

**EC
ITB***

**ENGINEERING
CONSTRUCTION
INDUSTRY TRAINING
BOARD**

Report of the trustees and accounts for the
year ended 31 December 2018

ENGINEERING CONSTRUCTION INDUSTRY TRAINING BOARD

Report of the trustees and accounts for the
year ended 31 December 2018

Presented to Parliament pursuant to Section 8(4) of the Industrial Training
Act 1982 Ordered by the House of Commons to be printed 18th June 2019.

HC 2208

SG/2019/73



© Crown copyright 2019

This publication is licensed under the terms of the Open Government Licence v3.0 except where otherwise stated. To view this licence, visit nationalarchives.gov.uk/doc/open-government-licence/version/3

Where we have identified any third party copyright information you will need to obtain permission from the copyright holders concerned.

This publication is available at www.gov.uk/government/publications

Any enquiries regarding this publication should be sent to us at Engineering Construction Industry Training Board, Blue Court, Church Lane, Kings Langley, Hertfordshire, WD4 8JP.

ISBN 978-1-5286-1183-1
CCSS0319939822 05/19

Printed on paper containing 75% recycled fibre content minimum

Printed in the UK by the APS Group on behalf of the Controller of Her Majesty's Stationery Office

Contents

Chair's Introduction	1
Chief Executive's Review	2
About the ECITB	4
Performance Review 2018	6
Looking Ahead: 2019	20
2018 Governance Statement	26
Financial Report	37
Results for the Year	38
Commentary on Financial Results	39
Remuneration Report	42
The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament	46
Financial Accounts for the year ended 31 December 2018	49
Appendices	79

Chair's Introduction

I'm delighted to present the ECITB's 2018 Annual Report, which covers my first full year as Chair. During that time I have met with a large number of employers and learners and witnessed the fantastic work the ECITB is undertaking with industry to develop its people.

We started the year with an ambitious plan to improve the way the ECITB operates and I am pleased to report we have achieved our goals.

In response to the Government's review of the industry training boards, we have carried out a number of reforms. Our governance is now more transparent and accountable following the appointment of a new smaller and strategic Board. We have also worked to increase our influence with government and published LMI reports on the industry to help shape policy making, with further reports set for release in 2019.

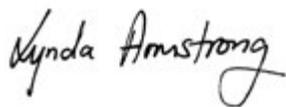
In 2018, the ECITB consulted employers on our grant policy and the response was very positive. Respondents scored us highly both for the relevance and the delivery of our products and services. Our status as an employer-led organisation with the confidence of our companies was also recognised by the Institute for Apprenticeships and Technical Education, who selected the ECITB to become an External Quality Assurance provider on behalf of the industry.

Industry has also warmly welcomed the rollout of ECITB's strategic initiatives, such as Connected Competence and the Project Collaboration Toolkit.

In 2019, we will continue to work hard to achieve the goals set out in our strategy, supporting industry to boost productivity through skills, maximising the value of the training levy to our employers, and ensuring the skills needs of the industry are heard in Westminster and the devolved nations.

Engineering construction is an industry committed to the highest standards of quality and training, but there is still plenty we need to do to attract and develop more young and talented people. The ECITB's latest research suggests an emerging skills shortfall as an ageing workforce retires and industry struggles to recruit enough new employees. Over the next year, I will be working with business and government to open up opportunities to deliver a more diverse workforce. This work is imperative if we are to expand the talent pool and address key skills shortages.

Finally in the summer, we will consult with our in-scope employers on our new strategy for 2020. The new strategy has been developed with employers across all sectors of the industry and will culminate in September with our consultation on the industrial training levy rates. I hope that employers agree that the package of support that we are offering meets the requirements they have set us, both in meeting the growing demand for training today, while also helping industry stay ahead of the curve and prepare its workforce with the skills for the future.



Lynda Armstrong OBE



Chief Executive's Review

2018 was a year of delivery for the ECITB, as we implemented a number of major reforms and initiatives as part of our three-year strategy, published in 2017. It also saw the first year of reduced levy rates coming into effect, following the 2016 consultation on the industrial training levy.

At the beginning of the year, the new ECITB Board was formed alongside the establishment of the Council. This has provided the organisation with fresh strategic direction and a wealth of expertise from across industry. It has also enhanced our ability to deliver against the industry's skills priorities and address both short term and future needs.

Alongside our governance reforms, we also made significant headway in delivering the recommendations of the Government's review of the industrial training boards and met the requirements of the Cabinet Office's tailored review process.

ECITB activity in 2018 reflected a noticeable uptick in training across the industry compared to recent years. While parts of the industry continued to struggle with fine margins and lack of work, demand for training support grew as new projects came on line.

Uncertainty over the UK's departure from the European Union also raised concerns about access to skills and placed growing impetus on employers to develop new home-grown talent. This translated into a rise in apprenticeship numbers in in-scope companies, with the number of apprenticeship starts increasing by 137 per cent compared to 2017.

Across the range of ECITB supported training, grant expenditure was higher than forecast at the beginning of the year due to higher than expected demand for training. Improvements to streamline our grant application processes following our review of grants also contributed to strong employer uptake of grant support. The Board's decision to draw on reserves to maintain the overall funding envelope following the introduction of lower levy rates proved to be a prudent move and enabled the ECITB to meet this growth in demand.

In addition to meeting employers' priority training needs, we implemented a number of strategic initiatives in 2018. This included developing the Connected Competence programme, which standardises skills and testing using the ECITB's Technical Tests, and covers a range of construction and industrial roles in the offshore sector.

We also successfully piloted the ECITB's Project Collaboration toolkit on five industry projects. The results of these pilot studies demonstrate the benefits of client and contractor collaboration on major projects – in one case contributing to a 40% cost saving on a like-for-like project.

Growing the pipeline of skills into the industry remains a priority for industry and ECITB support in this area continued in 2018. Our prestigious Introduction to Engineering Construction (ITEC) programme went from strength to strength. 92% of learners completed the course in 2018, with 59% progressing into an apprenticeship or higher technical education.

At the end of 2018, we also took steps to modernise the ECITB's brand image and launched a new user-centred website. The new brand marks a notable phase in our journey. It seeks to convey a confident, dynamic and forward-looking organisation and speaks to our mission to lead the industry in developing a highly-skilled workforce.

Finally, we have been working closely with the Board to develop the new ECITB strategy and levy offer, which we will present to industry in 2019. This work has involved close consultation with employers across all sectors and regions; and I am confident that the offer we present to industry will be well received.



Chris Claydon
Chief Executive



Our mission:

The ECITB's mission is to lead the industry in training and developing a highly-skilled workforce.

About the ECITB

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

The engineering construction industry (ECI) delivers and maintains the nation's critical energy infrastructure, including in the oil and gas, nuclear and renewables sectors, alongside major process industries, such as chemicals, pharmaceuticals, food processing, water and waste treatment. The ECITB is the skills, standards and qualifications body with statutory responsibility for the development of the engineering construction workforce in Great Britain. It works closely with employers and governments to attract, develop and qualify engineering construction personnel in a wide range of craft, technical and professional skills and disciplines.

The ECITB's vision is to be the leading industry authority on engineering construction skills, working in partnership with business and government to deliver a highly skilled workforce and offering value by enabling industry to compete globally. This means constantly evaluating and improving our focus, our operations, our relationships and our governance.

Charitable Activities:

The ECITB is a registered charity in England (Registered Charity No. 264506), with four main areas of activity, focused on facilitating employment, skills development and training for the industry.

APPRENTICESHIPS & CAREERS

- Meeting national economic needs for skills.
- Supporting the next generation of apprentices.
- Industry relevant apprenticeships.
- Quality assured training.

TECHNICAL PROGRAMMES

- Ensuring skills are retained and utilised.
- Flexible training programmes.
- Upskilling and reskilling existing employees.

MANAGEMENT & PROFESSIONAL

- Developing tomorrow's managers.
- Comprehensive range of technical, supervisory and managerial training.
- Continuous professional development.

AWARDS & QUALIFICATIONS

- Guaranteeing quality in the system.
- Setting standards, assuring competence, developing VQs and accrediting and assuring training providers and assessment.
- The ECITB is the industry Awarding Body.

£4m

Spent from Reserves to support training demand in excess of levy income.



£23m

of levy raised in 2018.



Apprenticeships and Careers



£3.9m

137% increase in people starting apprenticeships in 2018 compared to last year.

92% of learners completed our ITEC course in 2018 with nearly two-thirds (59%) progressing into an apprenticeship or higher technical education.

Our **new careers strategy, published in 2018**, will raise awareness of engineering construction careers among young people, women and BAME groups.

Awards and Qualifications



£0.79m

Developed 11 new qualifications with 16 different discipline pathways.

31,864 CCNSG safety passports were issued last year, ensuring engineering construction sites are safe.

£21.3m

of grant funding to employers for training in 2018.



Management and Professional

£6.1m

480 graduate engineers at risk of redundancy supported in upstream oil and gas during the downturn. Our Project Collaboration Toolkit has helped industry lower costs on projects through collaborative behaviour, including a 40% cost reduction on a like for like project.



Technical Programmes

£10.5m

8,617 ECITB technical tests completed in 2018 compared to 4,833 in 2017.

Our Connected Competence programme is standardising training across the offshore workforce – removing training duplication, cutting costs and building a more flexible workforce.

Support for SMEs

In-scope SMEs got 20% more funding back in grant support than they paid in.



Reform

to our system of governance, including new Board and Council.



Performance Review 2018

Operating Environment

The UK economy slowed in the final quarter of 2018 with services, manufacturing and construction all contracting. GDP growth in the fourth quarter was 0.2% while annual growth was the lowest since 2012 amid growing uncertainty over Brexit and a challenging global economic outlook. Inflation also fell to 1.8% at the end of the year, while the employment rate in the final quarter was at a joint all time high at 75.8%, pointing to the further tightening of the UK labour market.

Across the engineering construction industry, the operating environment in 2018 was mixed. After several extremely challenging years, the UK oil and gas sector showed signs of recovery. The oil price averaged \$73 per barrel in the first half of the year, nearly 30% higher than in 2017, while a number of new projects were greenlighted for investment.¹ However, many service companies continued to experience low margins, as consolidation and efficiencies continued to bear down on contractors.

In the nuclear sector, progress was made in the construction of Hinkley Point C, while the publication of the Nuclear Sector Deal by the Government in July provided important commitments to the sector. However, towards the end of the year, optimism was tempered by Hitachi and Toshiba's decision to withdraw from the Wylfa Newydd and Moorside projects respectively, creating uncertainty over the future of the broader nuclear new build programme in the UK.

