTS

The Chairman of the Board, Mr T M Lazenby, in accordance with his appointment by the Secretary of State for Innovation, Universities and Skills, is entitled to remuneration as Chairman of the Board, and received £17,508 (2007 – £17,165). Following the last Quinquennial Review of the ECITB, two independent trustee Non Executive Directors have been appointed. They have been paid in accordance with The Charity Commission's agreement. Mr N. Davis received £12,000 directly. Mr M. Beaumont resigned in January 2008 and received no remuneration during the year. Mr A. Collinson was appointed on 1st October 2008 and received £3,000 directly.

20 Trustees (2007 – 20) had expenses totalling £27,384 reimbursed with regard to travel, accommodation, subsistence and telephone charges (2007 – £33,771).

Appendix B contains a list of current trustees and former trustees who held office in 2008.

FINANCIAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2008

7.4) SENIOR STAFF COSTS AND PENSIONS

The Salary and pension entitlements of senior managers are as follows:

Salaries & Benefits

Name	Salary 2008 £'000	Benefits in kind 2008 (to nearest £100)	Salary 2007 £'000	Benefits in kind 2007 (to nearest £100)	Date of appointment to position	Type of Contract	Unexpired Term at 31.12.2008	Details of Notice period
D M Edwards (Chief Executive)	100 - 105	6,800	95 - 100	5,400	01.07.99	Open ended	Not applicable	6 months
A M Featherstone (Operations Director)	80 - 85	6,700	75 - 80	6,600	11.07.05	Open ended	Not applicable	3 months
P C Hill (Board Secretary & Finance Director)	75 - 80	500	70 - 75	500	15.05.06	Open ended	Not applicable	3 months
N Spencer (Development & Quality Director)	65 - 70	5,400	60 - 65	5,000	28.01.02	Open ended	Not applicable	3 months

Benefits in kind represent company car and private health insurance. Except for private health insurance and entitlement to notice, all other terms and conditions, including ITB Pension Fund membership, are in line with those of other staff members.

The benefits in kind figures shown for both years above are estimated for the tax period 6th April to 5th April.

Pension Entitlements

Name	Real increase in pension at age 60 £	Total accrued pension at age 60 (£'000)	CETV at 1 January 2008 (£'000)	CETV at 31 December 2008 (£'000)	Employer funded real increase in CETV (£'000)
D M Edwards	0 - 2,500	15 - 20	150	227	13
A M Featherstone	0 - 2,500	0 - 5	27	43	8
P C Hill	0 - 2,500	0 - 5	14	26	6
N Spencer	0 - 2,500	5 - 10	57	90	9

CETV means the cash equivalent transfer value. This is the actuarially assessed capitalised value of the pension schemes benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the pension benefits they have accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures and the other pension details, include the value of any pension benefit in another pension scheme or arrangement that the individual has transferred to the ITB arrangements and for which the ITB fund has received a transfer payment commensurate to the additional pension liabilities being assumed. They include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service at their own cost. CETVs are calculated within guidelines and framework prescribed by the Institute of Actuaries.

FINANCIAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2008

Real increase in CETV

This reflects the increase in CETV funded by the employer. It takes account of the increase of the accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme arrangement) and uses common market valuation factors for the start and end of the period.

7.5) STAFF NUMBERS

The numbers of employees earning over £60,000 per annum including benefits in kind, excluding pension contributions were:

	2008 Number	2007 Number
£60,001 - £70,000	-	-
£70,001 - £75,000	1	2
£75,001 - £80,000	1	-
£80,001 - £85,000	-	1
£85,001 - £90,000	1	-
£90,001 - £95,000	-	-
£95,001 - £100,000	-	-
£100,001 - £105,000	-	1
£105,001 - £110,000	1	-

The average number of employees, by function, was:

	2008 Number	2007 Number
Recruiting and developing new entrants, Re-skilling and enhancement for existing workers, Supervisory leadership, management & project management training	31	33
Competence Assurance	13	13
Senior Management & Corporate Services	15	16
	59	62

The above includes fixed term contract personnel. As a general policy the ECITB does not employ temporary staff. However, this may occasionally occur to provide staff cover in cases of long term sickness absence, or in circumstances where additional human resources are required to fulfil specific projects.

The ECITB will employ disabled persons when they appear to be suitable for a particular vacancy and every effort is made to ensure that they are given full and fair consideration when such vacancies arise. There were no disabled persons employed by the ECITB during the year.

7.6) STAFF APPOINTMENTS

Permanent employees of the ECITB are employed under open-ended contracts of employment, which may be terminated on one month's notice (subject to statutory increases in employees' entitlements to notice). The only exceptions to this apply to senior staff and are described above.

The ECITB recognises the Unite union as representing employee interests and meets with them to discuss health, safety and welfare issues.

FINANCIAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2008

7.7) INDUSTRY TRAINING BOARD PENSION FUNDS

The ECITB is a participating employer in the ITB Pension Funds, which are constituted as defined benefit schemes. The assets of the schemes are held separately from those of the charity in an independently administered fund. During the period, employer's contributions at a rate of 10.1% for the New Section and 5.6% for the 2007 Section (as determined by the Trustees acting on the advice of the Funds' Actuaries) have been made in respect of all employees who are members of the Funds. The pension cost charge for 2008 of £184,761 (year to 31st December 2007 - £238,882) represents contributions payable by the charity to the scheme.

The scheme comprises two funds:

The Open Fund The Open Fund is valued triennially by an independent qualified actuary. The last valuation reported was at 31st March 2007, which showed the net asset value of the assets was £578 million and the actuarial value of those assets represented 108% of the benefits that had accrued to the members. This valuation was based on methodology and assumptions set out in a new Statement of Funding Principles, which has been approved by all participating employers. For the purpose of this valuation the actuary assumed the nominal rate of return on the assets of 6% (and that future pensions in payment would increase by 3.4% per annum for Old Section members and 2.5% per annum for New Section and 2007 Section members), increases in total pensionable earnings would be 1½% per annum.

The Closed Fund The Closed Fund is valued triennially by an independent qualified actuary. The last formal valuation was at 31st March 2006, which showed the market value of the assets was £223.1million. For the purposes of that valuation the actuary assumed the nominal rate of return on the assets of 3.87% (and that future pensions in payment would increase by 2.81% per annum).

7.8) FINANCIAL REPORTING STANDARD 17 "RETIREMENT BENEFITS" (FRS 17)

As the ITB Pension Funds is a multi-employer scheme and the Board is unable to identify its share of the underlying assets and liabilities the Board is required to account for contributions to the scheme as if it were a defined contribution scheme. As a result the impact of FRS 17 on the financial statements will not be significant.

FINANCIAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2008

8) GOVERNANCE COSTS	2008 £'000	2007 £'000
Board and Committee Costs	55	56
Internal Audit	8	17
External Audit	35	22
Other	9	9
	107	104

The salaries paid to the Chairman (Mr Lazenby) and the two non-executive directors (Mr Davis and Mr Collinson) are included in Staff Costs (see Note 7). In the 2007 accounts, such salaries were included in Board and Committee Costs. The 2007 accounts have been represented to include such costs in Staff Costs.

9) TANGIBLE ASSETS	Freehold land & Buildings £'000	Plant & Machinery £'000	Computer Equipment & IT Software £'000	Furniture & Equipment £'000	Total £'000
Cost or valuation					
At 1 January 2008	1,125	643	791	74	2,633
Revaluation	(258)	0	0	0	(258)
Additions	0	202	25	2	229
Disposals	0	(206)	(10)	0	(216)
At 31 December 2008	867	639	806	76	2,388
Depreciation					
At 1 January 2008	0	367	758	58	1,183
Revaluation adjustment	(36)	0	0	0	(36)
Provided for the year	36	132	25	6	199
Disposals	0	(194)	(9)	0	(203)
At 31 December 2008	0	305	774	64	1,143
Net book value at 31 December 2008	867	334	32	12	1,245
Net book value at 31 December 2007	1,125	276	33	16	1,450

Land and buildings comprise a freehold property including land of £212,000 which will not be depreciated (2007 £275,000).