Offshore wind continued to grow in 2018, with 1.3 gigawatts of new capacity added making the UK home to the largest installed capacity of offshore wind energy in Europe.² The sector is set to expand further in 2019 with Hornsea 1 and Beatrice offshore windfarm both under construction and set for commissioning. Increasingly, oil and gas companies are looking to diversify their portfolios, move into the growing offshore wind market, and contribute to the economy's transition towards a low-carbon energy mix.

Despite the mixed picture facing the industry, the tight labour market – coupled with concerns about access to skills post-Brexit – has started to impact on industry, with employers across different sectors reporting skills shortages. This has translated into growing demand for ECITB training among ECI employers.

The industry's operating environment is also being shaped by Government policy. The Government's Industrial strategy identifies five 'foundations' to boost productivity and growth in UK industry – ideas, people, places, industries and infrastructure. Alongside these five key areas of investment, the Government has highlighted four Grand Challenges, designed to ensure that the UK is properly positioned to shape and lead the industries of the future. These aims include:

- putting the UK at the forefront of the artificial intelligence and the data revolution;
- maximising the advantages for UK industry from the global shift to clean growth;
- becoming a world leader in shaping the future of mobility;
- harnessing the power of innovation to help meet the needs of an ageing society.

Flowing from this strategy, the Government has announced a series of sector deals for significant or strategic areas of industry, including for sciences, construction, nuclear and offshore wind.

Reflecting changes in attitude to the use of fossil fuels, the Government has also developed the Clean Growth Strategy, which aims to:

- grow national income while cutting greenhouse gas emissions;
- deliver clean, smart and flexible power by phasing out the use of unabated coal to produce electricity by 2025;
- deliver new nuclear power through Hinkley Point C;
- progress discussions with developers to secure a competitive price for pipeline projects;
- and improve the route to market for renewable technologies.

The ECITB will play a central role in developing the technical skills that will drive the implementation of both the Industrial and Clean Growth Strategies. This includes continuing to develop skills training for today's industry, but also driving training in new technologies and helping industry to embrace technological innovation.

¹ Oil and Gas UK, 2018 Economic report <https://oilandgasuk.cld.bz/Economic-Report-2018/8/>

² <https://www.energyvoice.com/otherenergy/192788/uk-led-offshore-wind-construction-in-2018-according-to-data/>

Objectives and Achievements in 2018

The ECITB focused its efforts on delivering our strategic objectives and meeting the industry's priority training requirements.

We took steps to implement the recommendations of the ITB review, including finalising our governance reforms with the creation of a smaller and more strategic Board and an advisory Council made up of employers, trade associations, trade unions and other stakeholders. In November, the Government confirmed that the ECITB had met the requirements of the Cabinet Office's tailored review process.

A key focus for the ECITB in 2018 was supporting the cost-effective delivery of training to ensure industry derives maximum value for money from the levy. Our Connected Competence programme, which has been adopted by major oil services companies, has been instrumental in helping to standardise the training, testing and competency requirements of the offshore workforce in key disciplines. The programme, which is underpinned by the ECITB's Technical tests, creates a common competency framework and eliminates unnecessary duplication of training for the industry. It also helps employers to mobilise their workforce more rapidly.

We also conducted a review into our grant policy. As part of this, we undertook a consultation at the beginning of the year in which employers scored us highly both for the relevance of our products and services and for the way we delivered them. Our revised grant policy seeks to streamline the process for claiming and receiving grant further.

We continued to raise the profile of the ECITB in Government by supporting the development of relevant policies, including T Levels, industrial placements and the Industrial Strategy Sector Deals. The Nuclear Sector Deal, published in June, includes ambitious targets on apprenticeships and workforce diversity, as well as a strong focus on transferable skills. The ECITB is supporting the sector through our nuclear forum on the transferability agenda. This includes working with EDF at their Cottam coal fired power station on a structured training programme to transfer workers into nuclear new build commissioning roles.

Enhancing our understanding of the current and future skills needs of engineering construction remains a priority for the ECITB. Our labour market intelligence work continued throughout 2018 and centred on the commissioning of two major research reports: one on the ECI labour market, and one on the impact of emerging technologies on the skills requirements of the industry. Both reports drew on the findings of a large scale employer survey, conducted by Pye Tait in 2018. Over 800 employers across the industry took part and results were published in early 2019.

The growing importance of preparing the industry for the Fourth Industrial Revolution (4IR) continues, and we have been working to ensure our training products and services meet the latest technological trends. In 2018, we worked with industry and the drone sector to develop a new training standard for industrial drone operations. The standard is being piloted in 2019 and will train drone operators on industrial sites to undertake aerial activities safely and efficiently.

Apprenticeships

Apprenticeships continue to provide the most popular entry route for careers in engineering construction. In 2018, we saw an upturn in the number of industry employers supporting apprenticeships compared to 2017. The ECITB supported 1,171 apprentices in total, including 641 new starters and 428 learners completing their apprenticeship during 2018. While our goal at the start of the year was to achieve a 20% increase in apprenticeship starts in 2018, the actual increase from the previous year was 137% (there were 270 new starts in 2017 compared to 641 in 2018).

"By working with the ECITB we have been able to increase our workforce through a collaboration to train and develop young people. The majority of these learners have now gained full time positions via apprenticeships with ourselves and other local businesses. Without the ECITB's support we would have found it much harder to secure these skills."

Trevor King,
Commercial Manager, Vogal Group

In Scotland, 78 new entrants started apprenticeships with 43 of those registered on ECITB frameworks. The ECITB-supported Oil and Gas Technical Apprenticeship Programme (OGTAP) showed an encouraging recruitment trend with four female apprentices starting Modern Apprenticeships (MAs) at Forth Valley College (FVC). Employed by Aker Solutions, Petrofac, Wood and Worley Parsons they will spend their first 21 months on campus at FVC before gaining workplace experience in locations such as Shetland and offshore. The apprentices join the largest ever enrolment of first year women with 19 women MAs – covering areas such as welding and fabrication, instrumentation, power distribution and mechanical engineering – at FVC's Falkirk Campus.

In 2018, the Northern region of England saw a significant increase in recruitment of apprentices. With a total of 107 regional employers, 26 SMEs recruited apprentices amounting to a total of 64 apprentices. Apprenticeship starts in the North also increased to 108. This was bolstered by the availability of new apprenticeship standards in the region including a level 4 Project Management standard, delivered by 20/20 Business Insight & Learning Skills Partnership, and a level 3 Supervisor/ Team Leader incorporating ECITB Supervisory Training Programme, offered by North Lindsey College.

Wales, the Midlands and East Anglia saw a similar pick up in recruitment with a 34% increase in apprentice starts. Industry employers in those regions took on 63 apprentices in 2018 compared to 47 in 2017.

In the Southern region of England, the ECITB supported 12 apprentices to undertake the level 3 CMI Diploma in First Line Management at Richmond College. With the cohort nearly completing the programme, the ECITB aims to host another cohort and also to develop the initial cohort through a level 5 Supervisory programme. In addition, the ECITB also supported three learners to enrol on the MBA Standard at Cranfield University.

With the escalation of work at Hinkley Point C (HPC) and growth in the nuclear sector, there is increasing demand for specialised and highly skilled roles. This is reflected in Sellafield's continued commitment to apprenticeships, with this employer engaging with the ECITB to support more than 100 apprentices for the first time ever this year. Growth in the nuclear region was echoed across SMEs, with three companies – Hold, Aquila and Meldrum – taking on two apprentices each. This was the first time Aquila had recruited apprentices. In 2018, 39 higher apprentices started and a total of 44 apprentices completed their apprenticeship. Looking forward, the escalation of work at HPC means that next year recruitment is likely to increase on 2018 figures.

In addition, 2018 was another busy year in the development and implementation of apprenticeship standards in England. The ECITB worked with trailblazer groups on the following standards:

- Completed the level 3 rigger/erector standards.
- Supported the advanced manufacturing trailblazer groups to develop and deliver the level 3 mechanical fitter and fabricator (plating pathway) standards.
- Facilitated the level 4 information management trailblazer group in developing and submitting the standard.
- Facilitated the reforming of the project control trailblazer group and the drafting of the level 6 PC Professional Expression of Interest.
- Supported the project manager trailblazer group to draft level 4-6 standards.
- Supported the HSE trailblazer group in drafting the level 3 HSE technician standard.
- Supported the leadership trailblazer group in drafting the level 3-7 CMI standards.

- Supported the continuous improvement group in drafting level 3-6 standards.
- Supported the engineering fitter trailblazer group to complete the standard and assessment plan.

We also developed our suite of apprentice phase tests for the following specified occupations, which were ready for delivery in 2019: Instrument & Control, Mechanical Maintenance, Electrical Maintenance, Pipefitting and Rigging and Erecting.

Employers asked the ECITB to become the External Quality Assurance Provider for Apprenticeship End Point Assessment Organisations in design and draughting and pipefitting. An application was prepared and submitted using the ECITB's Awarding Organisation as the basis for providing quality assurance services. This was accepted by the Institute for Apprenticeships in late 2018 and work is now ongoing for implementation. Submissions will also be made in due course for rigging and erecting and project control standards. The ECITB has also been talking to employers involved in the development of standards in welding.

Introduction to Engineering Construction

The ECITB's Introduction to Engineering Construction Course (ITEC) is a 10-month programme preparing learners for apprenticeships and other roles in the industry. Funded by the ECITB and delivered by 11 colleges and training providers across England, the ITEC equips young people with the skills, qualifications and behaviours to prepare them for employment.

Since successfully completing the ITEC in June 2018, more than fifty learners have already progressed into apprenticeships. And with 92% of the 154 participants completing the ITEC, many more are set to progress into work, apprenticeship or higher education. So far, 59% have progressed into an apprenticeship or higher technical education.

In September a group of 145 learners commenced the ITEC programme.

Promoting ECI Careers

With the industry set to grow over the coming decades, engineering construction employers are acutely aware of the need to attract and recruit more skilled people to the workforce.

In 2018, the ECITB reviewed its approach to careers promotion and developed a new careers strategy. The strategy centres on working with national STEM partners to raise awareness of careers in the engineering construction industry through campaigns and social media. At a regional level, it involves working with local employers to showcase ECI careers and apprenticeships to young people in schools and colleges.

Following the success of last year's 'Tackling Gender Inequality' event in West Wales, the ECITB worked with local employer Valero and partners to deliver the 'Aspire 2 Be' programme. This saw female Year 8 students from Pembrokeshire and Carmarthenshire schools take part in a hands-on technology workshop at Coleg Sir Gâr's Graig Campus in Llanelli, and a robotics challenge and chemistry experiments with female engineers at the Valero refinery in Pembroke.

ECITB also worked with other key partners in 2018 to promote ECI careers, including the Careers and Enterprise Company in the North and in the East of England via their Enterprise Advisor Network, and in Scotland through the Energy Skills Partnership.

"Having access to ITEC learners broadens our recruitment options, and a real plus point is these young people now have a better idea of what type of engineer they want to become.

"It's also great for the wider community as those who don't secure an apprenticeship first time round are encouraged to continue to develop and enhance their engineering skills, so that they stand a stronger chance in the future."

Donna Connor,
Head of Education and Skills, Sellafield Ltd

"The experience that Jacobs Field Services has had to date with the ITEC programme has been extremely positive and we would highly recommend to other employers. We would absolutely look to hire ITEC students in the future as part of our apprenticeship programme."

Sam Mason,
HR Business Partner, Jacobs

Technical Programmes

Skills and Technical

The ECITB exists to ensure the right quality training is available and accessible to industry. In 2018, the ECITB funded 32% more Technical Training than forecast, and 9% more than the previous year, providing £4.84m of support compared to £4.44m in 2017. This demonstrates significant growth against original plans and an increase in demand for learners undertaking skills and technical training.

2018 also saw a significant rise in the number of delegates taking an ECITB Technical Test and attending an ECITB Technical Training course. The total number of delegates who undertook an ECITB Technical Test increased from 4,833 in 2017 to a total of 8,617 during the course of 2018. Similarly the number of delegates attending an ECITB Technical Training course increased from 4,475 in 2017 to 6,131 in 2018. This increasing trend is expected to continue into 2019.

As well as an increase in ECITB Technical Training as described above, there were a number of other training growth areas, primarily in site plant operations, where there were marked increases in courses such as Crane Operator and Electrical and Instrumentation. There was a reduction in CAD – orientated training.

Training Activity	% Variance from 2017
Crane Operator	245% increase
ECITB Cert in Project Control	14% increase
CAD	21% reduction

The ECITB was integral in the launch of the Fabric Maintenance Academy in 2017, a steering group with membership from leading asset integrity and fabric maintenance employers. This year, the ECITB continued to provide training and competence solutions, as well as oversee the development of new products, that address the current and future needs of the sector. The main focus in 2018 was to develop testing materials that include industrial coatings and thermal insulation engineering trades in the connected competence framework.

The ECITB also supported employers to develop a route to competence for offshore scaffolders as an alternative to the Construction Industry Scaffolders Record Scheme card (CISRS).

During 2018, the ECITB's Northern regional team worked with Bilfinger UK to develop training solutions to upskill workers in pipefitting and rigging. Ten semi-skilled employees based at the ExxonMobil Fawley site took the course at AIS Training in Newcastle. After 18 months of assessment it is anticipated they will qualify through a level 3 VQ as competent tradesmen. A similar programme to upskill and qualify 12 Riggers and Platers to craft status was started in 2018 at the Ferrybridge power station.

In the East of England, 33 learners were registered on ECITB Mechanical Joint Integrity and Small Bore Tubing courses with a total of 188 Technical Tests taken. This increase on 2017 levels stems from the establishment of local provision in the East of England.

Connected Competence

Connected Competence is an award-winning scheme to build a more competent and transferable engineering construction workforce. The programme was developed by the ECITB in conjunction with some of the North Sea's biggest service companies. Connected Competence formalises work across the oil and gas sector to provide an agreed method to assure the technical competence of the workforce, increasing safety performance, productivity, assist transferability and shorten mobilisation times. The programme was recognised with the 2018 Offshore Achievement Award for Collaboration.

Additional trades have now been added to Connected Competence, which means that as well as the initial disciplines of construction and maintenance there are now tests in place for industrial coatings and thermal insulation activities.

In the Connected Competence space:

- Phase 1 tests were completed and question banks updated for the main craft and technician occupations.
- In Phase 2, Fabric Maintenance, painter blaster sprayer and thermal insulation tests were developed.
- WebEx training and demonstrations were conducted for connected competence company HR and other staff.

The rollout of Connected Competence continues to attract interest across England and Wales from a number of major infrastructure facilities. The ECITB's regional team will continue to promote the scheme at a regional level through various stakeholder fora and liaise with the provider network to support this objective. Briefings with the nuclear sector around Connected Competence will also take place during 2019.

Transferable skills

The ECITB helps to make a more efficient and effective labour market by designing and delivering skills training that is transferable between companies and sectors. We recognise there is demand across engineering construction sectors for similar skills, knowledge and behaviours and we devise training standards and qualifications that are relevant across sectors and create a versatile workforce that can match the skills demands of the industry.

In the energy sector, the ECITB has been looking at mobilising people from other sectors to address a skills gap in the nuclear industry. Cottam Power Station, owned by EDF Energy, has been preparing for eventual closure of the coal-powered site. EDF Energy are working with ECITB, the National College for Nuclear (NCfN) and the NSSG to explore how to retain these skilled workers. Options include moving staff from the coal power station to nuclear stations at EDF and also transitioning of workers from coal operations, to eventual decommissioning projects at Cottam.

"As we approach the end of life for our coal station, we are looking at how we can support people through this transition, whatever their individual aspirations for the future. This will involve providing training which builds upon their existing operational knowledge with generic and bespoke nuclear training for their new role. We are also seeking to work with other employers to seek out opportunities for our staff and create pipelines to secure careers within the energy sector and other engineering, science & technology sector organisations who may benefit from the skills which eventually will become available."

Lesley Cox,
EDF Energy, Cottam Power Station

To support transferability of skills in 2018 the following Training Standards were developed:

- Industrial isolations
- Industrial drone operations
- Composite blade repair

Provider Support

The ECITB undertook a total of 271 Audits during the course of 2018 covering 96% of the available training provision. 241 (89%) of those audit visits resulted in outstanding or good provision, which is a significant increase on the 2017 figures. This was a result of the introduction of a much more robust approach to the audit process, which involved a full review of the Standard Operating Procedures for 2018. The review ensured providers had a better understanding of the delivery/administration requirements, the introduction of an audit standardisation session at the monthly Provider Account Management team meetings and the introduction of more unannounced and mystery shopper audit visits.

Management and Professional Programmes

ECITB support for management and professional training, which ranges from supervisory and project management training to higher education, reduced by 44% in 2018. The reduced outlay followed a 40% spike in 2016, and a modest increase of 3% in grant support in 2017.

This reduction was largely due to the closure of the ECITB's graduate retention scheme at the end of Q1 2018. The scheme supported around 500 graduate engineers during a significant downturn for the oil and gas sector. It provided learners with structured continuous professional development to ensure they were ready to continue their careers within industry when the economic climate improved. This scheme has been highly beneficial, helping to retain 75% of those graduates in the industry.

Training Activity	% Variance from 2017
Coaching/mentoring skills	450% increase
NEBOSH Diploma	91% increase
CPD for Engineers	85% Reduction

Active Cup

The ACTIVE Cup is a project management competition that sets teams from different organisations against each other to plan and execute a simulated project. This competition tests and develops both the technical project management skills and soft skills required for successful project delivery. Three competitions took place across the county training more than 120 project personnel.

In Scotland, 11 teams took part in the annual Scotland ACTIVE Cup Competition held at Carnoustie Hotel. This is the 5th competition run specifically for oil and gas companies. Competing teams represented operators and contractors from Total E&P, Marathon Oil, TechnipFMC, Subsea 7, Stork, Worley Parsons and Wood. The winners, one of two teams representing the seabed-to-surface engineering, construction and services contractor, Subsea 7, demonstrated essential skills and a collaborative working approach in areas such as project planning and execution required to deliver the winning project.

"We are delighted to win this accolade which showcases Subsea 7's strong collaborative culture combined with the teams' astute problem-solving. "This competition is an important part of our project managers' development programme, as it offers a unique opportunity for the teams to test their leadership behaviours and project management capabilities."

Phil Simons,
Subsea 7 Vice President North Sea and Canada

In the South, two competitions took place at Cranfield University with seven companies participating in January 2018 and 6 in June 2018.



Coaching for Cultural Change

The ECITB's Scotland team coordinated a series of training events in Aberdeen and Grangemouth for employers. The workshops focussed on communicating around cultural change within organisations and included the benefits of coaching conversations provided the knowledge, skills and behaviour required to hold effective coaching conversations within an organisation and with external stakeholders.

Project Management Mentoring

Now in its fourth year, the six-month project management mentoring scheme allows qualified and experienced project practitioners to 'mentor-forward', imparting wisdom and providing guidance to less experienced project professionals with the aim of accelerating their performance and careers. There were 18 participants in the 2018 cohort.

Project Collaboration Toolkit

The Project Collaboration Toolkit was created to help the UK's oil and gas industry improve its efficiency in a competitive global market by sharing skills and expertise to keep costs down. It supports the development of collaborative behaviours and has been used on several projects in the upstream and downstream sector. Feedback from the pilot projects is positive and has shown the value of the toolkit to industry. During 2018, the ECITB published five case studies that provided accounts and analysis of how the toolkit had been implemented in projects, including the Shell Brent Bravo and BP Miller topsides and jacket decommissioning projects.

Shell's Brent Bravo project employed the toolkit to great effect. The project team was reduced in size by 20% while making significant improvements in productivity. The project was delivered within an 11-month period and significantly under budget. The collaborative approach to delivery of the work helped to reduce costs by approximately 40% compared to the Brent Delta project and when combined with other lessons learned resulted in a reduction in like for like removal preparation costs of approximately 70%.

Commercial Awareness Training

The ECITB has responded to demand for commercial awareness training and launched training standards in this area in 2017. The popularity of this training continued in 2018 with over 170 personnel going through the programme, a significant increase on 2017. Employers started to recognise the benefits of this type of training and demand grew. In the Northern region, for example, demand from employers enabled the ECITB to schedule open courses in document management and commercial awareness.

"The Project Management Mentoring programme is an excellent way of sharing learning and experience from delivery of oil and gas projects, something that is vital to the future well-being of the sector. The programme goes from strength to strength each year, and that is very much down to the ongoing commitment and enthusiasm of all those concerned."

Peter Benton,
Chair of the Project Management Competence Working Group

"These significant case studies show the UK offshore industry at its best – in relentless pursuit of smarter ways of working which help to raise our competitiveness to the next level. They are proof that collaborative working can yield successes across the lifecycle of the basin, from generating efficiencies and cost-savings which drive new prospects across the investment line, to making strides in efforts to reduce the decommissioning bill."