The freehold land and buildings was last valued on the basis of existing use value at £1,125,000 on 31st December 2007 by Brown & Merry Commercial, a firm of Chartered Surveyors. The valuation was prepared in accordance with the Royal Institute of Chartered Surveyors Valuation Standards (6th edition). However, in view of falls in value of commercial property during 2008, the freehold land and buildings have been revalued at £867,000, by reference to movements in published commercial property value indices. The property value is stated at this figure in the Balance Sheet. The historic cost of the land and buildings is £1,300,000.

The cost and accumulated depreciation at 31st December 2008 includes fully depreciated assets at historical cost of £877,077 (31st December 2007 - £874,446).

IT Software to the value of £6,000 has been included as a Tangible Asset (Computer Equipment & IT Software). It has not been shown separately as an Intangible Asset due to its immaterial value.

FINANCIAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2008

10) CAPITAL COMMITMENTS

Capital commitments at 31st December 2008 amounted to £nil (31st December 2007 - £nil).

11) INVESTMENTS	2008 £'000	2007 £'000
Listed investments		
Market value at 1 January	9,813	9,981
Purchases	4,196	3,259
Sales	(5,031)	(3,462)
Net Profit/(Loss)	595	103
Market value at 31 December	9,573	9,881
Bank and cash investments	4,984	86
Total market value at 31 December as confirmed by investment portfolio manager	14,557	9,967
Fixed asset investments	9,573	9,813
Current asset investments	4,984	154
	14,557	9,967

The investment portfolio is managed by Schroder & Company as discharged by the Trustees. Details of material investments are as follows:

	% Value of Portfolio
European Investment Bank Bonds 7.12.11 (5.5% Fixed Interest)	14.8%
European Investment Bank Bonds 14.1.13 (4.5% Fixed Interest)	33.4%
LCR Finance Plc Bonds 31.12.10 (4.75% Fixed Interest)	7.9%
RBS 14.11.11 (4.125% Fixed Interest)	2.9%
Nationwide BS 21.11.11 (3.75% Fixed Interest)	6.7%
Bank and cash	34.3%

FINANCIAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2008

12) FINANCIAL REPORTING STANDARD 13 – “DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS” (FRS 13)

FRS13, Derivatives and Other Financial Instruments, requires disclosure of the role which financial instruments have had during the period in creating or changing the risks that an entity faces in undertaking its activities. Because of the largely non-trading nature of its activities and the requirements of the financial framework set by DIUS, ECITB is not exposed to the degree of financial risk faced by business entities. Moreover, financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which FRS 13 mainly applies. ECITB has very limited powers to borrow or invest surplus funds, and financial assets and liabilities are generated by day-to-day operational activities and are not held to change the risks it faces in undertaking its activities.

As permitted by FRS 13, debtors and creditors which mature or become payable within 12 months from the balance sheet date have been omitted from the currency profile.

Liquidity Risk

As an NDPB, the ECITB has no borrowings and relies primarily on levy income for its cash requirements. ECITB holds reserves which are sufficient to cover run-out costs (i.e. the costs of completing training programmes and meeting closure costs in the event that the ECITB ceases to operate). Consequently, the ECITB is not exposed to liquidity risks.

Interest Rate Risk

ECITB has limited exposure to interest rate risk on its financial assets. Such risk is limited to interest rate fluctuations on a current bank account. Other investments in the portfolio yield fixed interest payments.

Foreign Currency Rate Risk

All assets are held in sterling so there is no exchange risk.

Fair Values

The book values of financial instruments are considered equivalent to their fair values as at 31st December 2008.

13) DEBTORS	2008 £'000	2007 £'000
Balances with intra Governmental Bodies		
Central Government Bodies	6	755
Local Authorities	2	1
NHS Bodies	-	-
Public Corporations & Trading Funds	-	-
Balances with Other Bodies	601	566
	609	1,322
Levy raised but uncollected	185	93
Prepayments and accrued income	286	1,073
Other debtors	138	156
	609	1,322

FINANCIAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2008

14) CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR	2008 £'000	2007 £'000
Balances with intra Governmental Bodies		
Central Government Bodies	11	101
Local Authorities	1	1
NHS Bodies	-	-
Public Corporations & Trading Funds	-	-
Balances with Other Bodies	4,469	3,687
	4,481	3,789
Grants payable	2,497	2,254
Taxes and social security	11	16
Other creditors	1,077	345
Accruals	542	996
Deferred income	354	178
	4,481	3,789

15) FINANCIAL COMMITMENTS

Financial commitments at 31st December 2008 are estimated to amount to £11.6m (2007: 7.3m). These comprise the value of outstanding payments which the ECITB has committed to pay to various parties involved in the training of apprentices. The parties to which such commitments have been made are training providers, industry employers and to apprentices. These commitments are contracted for, but not provided in the accounts. The commitments have been categorised by the years in which the apprentice "cohorts" commenced their apprenticeships.

	2008 £'000	2007 £'000
2004 and earlier apprentice cohorts	144	-
2005 apprentice cohort	928	786
2006 apprentice cohort	1,257	1,866
2007 apprentice cohort	2,124	4,654
2008 apprentice cohort	7,177	-
	11,630	7,306

The estimate of financial commitments at the 31st December 2008 has increased significantly due to the following reasons:

The estimated value of the commitments arising from the 2004 and 2005 cohorts at 31st December 2008 was based on a detailed analysis of all apprentices still actively pursuing their programmes, whereas the estimated value at 31st December 2007 was based on assumptions concerning average lengths of time taken to complete apprenticeship programmes. Operational steps are in progress to expedite the successful completion or termination of such programmes.

In 2008 approximately 750 apprentices were recruited, which accounts for over half of the financial commitment shown above. As most apprentices are employed by industry, the commitment largely relates to future grant liabilities.

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

FINANCIAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2008

16) UNRESTRICTED FUND	General Reserves £'000	2008 Revaluation Reserve £'000	Total Reserves £'000	General Reserves £'000	2007 Revaluation Reserve £'000	Total Reserves £'000
Balance at 1 January	9,306	469	9,775	9,829	540	10,369
Surplus/(Deficit) for the year	4,267	(222)	4,045	(523)	(71)	(594)
Balance at 31 December	13,573	247	13,820	9,306	469	9,775

17) RECONCILIATION OF NET OUTGOING RESOURCES TO NET CASH INFLOW FROM OPERATING ACTIVITIES	2008 £'000	2007 £'000
Net incoming (outgoing) resources	3,657	(626)
Depreciation	199	230
Investment income	(928)	(742)
(Profit) on disposal of fixed assets	(39)	(12)
Decrease/(Increase) in debtors	713	(230)
Increase in creditors	692	749
Net cash inflow (outflow) from operating activities	4,294	(631)

18) RECONCILIATION OF CHANGES IN CASH TO NET FUND	2008 £'000	2007 £'000
Change in cash	1,065	45
Balance at 1 January	825	780
Balance at 31 December	1,890	825

19) ANALYSIS OF CHANGES IN NET FUND	At 01/01/08 £'000	Cashflows £'000	At 31/12/08 £'000
Cash at bank	825	1,065	1,890
Bank overdraft	-	-	-
	825	1,065	1,890

20) CONTINGENT LIABILITIES

There are no contingent liabilities at the balance sheet date.

FINANCIAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2008

21) RELATED PARTY TRANSACTIONS

Some members of the Board of Trustees also hold positions with and/or are employees of organisations with which the ECITB has transacted during the year. Details of such positions and employments are declared in the Register of Interests of Trustees, which appears in Appendix C of this report. These transactions have included the receipt of levy, payment of grants, provision of training, award of qualifications and procurement of training.

All of the transactions were under normal terms and carried out at arms length. The total sums involved were:

	2008 £'000	2007 £'000
Transactions with related Employers		
Levy paid to ECITB	8,429	5,894
Payment of Grants	2,491	2,587
Provision of Apprentices	606	678
Purchase of Training Services by ECITB	149	380

ECITB is a Non Departmental Public Body. Throughout 2008 ECITB was sponsored by the Department for Innovation, Universities and Skills (DIUS). For the purposes of this note, DIUS will be referred to as the Department, which is regarded as a related party. During the year ECITB has had a number of material transactions with the Department and other entities for which the Department is regarded as the parent Department, namely the Learning & Skills Council, the Sector Skills Development Agency and the Construction Industry Training Board.