Deirdre Michie,
Chief Executive of Oil and Gas UK

"The ECITB Project Collaboration Toolkit has demonstrated that it can support the development of collaborative behaviours across a project team and contribute to delivering efficiencies and innovation to support project cost saving. Use of this Toolkit has now become part of the ways of working on the Shell Brent Decommissioning Project."

William Lindsay,
Brent Decommissioning Project Director, Shell

Leadership Training

Leadership skills have been an area of focus in 2018. This comes after the Oil and Gas Project Management Steering Group (OPMSG) raised concerns around how effectively the industry develops skills in the area of leading large and complex projects. In response, ECITB and OPMSG representatives took part in the international roundtable series run by the International Centre for Complex Project Management in June 2018, to draw on lessons from other industries.

"With the industry looking at how best we can deliver complex projects this was a relevant and very valuable workshop. It highlighted the importance of competent and experienced project managers to cross-industry projects and the vital role of project leadership in robust project delivery."

Matt Staines,
Nexen

In November 2018, ECITB staged an engineering construction-specific workshop, supported by Kingsfield Consulting, with senior client and contractor stakeholders from upstream oil and gas and from the nuclear decommissioning estate. This explored leadership on complex projects in an engineering construction context to distil key areas for future action.

As we move into 2019, ECITB has formed a leadership development working group to steer, prioritise and oversee its activities to improve the development of leadership skills in the industry. The group will work to deliver a consistent framework for leadership skills development that supports evolution of leadership skills over the course of an individual's career in engineering construction.

Supervisor and Manager Training

Across the industry there has been a marked increase in levels of supervisor training and this has continued in 2018 as more employers understand the benefits of the ECITB's Supervisor and Senior Supervisor training programmes.

Project Management Training

Project Management Training has been another growth area in 2018 with a push on engagement across the regions. The ECITB has collaborated with the European Construction Institute and the Construction Industry Institute from Texas University, to define the concept of OS2.0, a new framework for delivering global projects. This work aligns with the Institution of Civil Engineers work on Project 13: A better approach to building high-performing infrastructure. These work streams consider new models for contracting relationships and have implications for future projects and their leadership.

Continuous Improvement

The core training standard development work for continuous improvement was completed with a training programme based on these standards developed by WSP. This programme was piloted throughout 2018 by three different companies and will complete in 2019. Work commenced on revising the Certificate in Project Controls training programme and this will be completed in the first quarter of 2019.

Supporting the Nuclear Sector

The ECITB has supported the Nuclear Skills Strategy Group (NSSG) and the Government's Nuclear Sector deal in a number of ways, including:

- Seconding an NSSG Skills Lead, responsible for authoring the Nuclear Sector Deal and the NSSG Strategic Plan, and overseeing the delivery of the themes.
- Working alongside the NSSG in securing the sector deal and facilitating engagement with ECITB Nuclear employers.
- Taking an active role in the sector deal strategy and leading the work stream relating to engineering and skills. Engaging with SAG/Cogent on skills matters and role profiles.
- Work to support transferees from coal to nuclear roles.
- Supporting Cavendish Nuclear on a STEM returners programme to enable AELP and new entrants.

Last year, the ECITB supported the National College for Nuclear (NCfN) to develop 12 training standards for Nuclear Engineering and Science. This year has seen engagement with NCfN to develop courses which facilitate movement for skilled workers from non-nuclear to nuclear organisations using a standardised approach to training. In addition, we have now been asked to support the development of curriculum for key elements of skills needs in nuclear engineering.

The ECITB has continued to support the ongoing development of a Competency and Qualifications matrix for Hinkley Point C. The project team has been a regular contact point for skills-related questions as they start to build the skills picture for the Mechanical, Electrical, Heating and Ventilation (MEH) Joint Venture. This was formed in September 2018 at the request of client EDF and comprises Altrad, Balfour Beatty Bailey, Cavendish Nuclear and Doosan Babcock. Engagement with the alliance has been positive in 2018 and the ECITB are now well positioned to provide support and guidance on the skills requirements for this phase of the project.

Support for SMEs

The ECITB continued to support training and development across the SME community in 2018. At the core of this support is our account management facility, which provides SMEs with face-to-face support to identify and address their training needs. This, alongside the streamlining of our grant application systems through the new Member Services Portal (MSP), enabled us to meet our objective of providing 20% more grant support to SMEs than they paid in levy last year.

The success of our SME engagement approach is borne out in feedback on our grants application processes. Some 79% of SME respondents to our grant consultation last year suggested the process for applying for grants was straightforward, while 81% stated that the process for receiving grant payment was straightforward.³

Across the regions, our support for SMEs continues to grow. In the South, the ECITB allocated over £300,000 in grant funding in 2018. This amount was allocated in the two main SME bases in the region (Kent and Southampton), double the amount of levy received.

In Scotland, we have supported small businesses such as Normand & Thomson, a small engineering company in Fife, to develop a bespoke programme to enable them to benefit from the Scottish Government's modern apprenticeship programme. This has centred on using ECITB's skills programme delivered on a block basis to allow their pipefitter apprentices to gain valuable skills experience without the need to be away from the workplace for long periods of time. On completion of the skills programme, these individuals progress to work towards the qualification that allows them to achieve their Modern Apprenticeship.

"As an SME, there is no doubt that the excellent advice and support we have received from the ECITB around skills training has enhanced our profile, helping us win a number of prestigious contracts and retain a trained, professional workforce."

Stephen Gilliand,
Director of GR Carr

"Beck & Pollitzer continues to benefit from a great partnership with the ECITB. The Account Management service means that we have a dedicated resource to go to whenever we need relevant information about technical skills, apprenticeships, funding opportunities and national trends."

Veronica Anthony-David,
HR Manager Beck & Pollitzer

³ ECITB, Grants Consultation: summary of results, July 2018 <https://www.ecitb.org.uk/wp-content/uploads/2019/01/EC06-Grants-Consultation-Summary-Report.pdf>

Awards and Qualifications

The ECITB is an accredited awarding organisation recognised by the three regulatory bodies; The Office of the Qualifications and Examinations Regulator in England (Ofqual), the Scottish Qualifications Authority (Accreditation) (SQA) and Qualifications Wales. As part of satisfying these regulatory requirements, the ECITB submits annual Statements of Compliance to all three organisations. In 2018, full compliance was declared and accepted by the regulators.

2018 was a significant year for ECITB qualifications. Following the changeover from the Qualifications and Credit Framework (QCF) to the Regulated Qualifications Framework (RQF), the decision was taken to change the way the new RQF qualifications are assessed. Instead of there being mandatory workplace assessment, off-the-job practical assessments have been introduced as an alternative. This allows for assessment when it is difficult to gain access to a site for an assessor or work is not readily available, and most importantly it allows individuals who are not yet in work to obtain qualifications. In 2019, ECITB launched five new RQF qualifications covering 11 occupations, including knowledge tests, skills assessment tests (practical tests) and skills assessment reports for:

Level 3 Diplomas in:

- Engineering Construction Maintenance (RQF)
 - Electrical, Mechanical, Instrument & Control
- Installing Engineering Construction Plant and Systems (RQF)
 - Electrical Fitting, Mechanical Fitting, Pipefitting, Plating
- Engineering Construction Lifting, Positioning and Installing Structures, Plant and Equipment (RQF)
 - Erecting, Rigging
- Project Controls Practice and Techniques (RQF)
- Engineering Design and Draughting (RQF)

We have also been working on the following qualifications for launch in Q1/19:

Level 2 Diplomas in:

- Lifting and Positioning Engineering Construction Loads (RQF)
- Supporting the Installation of Engineering Construction Plant and Systems (RQF)
 - Mechanical Fitting, Pipefitting, Plating
- Erecting Steelwork Components (RQF)
 - Level 3 Knowledge
 - Level 2 Knowledge

We also devised assessment tools for assessing qualifications using the ECITB Knowledge and Skills Tests (more than 3,000 new questions, 200 new skills tests and a modification to the ECITB's Member Services Portal allow short-answer questions as well as multi-choice). The successful pilot of the CCNSG Test-only for Renewal programme during 2018 resulted in the programme being rolled-out nationally. Over half of the CCNSG providers chose to offer CCNSG Test-Only for Renewal as an additional product of their 2019 CCNSG Licence Agreement. A new international tailored award was developed and delivered for Weir Group, taking into account their specific competency requirements.



Policy engagement

The ECITB continued to engage with Government in key policy areas, throughout 2018. The ECITB policy team responded to a number of Government consultations, and continued to strengthen its ties with the Department for Education and the wider Westminster and devolved nations' policy arena.

In 2018 the ECITB was particularly active in the following policy areas:

- **T Levels:** The ECITB continued to work closely with Department for Education and the Institute for Apprenticeships on the development of T Levels. This included participating in a DfE roundtable where the ECITB articulated the industry perspective towards industry placements. The ECITB also engaged with the wider engineering community to establish a united voice to Government regarding the challenges to successfully delivering meaningful industry placements.
- **Apprenticeships:** The ECITB continued to support its employers with the new apprenticeships model in England. This included supporting the Welding Trailblazer group in their bid to increase the funding band for the level 3 standard. The ECITB sits on the group and has participated in the re-writing of the welding standard as part of this bid.
- **Careers education:** The ECITB published a new careers strategy in 2018 and began to collaborate with careers orientated organizations in order to work towards attracting a more diverse cohort of young people to careers in the engineering construction industry.
- **Brexit:** Using the data from the 2018 labour market intelligence report, the ECITB produced a statement for the Migration Advisory Committee in response to its consultation regarding the proposed salary threshold of £30,000 for non-UK EU migrants post-Brexit. We have also enhanced our intelligence on the impact of Brexit on the ECI through our labour market research.
- **Industrial Strategy Sector deals:** We were closely involved in the development of the people section of the nuclear sector deal which was published in June 2018, and are now working with the sector to assist it in implementing the deal commitments, notably in the area of transferability. We have also engaged with BEIS on the contents of the oil and gas sector deal, which at the time of writing was still awaiting publication.

Research and Labour Market Intelligence

In 2018 the ECITB commissioned labour market intelligence and technology research from Pye Tait Consulting. The research is based on the first large scale employer survey and workforce analysis conducted by the ECITB. The outcome of this survey was the publication of two reports in Spring 2019:

- **Labour Market and Business Intelligence:** the employer survey obtained responses from 177 employers in-scope to the ECITB levy and a further 629 from the wider ECI supply chain. The report addresses a broad range of issues including workforce demographics and supply issues; skills gaps and shortages; the educational landscape, and the future outlook including the work pipeline and business confidence.
- A separate report focussing on the impact of new technology on the industry. This report looks at the latest technologies relevant to the ECI, the preparedness of the industry to adopt these technologies as well as the challenges and obstacles involved.