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

During the year, no key manager, employee or other related parties has undertaken any material transactions with ECITB.

22) POST YEAR END EVENTS

The financial statements were authorised for issue on 11th May 2009 by the Accounting Officer. No events have occurred since the balance sheet date that affect the reader's understanding of the financial statements.



Appendix A

Principal office and other offices, charity registration details and general information

HEAD OFFICE AND PRINCIPAL ADDRESS

Blue Court, Church Lane, Kings Langley, Herts, WD4 8JP.

Other offices

Midlands Region	ECITB Resource Centre, Warwickshire College, Rugby Centre, Lower Hillmorton Road, Rugby, Warks, CV21 3QS
Wales & South West Region	ECITB Resource Centre, ITEC Training Solutions Ltd, 45 Penarth Road, Cardiff, CF10 5DJ
North East Region	ECITB Resource Centre, The Innovation Centre, Vienna Court, Kirkleatham Business Park, Redcar, Cleveland, TS10 5SH
North West Region	ECITB Resource Centre, Office Suite 25, Blackburn Enterprise Centre, Furthergate, Blackburn, Lancashire, BB1 3HQ
Yorkshire & Humberside Region	ECITB Resource Centre, Humberside Client/Contractor Training Association, Kiln Lane, Stallingborough, North East Lincs, DN41 8TH
Offshore Region	ECITB Resource Centre, Suite 11, Enterprise Business Centre, Admiral Court, Poynernook Road, Aberdeen, AB11 5QX
Scottish Region	ECITB Resource Centre, Unit 26, Evans Business Centre, Earls Road Industrial Estate, Grangemouth, FK3 8UU
South East & East Region and Off-Site Forum	ECITB's Head Office and Principal Office Address

Charity Registration details

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

ECITB's Equal Opportunities Policy

We are committed to being an equal opportunities employer. We aim to develop all staff to enable them to make a full contribution to meeting the Board's objectives and to fulfil their own potential on merit. We will promote and support our policy to ensure that no job applicant, employee or customer receives less favourable treatment than any other on the grounds of sex, marital status, race, colour, nationality, ethnic or national origin, religion, age, disability or sexual orientation.

"Service First" and Open Government

The Board fully supports and applies the principles of the Government's new Charter programme "Service First", which has replaced the Citizen's Charter. The aims of the Charter are to raise the standards of public service and make them more responsive to the wishes of the users. The Board also complies with the Government's Code of Practice on Access to Government Information. The Code of Practice supports the Charter principle of extending access to official information and responding to reasonable requests for information.

The Board has developed and adopted its own Code of Best Practice for Board Members, based on a model produced by HM Treasury. The Code of Best Practice complies with the recommendations of the Nolan Committee on Standards in Public Life.

The ECITB is continuing to develop its website as a source of information about its activities.

Complaints

Any complaint concerning conduct of the ECITB should be addressed in the first instance to the Chief Executive.

Appendix B

Trustees

The names of those serving as charitable trustees of the ECITB on 21st April 2009 are shown below, together with the names of those who have stepped down since 1 January 2008.

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 three to five years, following a public appointment process. Nominations of candidates from the industry's employers are sought from employers which participate in the ECITB's Regional Forums, and from the principal trade associations. Nominations for employee representatives 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 the ECITB's work through an induction meeting with the Chief Executive 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 the ECITB's policies, business and financial plans and delegating operational decision-making to the Executive Team. In addition to serving on the Board, some will also take part in policy making as members of the Management Board and the Audit Committee (both sub-committees of the Board) as shown in Appendix D. The Audit Committee is also supported by other volunteers from the industry.