Communications and Corporate Social Responsibility

Our communications activities in 2018 focused on raising the profile of the ECITB with key stakeholders through our PR and social media channels. We issued a number of press stories throughout the year to demonstrate the value of ECITB interventions and case studies of training and skills success stories across the industry. Our social media following also grew across all platforms over the course of the year.

The annual ECI Training and Development Awards took place in November and celebrated the learners and training achievements of the industry in 2018. We also took steps to modernise the ECITB's external image by undertaking a rebranding exercise. Design 102, the UK Government's in-house design agency, supported this work and the new brand was launched in early 2019 alongside a new user-centred website.

The ECITB's CSR activities centre on several programmes that support unemployed young people into the industry. Our ITEC programme has, for several years, prepared NEETs for employment into the industry. Of the 2018 cohort, 59% had progressed into an apprenticeship or further study at the time of writing.



Commercial Activities 2018

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

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

Commercial Activities in Great Britain

The main source of income within Great Britain derives from the issuance of Client Contractor National Safety Group (CCNSG) Safety Passports. Income from CCNSG passports decreased slightly during 2018 from £1,110k to £1,060k with overall numbers being marginally below those in 2017.

Sales of Technical training grew by 16%.

Licence income decreased by £31k or 31% reflecting a small decrease in the number of ATPs.

At the end of 2018, there were 143 ECITB ATPs in Great Britain compared to 212 at the end of 2017. This movement was due to a planned reduction in the number of approved centres to a level that better supported the requirements of industry. During 2018, the ECITB issued 201 licences for the delivery of products and services to the ATPs concerned.

International Commercial Activities

The decision to reduce our international presence – taken in 2016 – has resulted in the ECITB operating in 3 main areas overseas, namely the Middle East, South East Asia and East Africa. International Commercial Income in 2018 was 32% below that in 2017 due to the consolidation of our overseas activities.

Consultancy income was 21% less than in 2017 due mainly to fewer initial assessment visits for entities wishing to obtain an International Approved Training Provider licence. Income from the issuance of International Health and Safety Passport (IHSP) and International Competence in Engineering (ICE) cards fell by 81% in 2018, although this is expected to improve during 2019 as new providers are licenced in new territories.

Plans for the development of international commercial activity are being developed and will be implemented in 2019.



Looking Ahead: 2019

2019 is a levy consultation year. The ECITB's main focus will be to develop and define future strategic priorities for the industry in order to achieve consensus on the levy rates. To enable this we will continue to deliver high quality, relevant and timely training and development support to industry focussed around our core themes; intelligence -led, policy leading, productivity through skills, transferability, collaborative approach, and value.

We will also further develop our collaborative partnerships with stakeholders to maximise the impact of the ECITB. This will include playing our part in the delivery of the skills elements of the sector deals and working to support delivery of the industrial strategy. The four priorities for the ECITB set out by the Minister for Skills⁴ in her letter to the ECITB Chair, which was published in September 2018, also underpin this plan.

In 2019 our principal objectives are to:

- a. Develop a strong evidence base to enhance understanding of the industry's skills and training needs and provide analysis and advice to government stakeholders, in order to inform policy making.
- b. Support the industry to increase the number of new entrants. Central to this work will be collaborating with partner organisations, such as Engineering UK, at a national level, as well as conducting local initiatives, linking schools to employers. Other activities include:
 - The Introduction to Engineering Construction programme and participating in the group apprenticeship scheme for nuclear new build partners, and;
 - Developing a new graduate grant to support development of graduate skills and consulting on a grant scheme to support employers taking on sector transferees.
- c. Promote the recruitment of a more diverse workforce. We will achieve this by collaborating on industry diversity and inclusivity initiatives with organisations such as WISE and seek to provide grant aid for diversity and inclusion training.
- d. Ensure that the right training, testing and assessment is accessible and affordable for industry. This will include ensuring employers have access to ECITB products and services to support apprentices, including External Quality Assurance for End Point Assessment and Apprentice Phase Tests. Other activities include:
 - A gap analysis of apprenticeship standards to industry presence and
 - Working with employers to build cohort sizes to stimulate growth in provision.
- e. Investigate the implications and impact on skills of emerging new technologies for the industry, including how new technologies can be used to enhance learning.
- f. Implement measures to improve the transferability and competence of the workforce. Building on the early success of Connected Competence, we will develop a competence scheme for the onshore sector. Other activities will include:
 - Developing behavioural competences through the use of the Project Collaboration Toolkit and establishing the project management mentoring scheme across sectors;
 - Developing the Mechanical, Electrical and Heating competences and qualifications matrix underpinned by the ECITB technical testing system for Hinkley Point; and
 - Establishing an industry level supervisory and leadership programme.
- g. Share best practice across the engineering construction industry sectors by supporting the Nuclear Decommissioning Authority/Oil and Gas Authority Cross Industry Insights Group, establishing a knowledge exchange area on our website and working with sector organisations and associations to share the lessons from our strategic initiatives.
- h. Ensure that we continue to offer value for money to industry by focussing our efforts on those activities that deliver most value to employers. We will also:
 - Automate our services and further simplify the ECITB grant system; and
 - Keep our costs to a minimum, whilst growing our commercial income and ensuring that those who should pay the levy do so, so that more of the levy is returned directly to levy payers;
 - Improve our impact practice to ensure we regularly and effectively evaluate our work.

⁴ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/746403/Annual_Priorities_letter_to_the_ECITB_201819.pdf

Apprenticeships

With employment forecast to increase by almost 20 percent in the next decade creating tens of thousands of additional jobs, the need to recruit talented learners into highly-skilled roles is a significant challenge facing the engineering construction industry. In recognition of this challenge, the ECITB has sought to stimulate recruitment of apprentices in the critical occupational areas of welding; pipefitting; plating; mechanical and electrical installation; instrument and controls, and project planning by increasing the quantum of grant an employer can receive in the first 12 months of the apprentice employment. The aim is to increase recruitment in these key areas and, if successful, this could result in an additional £1.3m of investment by the ECITB.

Our priority in 2019 will be to ensure employers have access to relevant ECITB products and services to support apprentices during their programme, including External Quality Assurance for End Point Assessment in England and Apprentice Phase Tests. We will also establish and implement External Quality Assurance for Pipefitting, Design and Draughting, and Rigging and Erecting apprenticeship End Point Assessment. They will be ready to carry out EQA activities at the beginning of 2020. In addition, we will pilot the concept of the ECITB Skills Centres and implement foundation and year one apprentice phase tests to measure progress of the apprentice against the appropriate standard and the validity of the training. We will continue to support employers in the development of apprenticeship standards for England, particularly the new Welding Standards.

Qualifications and Awards

In 2019, the ECITB will review industry requirements for new vocational qualifications, reflecting discipline and activity needs. We will formulate a plan to develop any new regulated and unregulated qualifications by the end of Q3.

In addition, we will amend and extend the SCQF qualifications in time to update the Scottish MA frameworks by September 2019 to enable candidates to be registered.

We will investigate the suitability of tailored company awards, where they are more appropriate to meet specific company needs. We will also validate and amend, as required, the VQ skills and knowledge tests based on user feedback ensuring accuracy, readability, occupational relevance and validity.

CCNSG is a key part of the ECITB's offering to industry and we need to ensure that the CCNSG programme meets industry needs and continues to be seen as the safety passport of choice. In 2019, we will introduce on-line test only arrangements for CCNSG Safety Passport renewal. It will start in Q1 and will be run and monitored throughout the year. We will also undertake a comprehensive communication and marketing campaign to educate clients and contractors of the benefits of employees undertaking the CCNSG Safety Passport, with the aim of increasing take up in 2020 and beyond.

Skills and Technical

Technical Training

In 2019, the ECITB will work with employers to further develop upskilling programmes for site-based operatives. This builds on the work already underway where the ECITB successfully upskilled semi-skilled workers for major process sites in the South and the North.

The ECITB will aim to transfer existing coal-fired power station operatives through a re-skilling programme into nuclear new build. This programme will be trialled in 2019 with the aim of becoming a nationally approved programme available for more people to transfer into the nuclear sector in 2020 and beyond.

The ECITB will work with employers and providers to deliver a multi-skilling programme for mechanical engineers to provide them with the right skills and knowledge to carry out selected electrical skills-based activities. This will initially be run in the North of England in 2019.

We will review the content of the training standards and, where relevant, ensure they align to the requirements of the new RQF vocational qualifications. In addition, we intend to carry out a full NOS review to ensure the standards continue to meet industry's needs. This will include the inclusion of relevant digital skills and the skills needed for emerging new technologies.

Management and Professional

Leadership development

In response to industry requests made last year, the ECITB will invest time into understanding the needs of leadership development in the industry. The subject of leadership development is complex and the ECITB needs to understand the key issues in order to develop a coherent approach to leadership development in the industry.

In order to support this work, we have recently convened an internal SIG, led by the ECITB Executive team, to look at leadership in industry. This group will look at identifying the change required to achieve a condition in industry whereby workforce behaviours positively contribute to industry projects. This change requires effectively leadership throughout the industry.

This programme is a long-term change approach, and the work will start in earnest in 2019. The work will focus in the following key areas:

Understand and support the development of effective leadership of complex projects.

Led by a working group currently convened through the Oil & Gas Project Management Steering Group, the ECITB will study project leadership within the context of project complexity. We will provide guidance on development of effective leaders, including best practice training, and the development and coaching/mentoring of future project leaders.

Develop effective supervision in the industry.

By building on the current suite of ECITB and nationally accredited supervisory programmes, the ECITB will look to promote the development of supervisors through apprenticeship routes in 2019. We will pilot several cohorts to establish the effectiveness of this route.

Also in 2019, the ECITB will seek opportunities to run a cohort of supervisory coaching and mentoring. The ECITB will target a single project off site to develop a culture of coaching/mentoring for site-based supervisors. The perceived benefits are that supervisors from different contractors on the same site will adopt similar, consistent behaviours to ensure the whole site workforce deliver improved productivity.

Develop the leadership potential of graduate entrants.

In 2019, the ECITB will scope out a standardised approach to developing the soft skills of graduate engineers and other key disciplines following a graduate route into industry. The output from this will be a grant associated with the standardised development of graduates in the areas of UKSPEC competences C & D.