Current and former Trustees (2008)

Mr T M Lazenby - Chairman	
Mr G Beattie	
Mr D Billington	
Mr M Beaumont	Resigned January 2008
Mr M Bretherick	
Mr B Buchan	
Mr A Collinson	Appointed October 2008
Mr N Davis	Retired March 2009
Mrs L Ferguson	
Mr M Fletcher	
Miss C Forbes	
Mr P Gotts	
Mr T Hardacre	
Mr K Hazlewood	
Mr M Hockey	
Mr J Hornby	
Mr M Jex	
Mr J Jones	
Mr T Jones	
Mr D Latimer	Appointed August 2008
Mr R Leamon	
Mr S Lee	Appointed January 2008
Mrs T McDougall	
Mr J Mellon	
Mr T Millard	Appointed May 2008
Mr W Murray	
Mr B Rogan	Retired June 2008
Mr A Smith	Appointed February 2008



Appendix C

Register of Interests of Trustees

Trustees are appointed by the Secretary of State because of their positions in the industry. The following Board members (who are serving as charitable trustees at 21st April 2009 or who have stepped down since 1 January 2008) have declared the following other interests:-

Mr G Beattie	Assignment Manager, Production Services Network Chairman of the Oil Chaplaincy Trust (a charity that assists oil related personnel in times of illness and hardship)
Mr M Beaumont	Directorships of Foster Wheeler subordinate/affiliate companies
Mr D Billington	Managing Director, TEI Limited President, Engineering Construction Industry Association
Mr M Bretherick	Vice-Principal and Deputy Chief Executive, Hartlepool College of Further Education (which supplies services to ECITB via apprentice training) Director, Hartlepool Business Development Centre Ltd
Mr B Buchan	Director, Operations Support, Doosan Babcock Energy Ltd (supply training services to the ECITB)
Mr A Collinson	Director, Alstom Power Ltd Director, Vintage Sports Car Club Ltd Vice President, Engineering Construction Industry Association
Mr N Davis	Managing Director, Crawford UK Limited
Mrs L Ferguson	Head of Learning and Development, Petrofac Operations Services Ltd (contract with ECITB for National Assessment Service Offshore)
Mr M Fletcher	Strategic Construction Support Manager, Doosan Babcock Energy Ltd Member, ACE Industry Steering Group Governor, Fair oak Business and Enterprise College, Rugeley
Miss C Forbes	Human Resources Manager, Wood Group Engineering (North Sea) Limited
Mr P Gotts	Director, Levenholme Consultancy Ltd (engaged primarily with the North East Process Industries Cluster) Member, National Skills Academy for the Process Industry Chairman, Teesside Clients and Contractor Group Chairman, Teesside CCNSG Safety Passport Steering Committee Member, Capital Projects Client's Group (CPCG)
Mr T Hardacre	National Officer, Unite the Union Member, Joint Industry Board for Electrical Contracting Member, NAECI Other Industry Pension Schemes (Trustee)
Mr K Hazlewood	National Secretary, GMB Trade Union Member, NAECI NJC Chairman, Trade Union NECC
Mr M Hockey	Managing Director, Engineering Construction Industry Association Member, ACE Industry Steering Group
Mr J Hornby	Director of Construction, Commissioning and Completion, Aker Solutions E & C Ltd Chairman, NETA Training Chairman, Tees Valley Engineering Partnership Chairman, Sellafeld Contractors Group Parent Governor, Conyers School, Yarm

APPENDICES

Appendix C

Register of Interests of Trustees (cont'd)

Mr M Jex	Consultant contracted to Jacobs LES Limited Board member, Impress (HCCTA LTD) (local non-profit making training organisation) Board member, Humber Chemical Focus (regional, non-profit making development organisation managing the "CATCH" facility)
Mr J Jones	IMS Manager, Taylor & Sons Ltd
Mr T Jones	Alliance Manager, AMEC plc
Mr D Latimer	Director, British Chemical Engineering Contractors Association (BCECA) Director, Don Latimer Consultant
Mr T Lazenby	Chairman, Portsmouth Water Ltd Executive Board member, European Construction Institute Director, Seamab Consultancy Ltd Director, Chilli Shack Ltd
Mr R Leamon	Corporate Compliance Officer, Foster Wheeler Energy Ltd Council member, British Chemical Engineering Contractors' Association
Mr S Lee	Director, AMEC Power & Process Division Chairman, Energy Industrial Council Management Board Member, Engineering Construction Industry Association
Mrs T McDougall	HR Manager, Washington E&C Ltd
Mr J Mellon	Industrial Relations Consultant, Interserve Industrial Services Ltd Manager, Grangemouth Contractors' NVQ Approved Centres Chairman, ACE Scottish Regional Group ECITB Scottish Regional Chair
Mr T Millard	General Manager, SEC Electrical & Instrumentation Employer's Chairman Joint Chairman, Fawley Mechanical Joint Council
Mr W Murray	Director, Offshore Contractors Association Company Secretary, Offshore Contractors Association Company Secretary, Enviro-Resource Ltd
Mr B Rogan	Assistant Managing Director, Cleveland Bridge UK Limited Member, BCSA National Steelwork Contractors Group Member, BCSA Bridgeworks Committee
Mr A Smith	Managing Director, Jordan Manufacturing Ltd Director, CHB-Jordan Ltd