E-learning for ECITB programmes

In 2019, the ECITB will look to offer industry an e-learning approach for ECITB Approved Courses such as Project Control and Commercial Awareness.

Collaborating to ensure project success

In 2019, the ECITB will continue to support the use of the ECITB Project Collaboration Toolkit in upstream and downstream oil and gas projects. Building on the case studies developed in 2018, we will close existing case study work and use the Toolkit on some major subsea tie-back projects.

The ECITB Project Manager Mentoring programme will continue to be used in the upstream oil and gas sector for the fourth year running.

The ECITB will aim to embed the use of both of these schemes to support the development of effective project behaviours into the nuclear industry in 2019.

Competence Assurance

In 2019, the ECITB will secure Connected Competence as the competence assurance framework for upstream oil and gas. This will include a cost benefit analysis of the programme to provide robust metrics on the benefits of a collaborative approach to competence. In 2019, the ECITB will also work closely with partners at Hinkley Point C on these areas.

Policy and Research

The ECITB will continue to strengthen and develop its ties to Government, both in Westminster and the devolved nations, as well as locally in the regions of England. We will articulate policy positions grounded in evidence and voice the industry view to Government on relevant skills policy matters. We will also work in collaboration with the wider engineering community to provide a unified perspective wherever possible. The Policy and Corporate Affairs department will continue to respond to consultations as they arise, as well as to seek an audience with Government to address particular industry concerns.

Towards the end of 2018, the ECITB developed a research plan comprised mostly of bespoke thematic reports designed to give in-depth analysis of the impact of Government policies as well as issues affecting the industry. The themes for these research project include:

- An analysis of the impact of the apprenticeship reforms on the ECI.
- Barriers to skills transferability with the ECI.
- Career aspirations of young people and the appeal of ECI careers with a special focus on women and black and minority ethnic groups.

We will also engage with employers and conduct bespoke pieces of research into skills shortages and explore the possibility of more extensive skills mapping and data collection.

In relation to ongoing policy development, the following areas will be prioritised in 2019:

- Continuous development of T Levels particularly industry placements and progression routes out of T Levels.
- The apprenticeship reforms and communicating evidence from research to Government.
- Engaging with the Infrastructure Projects Authority regarding the skills landscape and project planning.
- Monitoring Brexit developments and providing insights on any subsequent restrictions to freedom of movement on the ECI workforce and labour supply.
- Supporting the Government's career strategy and continuing the development of the ECITB career strategy.
- Devolved policy matters, including the Scottish apprenticeship system and the creation of the new Tertiary education commission in Wales.

As part of our evidence led approach to skills, we will also implement a new Impact Framework for the ECITB, which is being developed with Sky Blue Consulting. This will improve the ECITB's ability to measure and assess the impact of its interventions and ensure value for money across our programmes and grant initiatives.

Promoting ECI Careers

In 2019, the ECITB will deliver a number of careers engagement activities. Our approach will combine partnership working with established STEM organisations and local engagement with schools, colleges and universities. At a local level, we will prioritise connecting employers (particularly SMEs, who often lack resources to undertake this work) with educational establishments. We will also showcase the wide range of benefits to a career within the ECI through PR and social media campaigns.

Technology

Ensuring engineering construction companies have access to high quality training, including in new technology and blended learning environments, is a priority for the ECITB. We will design and implement a competition in which providers will use new emerging technology to teach engineering construction skills.

In addition, we will continue to investigate the implications and impact on skills of emerging new technologies for the engineering construction industry, including how new technologies can be used to enhance learning. Using the findings from the Pye Tait Technology Report, and the agreed Technology Strategy, we will develop an action plan to address skills shortages and gaps.

Commercial Activities 2019

The ECITB's commercial capabilities arise from its ability to provide consultancy services based on its skills and expertise, and to market new and existing courses in other territories. During 2018, we reviewed our commercial strategy and will implement the proposals during 2019, looking to increase both income and profit from our UK and overseas commercial activities. Our ambition is for the combined contribution from commercial activities and investment income to cover all overheads.

We will continue to grow our income in a variety of areas, including:

- Consolidating activity in the existing international regions in which we operate, specifically the Middle East and South East Asia.
- Expanding the current number of Approved International Training Providers (ATPs) particularly in East Africa.
- Providing support, training advice and consultancy to our in scope employers which work internationally.
- Working closely with our existing British and International ATPs to maximise revenue from our high quality training offerings and increasing the number of licensed ATPs where demand requires.

Although all commercial activity carries some risk, we will seek to minimise this and ensure that the activity neither detracts from our core offering to ECI employers in Great Britain, nor utilises any funding from the Levy.

Financial Projections 2019

The 2019 operational plan and financial budget are based on the ECITB's strategic priorities and objectives. The drop in levy income, following the reduction in levy rates, has resulted in a deficit in 2018. This meant we had to use reserves to fill the shortfall. A similar deficit situation is planned in 2019 and 2020.

The budget for 2019 is predicated on a deficit of £3m which will be funded through reserves. The rationale for this is that the Board intends to continue to fund training at a level in excess of that achievable with the levy income currently forecast. Consultation with employers is in progress to determine how to best use grants in 2019 and 2020 in order to support the ECI, by providing the training it deems most important and to all employers who qualify, regardless of size.

Whilst the budget anticipates a deficit of £3m, the final financial outcome for 2019 is subject to a number of factors which are not wholly within the control of the ECITB, which include the following:

- The budget assumes the level of demand will remain the same as in 2018. Decisions as to the level of financial support provided will be based on the availability of funds and we are currently making some revisions to the way in which we make and manage grant commitments, to ensure that both employers priority training needs are met and the projected deficit is not exceeded.
- The budget also excludes the financial effects of factors which may or may not arise, and which cannot be predicted with any certainty. For example, an employer may challenge their levy assessment or go into administration or liquidation having failed to pay their levy. This would result in levy income being less than budgeted.

Beyond 2019, we are anticipating that 2020 will result in a similar level of deficit to that predicted for 2019 and that we will continue to draw down on allocated reserves during this period. The reserves will no longer be available in 2021, the start of the next levy period.



2018 Governance Statement

Scope of Responsibility

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

The Purpose of the Governance Statement

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

Governance Framework of the Organisation

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

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

The ECITB is established for exclusively charitable purposes and is a registered charity in England and Wales. It also undertakes its charitable activities in Scotland. The charitable activities of the ECITB are largely funded by the statutory levy established by the Act and confirmed by levy orders passed by both Houses of Parliament. The levy applies to all in-scope establishments operated by industry employers to ensure equity across employers in the industry in the provision of training. Levy income was collected in 2017 under the terms of the Industrial Training Levy (Engineering Construction Board) Order 2017 (2017 No. 485).

The Board is responsible for establishing and monitoring appropriate policies to fulfil the objectives of the ECITB as an ITB. The Accounting Officer is responsible for managing the implementation of agreed policies and is accountable to the Board.

The Board

The members of the ECITB's Board of Trustees during 2018 and at 21st May 2019 together with changes in membership since 1st January 2018 and 2018 meeting attendance records are shown in Appendix 1. Corresponding information relating to the Board's committees are shown in Appendix 2.

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

Following the implementation of the ECITB's new governance, as approved by the Main Board in November 2017, a new Board comprising the Chair and 9 trustees with responsibility for setting strategic direction and monitoring performance of the Executive, with a majority drawn from industry employers was formed. The Committees appointed

by the Board were the Council, the Audit and Risk Committee, the Remuneration Committee, the Qualifications and Awards (Q & A) Committee, the Operations and Grants Committee and the Client Contractor National Safety Group (CCNSG) Committee.

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

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

Following the completion of the DfE's review of the industrial training boards, the Secretary of State appointed Ms. Lynda Armstrong as the ECITB's Chair with effect from 1st January 2018.

During 2018 a Board under the new structure was formed; 4 members' terms of office continued and 5 trustees were appointed with effect from 1st June 2018. 3 members' terms of office came to an end in the year due the changes to the governance arrangements. These arrangements followed the completion of the DfE's review of the ITB's and the programme of reform to the ECITB's governance arrangements undertaken by the Board (see below).

One trustee resigned in December 2018 and a new member was appointed in March 2019.

In 2018 the Board met on six occasions. Average attendance at the Board over the year was 89% (2018 – 69%).

New Trustees are inducted through a briefing pack that details the statutory and legal basis under which the ECITB operates and is governed, the ITB Review; drivers of its policy and strategy; finances, including how the levy system works; the entity's organisation; and the Board calendar.

Following the appointment of new members, the Board appointed the Chairs of the ECITB Council, and the Audit & Risk (ARC), Remuneration, and Qualifications & Awards committees. The Board decided that a trustee (not the Board Chair) should act as the chair of each. The chair of the CCNSG committee had been selected by the members of the committee itself. The Operations and Grant committee is chaired by the Chief Executive.

The Council

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

The Council is an integral part of the ECITB governance and acts as the voice of the engineering construction industry. The Council possesses and will provide a wide, representative perspective and expert understanding of the industry. Its broad purpose and role is to provide advice to and consult with the Board on matters of strategic interest. Through its engagement with the Board the Council will help the Board to set priorities for the industry and will play a crucial advisory role.

The Audit & Risk Committee

The Trustees maintain an overview of internal control and risk management issues through the Audit & Risk Committee. Following the new governance arrangements, the Audit & Risk Committee's (previously Audit Committee) remit has been expanded to scrutinise the ECITB's management and financial (including investment management) systems and controls. The Committee's terms of reference are to promote the highest standards of propriety in the operation of the ECITB by maintaining an overview of its financial and other governance systems to ensure their effectiveness and integrity of operation. The Board appoints the members of the Committee. Its Chair is a trustee of the Board.

During 2018, the Audit & Risk Committee provided assurance to the Board and Accounting Officer on the ECITB's risk and control environment. It received reports on the business's key strategic risks, progress against the internal audit plan, and the external auditor's opinion on the annual report and accounts. The Committee regularly reviews the

ECITB's risk register. This includes consideration of the Accounting Officer's reports relating to the significant risks identified in the risk register and the risk profile of the organisation. As and whenever required, the Committee sought further information from individual areas of the business where members felt they would benefit from a more in-depth explanation on the control environment. The information received during the year enabled the Committee to provide a recommendation to the Accounting Officer and the Board to approve and sign the annual report and accounts.

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

The Remuneration Committee

The Committee reports to the Board to formulate and agree with the Board policy relating to the remuneration of the executive employees.

The Q&A Committee

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

The CCNSG Committee

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

The Operations & Grants Committee

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

The Committee also reports to the Board to review and formulate the ECITB's training grant policy and schemes. The remit also includes the ECITB's grant systems and decision-making processes to ensure that all aspects relating to grants are clearly defined and fall within the ECITB's statutory remit and discretion. The Committee comprises the Executive, including the Chief Executive, the Board Secretary and directors as appointed by the Chief Executive following consultation with the Board. The Committee is comprised solely of ECITB employees, therefore attendance details have not been included in Appendix 2.

Regions

The ECITB operates a regional structure to ensure that delivery of training support and services is driven by the demands of industry on a regional basis. In 2018 there were 27 regional forums and 2 national forums which ensure that the varying requirements of the industry across Great Britain are represented and taken into account in the formulation of policy and the delivery of services. Each forum comprises industry employers, and either represents a geographical area, or a significant industry sector, which has specific requirements. Each forum normally meets three times a year under the chairship of a Regional Chair, who has been elected by the members of the forum.

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

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

ECITB Management and Staff

The Board has delegated responsibility for the implementation of the ECITB's strategic plans, and the management of the organisation to the Chief Executive. The Chief Executive leads the organisation's executive management team ("the Executive"). The members of the Executive are responsible for ensuring that the activities of their departments achieve the ECITB's strategic and operational objectives efficiently, to the highest quality standards, and in compliance with the law. Meetings of the Executive occur twice per month, and the members report matters concerning their areas of responsibility, including measurement of performance against key performance indicators.

Overview of Board Effectiveness and Performance

To be effective, the Board must be fully informed of the work of the ECITB across its areas of activity. As Chief Executive, I and senior staff provide reports, information and discussion papers to the Board, covering progress against objectives, KPIs, the management of risks and financial control. Additionally, reports relating to matters considered by the Board's committees are submitted to the Board, along with the minutes of such meetings.

These measures enable the Board to monitor, advise on, challenge and lead the performance of the organisation. They have also enabled the Board to balance strategic priorities with support for employers' immediate skills and competence needs. The governance arrangements and decision-making processes described above also support a culture of openness and transparency, which in turn ensures that the Board is able to make decisions with a high degree of clarity and consensus.

Review of the ECITB's Governance Arrangements

In 2015 the Board initiated a review of its effectiveness and aspects of the ECITB's governance arrangements. The first stage involved improvements to Board and committee working, and these were fully implemented in 2016.

The main purposes of the second stage were to develop a strategy for the ECITB, and to bring greater strategic focus to the activity of the Board. The Board and the Executive commenced the strategic review in 2016, and this was completed in 2017. The strategic review involved an examination of the future role and purpose of the ECITB, and the development of a medium to long-term strategy. In April 2017 the Board approved a new comprehensive strategy, including strategic themes and objectives. The ECITB's operational plans are based on the strategy. The Board monitors progress against strategic objectives, and annually reviews and re-assesses the strategy.

In the third stage of the review, the Board considered whether changes needed to be made to ECITB's governance arrangements and structures. The ECITB's governance arrangements at the time did not meet the Cabinet Office's guidelines or accepted best practice relating to such matters. Furthermore, in a review of its own effectiveness, the Board concluded that the Board should be smaller, and more strategic in nature. Consultation with Board members and other stakeholders indicated that the model of a Council, representing a wide group of stakeholders in the ECITB, and a small strategic Board would ensure that the ECITB remained close to its key stakeholders, while ensuring that it could maintain an agile and responsive approach to the changing needs of the industry. As part of the process, DfE was consulted, and informally indicated its support to this approach.

In April 2017, the Board approved proposals for revised governance, which took into account the factors described above, as well as the implications arising from the DfE's review of the ITB's. The revised arrangements were formally endorsed by DfE in its report following its review of the industrial training boards, which was published in November 2017.

Following its review of the ITB's, DfE confirmed that it would also appoint new Board trustees (in addition to the new Chair). The appointments were made in the spring of 2018. In anticipation, in November 2017, the Board had approved transitional arrangements, under which a smaller "interim" Board comprising up to 9 existing members would remain to support the new Chair until the new trustees had been appointed. This enabled the Council to be established and engaged as soon as possible. These arrangements were implemented, and the terms of office of the Board's members who did not remain as members of the "interim" Board, formally came to an end on 31st December 2017. To ensure continuity and representativeness, a number of former Board members and all regional chairs were invited to form the first ECITB Council. Once the new trustees were appointed by DfE, the members of the "interim" Board stepped down and were also invited to join the Council.

As of June 2018, the 9 ECITB Board Members were appointed by the Secretary of State for Education in accordance with Schedule 1 of the Industrial Training Act. One of the key points made in the DfE's ITB Review was that the Board should regularly review whether the ECITB's governance arrangements were reflective of the engineering construction industry, including small and micro-businesses, and were sufficiently diverse. DfE has also confirmed that a new Framework Document will be put into place. This defines the governance relationship between the ECITB and the DfE. The ECITB will be required to conduct its activities within the parameters of the Document, which will reflect: the overarching statutory framework set out in the Industrial Training Act, the ECITB's new governance arrangements, delegated authority limits, the degree of discretion to depart from operational and budgetary plans, and the requirement for DfE's policy objectives to be included in the ECITB's plans.

New terms of reference for the Board and each of its committees were approved by the Board in November of 2018. The Board's terms of reference set out its duties and responsibilities having regard to the requirements in the Industrial Training Act, DfE's ITB Review Report and the terms of the Framework Document. The terms of reference also define the Board's relationship with the ECITB Council.

These changes to the ECITB's governance arrangements have enhanced the Board's effectiveness and performance.

Conflicts of Interest

As a public body, ECITB abides by principles of regularity and propriety, and ensures that its work is not adversely impacted by a conflict of interest. Board members and executive staff are required to complete a declaration of any interests. The Register of Trustees' Interests appears in Appendix 3. No significant company directorships or other interests were held by Board members or staff that conflicted with their role and responsibilities.

I consider that the ECITB's transparency of decision-making and scrutiny by stakeholders through the governance arrangements described in this statement enables it to achieve this objective.

Code of Conduct & Whistle Blowing Policy

Given the ECITB's roles and responsibilities to Parliament and all its stakeholders (including industry employers, learners, suppliers and government) the highest standards of corporate and personal conduct are essential, and public service values and professional standards must be at the heart of the way all colleagues in the ECITB conduct their business.

The Code of Conduct sets out the framework of professional and ethical behaviour, and is supported by policy statements forming part of this Code and published elsewhere. Staff are required to read the Code and supporting policy statements and are expected to comply with all its provisions.

The Code applies to all staff, including staff on fixed-term and short-term contracts. This includes all employment agency personnel and those contracted to work for or provide services to the ECITB. The Code also applies to Board and Committee members at all times when such individuals are performing duties or undertaking activities for or in connection with the ECITB.

The ECITB's Whistle-blowing Policy and Procedure forms part of the ECITB's Code of Conduct. The ECITB is committed to achieving and maintaining high standards of behaviour at work, service to the public and in all our working practices. The ECITB's whistle blowing policy is designed to enable and encourage ECITB staff to express concern or disclose information at an appropriate level if it is believed there is evidence of malpractice. The ECITB seeks to maintain a culture where people are encouraged to speak out, with confidence that they can do so without adverse consequences, and that appropriate action will be taken. In 2018 no allegations were raised under the ECITB's whistle blowing policy.

The ECITB's Code of Conduct and Whistle-blowing Policy and Procedure are reviewed by the Audit & Risk Committee as part of the Committee's Annual Plan of Business.

Risk Management

The ECITB's system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure 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 designed to evaluate the likelihood of risks and their impact, and to manage them efficiently and effectively.

The ECITB's system of internal control has been in place throughout the year-ended 31st December 2018 (and up to the date of approval of the 2018 Trustees' report and accounts), and accords with HM Treasury guidance. A number of specific sources contribute to my annual governance review, including:

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

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

The members of the Executive are accountable for risk management in their respective areas of activity and regularly report to me in my capacity as Chief Executive and Accounting Officer. Risk is assessed in these reporting processes and, more importantly, within the established business and financial planning process. An operational risk register is maintained and regularly reviewed by each member of the Executive. Each risk has a designated senior manager responsible for reporting the status of each identified risk. All members of the Executive are responsible for evaluating risk and taking measures to mitigate or minimise identified risk within their respective areas of operations and responsibility. Thus, risk management is embedded within the ECITB's normal operations.

The Board is responsible for assessing the organisation's risk appetite and tolerance towards risk. A review of the ECITB's risk appetite will occur in 2019 at the Board's spring meeting.

Risk overview

The most significant risks faced by ECITB during 2018, which could impact on the delivery of its strategic objectives, together with the key mitigating actions are shown below:

Strategic risk	Mitigating actions
<p>Poor Governmental understanding of the ECITB leads to policy changes towards ITBs, which could result in disbandment or merger of the ECITB with the CITB.</p>	<ul style="list-style-type: none"> • Deliver effective engagement with government and policy bodies with the aim of shaping and influencing policy making in support of the engineering construction industry (ECI) and the ECITB. • Ensure ITB Review recommendations are successfully implemented.
<p>Changes to the Apprenticeship levy (AL) (for instance a significant increase in the rate or allowing employers to use Apprenticeship levy to fund all training) could result in a failure to achieve consensus and/or make the Industrial Training Levy (ITL) redundant.</p>	<ul style="list-style-type: none"> • Continue to monitor the impact of the AL closely on engineering construction industry employers. • Lobby Government to prevent further changes to the AL that could have detrimental impact on employers and threaten the ITL. • Engage in policy discussions concerning the creation of the National Training Scheme. • Engage with "think-tanks" and other organisations calling for a flexible training levy on the benefits of the ITL and the role of the ECITB.
<p>Inadequate understanding of industry needs leads to a failure to provide relevant services, which could result in losing industry support for the ECITB and the loss of the ITL.</p>	<ul style="list-style-type: none"> • Provide insightful and useful labour market intelligence to the ECI to inform skills planning. • Provide information and training on relevant emerging and maturing technologies which can improve productivity in the ECI. • Maintain a training grant system that is up to date and relevant to all companies' needs. • Improve the quality of training providers. • Develop alternative sources of income than the ITL. • Improve the capability and capacity of staff to identify and articulate industry needs.
<p>Inadequate system controls could lead to fraud, including incorrect and inadequate assessment of ITL, and the improper delivery of ECITB licensed products and services by the provider network, which results in financial loss, unsafe working practices for workers, and loss of confidence in, and reputation of, the ECITB.</p>	<ul style="list-style-type: none"> • Maintaining rigorous levy controls and analysis. • Develop strategic partnerships with training providers to ensure quality of training delivery. • Implementation of Digitalisation Strategy, including development of Membership Services Portal.