Appendix D

Membership of Board and Committees

As at 21st April 2009

				* = Trustee	MAIN BOARD	MANAGEMENT BOARD	AUDIT COMMITTEE
Mr	T	Lazenby		*	CHAIR	CHAIR	✓
EMPLOYER REPRESENTATIVES							
Mr	B	Buchan		*	✓		
Mrs	L	Ferguson		*	✓		✓
Miss	C	Forbes		*	✓		
Mr	S	Lee		*	✓		
Mrs	T	McDougall		*	✓		
Mr	A	Smith		*	✓		
Mr	R	Leamon	Regional Chair (Off-site)	*	✓		
Mr	G	Richards					✓
REGIONAL CHAIRS							
Mr	G	Beattie	Offshore	*	✓	✓	
Mr	J	Hornby	North East	*	✓	✓	
Mr	M	Jex	Yorkshire & Humberside	*	✓		
Mr	M	Fletcher	Midlands	*	✓		
Mr	J	Mellon	Scotland	*	✓		
Mr	J	Jones	Wales & South West	*	✓		
Mr	T	Jones	North West	*	✓		
Mr	T	Millard	South East & East	*	✓		
EMPLOYER ASSOCIATION REPRESENTATIVES							
Mr	W	Murray	Offshore Contractors Association (OCA)	*	✓	✓	✓
Mr	M	Hockey	Engineering Construction Industry Association (ECIA)	*	✓	✓	✓
Mr	D	Billington	President (ECIA)	*	✓		
Mr	D	Latimer	Director (BCECA)	*	✓		
TRADE UNION REPRESENTATIVES							
Mr	K	Hazlewood		*	✓		
Mr	T	Hardacre		*	✓	✓	
CLIENT REPRESENTATIVE							
Mr	P	Gotts		*	✓	✓	
NON-EXECUTIVE DIRECTOR							
Mr	A	Collinson		*	✓	✓	CHAIR
EDUCATIONALIST							
Mr	M	Bretherick		*	✓		

Appendix E

Chief Executive Officer and Senior Staff

The ECITB's Executive Team comprises:-

Chief Executive Officer

David Edwards

E-mail: DavidEdwards@ecitb.org.uk

Direct Tel: 01923 402121

Board Secretary and Director of Finance

Peter Hill

E-mail: PeterHill@ecitb.org.uk

Direct Tel: 01923 402124

Operations Director

Tony Featherstone

E-mail: TonyFeatherstone@ecitb.org.uk

Direct Tel: 01923 402133

Development and Quality Director

Nigel Spencer

E-mail: NigelSpencer@ecitb.org.uk

Direct Tel: 01923 402132

The Executive Team can be contacted by post at:-

Blue Court
Church Lane
Kings Langley
Hertfordshire
WD4 8JP



APPENDICES

Appendix F

Employer, Employee, Industry, Educational and Governmental Organisations

ECITB maintains close contact with the following associations and bodies concerning skills and training issues.

Employer organisations

British Chemical Engineering Contractors Association (BCECA)
Engineering Construction Industry Association (ECIA)
Offshore Contractors Association (OCA)

Trades unions

GMB
Unite

Industry bodies and associations

Association of Cost Engineers
Association of Project Management
Capital Projects Client Group (CPCG)
European Construction Institute
National Joint Council for the Engineering Construction Industry (NJC)
North East Process Industries Chemical Cluster
Skillweld Industrial Leadership Team
Steering Committee of the Engineering Council UK
Tees Valley Engineering Partnership
Yorkshire Forward Chemical Alliance

Educational organisations, training providers and ECITB approved centres

20\20 Business Insight
Adept Knowledge Management
Aim Academy
Alliance Learning
Angus College
ARC Training Solutions Ltd
Ascenda
ASET (Aberdeen Skills and Enterprise Training) Ltd /Aberdeen College
AVEVA Engineering IT Limited
Banff and Buchan College
Barry Training Services Ltd
Brinsworth Training
Cambridge University
Coleg Glan Hafren
Cranfield University School of Management
Creativedge Training & Development Ltd
Direct Distance Learning
ECI Loughborough University
EAGIT Ltd
Eastern Training Services
EC Harris LLP
Forth Valley College
GENII
Grimsby Institute of Further and Higher Education (GIFHE)
Humberside Engineering Training Association (HETA)
Intergraph (UK) Ltd
IPS International
Kingston University
KT Associates
Latitude Safety
Maritime and Engineering College North West
MetTECH UK Ltd
Michael Carter Associates
Milestone Project Management Solutions
Monitor Management Control Systems Ltd

APPENDICES

Educational organisations, training providers and ECITB approved centres (cont'd)

Neath Port Talbot College
NETA Training Group
North Highland College
Northumberland College
Paisley & Johnstone Training Group Ltd
Peak Performance
Pembrokeshire College
Peterborough College
Petrofac Training
Phoenix Training Solutions
Plymouth College
Richmond College
Robert Gordon University
Royal Academy of Engineering
RSS Training & Consultancy
Salford and Trafford Engineering Group Training Association Ltd (STEGTA)
SETA Training & Advisory Services Ltd
Southampton Engineering Training Association (SETA)
South West Durham College
St Helens College
Sutton Coldfield College
Teesside University
Training 2000
TTE Training Ltd
TTE Ltd
Tullos Training
University of Aberdeen
University of Bath
University of Manchester
University of Northumbria
University of Teesside
Warwickshire College

Governmental bodies and agencies

Alliance of Sector Skills Councils - Scotland
Careers Wales
CITB – Construction Skills
Department for Innovation, Universities and Skills (DIUS)
Department for Business Enterprise and Regulatory Reform (DBERR)
Department for Children Education Lifelong Learning & Skills (DCELLS)
European Social Funding (ESF)
Highlands and Islands Enterprise (HIE)
Learning and Skills Council (LSC)
Qualifications and Curriculum Authority (QCA)
Office of the Qualifications and Examinations Regulator (OfQual)
Scottish Enterprise
Scottish Qualifications Authority (SQA)
Sector Skills Council for the property, facilities management, housing and cleaning industries (Asset Skills)
Sector Skills Council for construction (Construction Skills)
Sector Skills Council for the electricity, gas, waste management and water industries (Energy & Utility Skills)
Sector Skills Council for the process and manufacturing sector (Proskills UK)
Sector Skills Council for science, engineering and manufacturing technologies (SEMTA)
Sector Skills Council for chemicals, nuclear, oil and gas, petroleum and polymers (Cogent)
Sector Skills Council for the building services engineering sector (SummitSkills)
Skills for Business Network (SfBN)
Skills Development Scotland
UK Commission for Employment and Skills (UKCES)



Appendix G

Other Relevant Organisations and Persons

External auditors

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

Internal auditors

Deloitte & Touche Public Sector Internal Audit Ltd, 3 Victoria
Square, Victoria Street, St Albans, Hertfordshire, AL1 3TF.

Bankers

Barclays Bank Plc, 32 Clarendon Road, Watford, Hertfordshire,
WD1 1LD.

Investment managers

Schroder & Company, 100 Wood Street, London, EC2V 7ER.

Solicitors

Shoosmiths, Witan Gate House, 500-600 Witan Gate West, Milton
Keynes, Buckinghamshire, MK9 1SH.

SA Law, 60 London Road, St Albans, Hertfordshire, AL1 1NG.

Maxwell MacLaurin, 100 West Regent Street, Glasgow, G2 2QB.

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