Strategic risk	Mitigating actions
<p>An employment cessation event leads to withdrawal from participation in the ITB Pension Scheme (ITB) with an outstanding section 75 Pensions Act liability, which could lead to significant liquidity issues and at worst insolvency.</p>	<ul style="list-style-type: none"> • The High Court has declared that ITB Pension Plans is an unsegregated fund, thereby removing the need for any active DB Scheme members to remain. • Ensure that circumstances giving rise to an Employment Cessation Event do not arise by: a) Ensuring ECITB continues to participate as a member of the scheme with active members in the DC Section; b) ensuring all contributions due in respect of active members are paid as and when they fall due; c) ensuring any deficit recovery contributions in respect of accrued DB Section liabilities are paid as and when they fall due; d) maintain reserves at levels that provide assurance to ITB trustees that ECITB is able to meet its obligations; e) maintain dialogue with ITB Trustees concerning the ECITB's financial position.
<p>A perception that the ECITB does not support Scottish business or Scottish Government's skills priorities, leads to a lack of mandate in Scotland, which results in a significant reduction in the ECITB's levy income.</p>	<ul style="list-style-type: none"> • Boost our strategic engagement with the Scottish Government and skills agencies, to raise profile and be seen as the voice for the Scottish ECI and a key partner to SG. • Appointment of a new Policy Manager will strengthen engagement activities. • Maintain support of the OCA companies through continued delivery of strategic initiatives • Chair and Board members engaging with companies in Aberdeen
<p>Cyber Risk of Data Loss from online systems – security defects in technology allowing unauthorised access to personal and sensitive data resulting in potential losses/damage to data subjects/owners and risks of non-compliance (regulatory and governmental).</p>	<ul style="list-style-type: none"> • Risks to data can be mitigated with a combination of management and monitoring processes • User Acceptance Testing of applications prior to release • regular penetration testing • data encryption • locating the data in a monitored data centre • certification of technologies in use • monitoring of audit logs • staff awareness and training • GDPR Compliance • development and application of appropriate policies & Disaster recovery plan.
<p>IT Supplier Failure Risk – Commercial failure of a key IT supplier (such as Capita) could result in major disruption of operations due to sudden closure of support and service.</p>	<ul style="list-style-type: none"> • Development and application of appropriate policies & Disaster recovery plan. Extensive system documentation has been created which would facilitate rebuild or transfer of system to alternative platform.
<p>A number of key individuals are close to retirement, they hold a significant repository of corporate knowledge the loss of which could impact future operations by the ECITB.</p>	<ul style="list-style-type: none"> • Risks to knowledge loss can be mitigated through a number of actions including: implementing a series of knowledge capture activities to identify and capture the critical areas of knowledge and retaining key individuals on a consultancy basis.

The ECITB's approach to Data Security and Information Risk

The ECITB's management information systems enable and support business processes and organisational performance. The ECITB's emphasis remains to ensure data handling practices are simple, rigorous and efficient. Information security is of vital importance to the operation and reputation of the ECITB. Its Chief Information Officer is the ECITB's Senior Information Risk Owner (SIRO) and has operational responsibility for this. During 2018 no disclosures or reports were submitted to the Information Commissioner's Office (ICO).

To achieve its aims, the ECITB collects and makes use of personal information about individuals, such as employers, their learners (including apprentices), employees, applicants for posts and suppliers. The ECITB is committed to protecting the rights and freedoms of individuals relating to the processing of their personal data, and complies with its obligations and responsibilities under current Data Protection legislation. During 2018, ECITB implemented measures to ensure compliance with the General Data Protection Regulation (GDPR), which took effect in May 2018.

During 2018 ECITB identified and filled the key roles of the Data Protection Officer and of the Data Manager and updated and published new policies and procedures including a Data Protection Policy, an Information Security Policy and Data Retention & Disposal Policy for handling data securely against the new requirements in GDPR and the relevant guidelines issued by the ICO.

In 2018 the implementation of the ECITB's Digitalisation Strategy continued, involving the further development of the ECITB's "member services portal," and the "digitalisation" of key training grant management transactions between the ECITB and in-scope employers. At the end of the year the development of the MSP system and the specification of the functionalities including grant management, levy declaration and administration of learners, providers and attainments had been completed. The remaining functionality -relating to Apprentice Learner management within the grant management system, together with some minor improvements identified in User Acceptance Testing- will be completed in 2019.

In 2018 remaining data storage and business applications were transferred to a governmentally approved remotely hosted environment in line with Digital Service Standard issued by the Government Digital Service.

In January 2019 the ECITB's new website, on a technical platform built by the Chief Information Officer, was launched including the ECITB's new branding.



Internal Audit

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

The GIAA's Internal Audit annual report, summarised the work undertaken and indicated that there were some improvements required to enhance the adequacy and effectiveness of the framework of governance, risk management and control. However, the GIAA's overall conclusion was that the ECITB's control processes were adequate and generally operating effectively in each of the areas audited.

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

Conclusion

As Accounting Officer, I have responsibility for reviewing the effectiveness of the systems of governance and internal control. My review of the effectiveness of these systems is informed by the members of the Executive and senior managers within the organisation (who have responsibility for the development and maintenance of the internal control framework), the work of the GIAA, comments made by the National Audit Office in its management letter and other reports. I am also advised on the effectiveness of the system of internal control by the Board and the Audit Committee. When weaknesses are identified, plans to address them and ensure continuous improvement of the system are put in place.

This Governance Statement represents the conclusions of my review of the effectiveness of the ECITB's governance framework, risk management and internal controls in 2018. I am satisfied that the governance arrangements and the risk and control framework used in 2018 were sufficient to continue managing risks effectively, and ensure that the operating and financial risks were fully understood by the Board. I have concluded that the ECITB's system of governance, risk management and internal control supports the achievement of the ECITB's aims and objectives.



C J Claydon
Chief Executive and Accounting Officer

21st May 2019

ENGINEERING CONSTRUCTION INDUSTRY TRAINING BOARD

**Report of the trustees and accounts for
the year ended 31 December 2018**



Financial Report

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

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

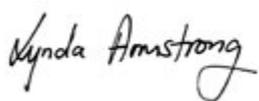
In preparing the accounts the Trustees and Accounting Officer are required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- Observe the accounts direction issued by the Secretary of State, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- Make judgements and estimates on a reasonable basis;
- State whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed and disclose and explain any material departures in the financial statements; and
- Prepare the financial statements on a going concern basis, unless it is inappropriate to do so.

The Accounting Officer and Board of Trustees confirm:

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

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



L A Armstrong
Chairman



C J Claydon
Chief Executive and Accounting Officer

Results for the Year

A Summary Statement of Financial Activities for the period 1 January 2018 to 31 December 2018 (with comparative information for 2017) is shown immediately below. This has been extracted from the audited financial statements which appear in full later in this report.

	2018 £'000	2017 £'000
Income		
Levy	22,964	30,073
Investment Income	439	368
Non Levy Income	2,168	2,422
Total Income	25,571	32,863
Expenditure		
Investment management costs, Bad debt provision, levy collection costs and provision against appealed levies"	214	(2,297)
Charitable activities	29,083	33,797
Total expenditure before other gains and losses	29,297	31,500
Net income/(expenditure) before other gains and losses	(3,726)	1,363
Gains/(Losses) on revaluation of fixed assets	68	(100)
Gains/(losses) on investment assets	(292)	(256)
Net Movement in Funds Surplus/(Deficit)	(3,950)	1,007
Reconciliation of Funds		
Total funds brought forward at 1 January	21,265	20,258
Total funds carried forward at 31 December	17,315	21,265
Balance Sheet		
Fixed Assets		
Tangible Assets	1,257	1,266
Investments maturing in more than one year	10,178	6,689
Total Fixed Assets	11,435	7,955
Current Assets	11,360	18,648
Creditors: amounts falling due within one year	(5,480)	(5,338)
Net current assets	5,880	13,310
Net assets less liabilities	17,315	21,265
Fund		
Unrestricted fund	17,315	21,265

Commentary on Financial Results

Statement of Financial Activities for Year ended 31 December 2018

Incoming Resources

Levy income in 2018 amounted to £23.0m (2017: £30.1m). This represents the gross levy assessed during the year, together with any adjustments for levies assessed in earlier years. Levy rates changed for the 2016/17 base period on which the levies for 2018 are assessed. Levy rates on costs of on-site workers were reduced from 1.5% to 1.2% and, on costs of all other workers from 0.18% to 0.14%. Levy exemption levels remained unchanged from 2017 for both site based and other workers at £1,000,000 and £275,000 respectively.

Gross levy income was £7.1m or 23.6% lower than in 2017 due a combination of the change in levy rates and workers' costs within the industry and the net effect of two settlements in 2017. An additional £2.0m was recorded in 2017 due to the net effect of a settlement from one employer for a levy which had previously been disputed and one refund relating to the 2016 levy as a result of two establishments ceasing to exist during the year. Many employers reported reduced pay bills for their workers during the assessment period for 2018; the total gross wage and payment declaration was 8.4% below the corresponding period for 2017, comprising a reduction of 7.5% in site based employee wages and 2.5% in labour only wages with other worker employee wages dropping by 3.3% and labour only wages by 22.5%.

Other incoming resources totalled £2.6m (2017: £2.8m) and mainly comprised investment income and income from sales and sponsorships.

Investment income, from quoted investments and interest on cash deposits, amounted to £439k (2017: £368k). This exceeded the 2017 figure, despite average investment holdings being lower in 2018. However, investment performance remains poor due to ongoing low investment yields, which, as noted last year, are expected to prevail into the foreseeable future. The continuing depressed nature of the bond market resulted in losses on investment assets of £292k (2017: £256k).

The main sources of sales income were the sale of training products and services to training providers in both Great Britain and overseas. Income from such sources fell by 10.5% in 2018 due mainly to lower sales related to International Health and Safety Passports.

The majority of sales income was derived from training providers in Great Britain with training activity in 2018 being broadly in line with that for 2017 at £1.7m per annum. Additional income totalling £105k was recorded in 2018 due to VQ registration and certification.

Sales income from overseas training providers fell by 32% in 2018 as a continuing result of the ECITB's earlier decision to reduce its international presence. International Health and Safety Passport income, which grew by 79% in 2017, reduced by 81% in 2018, reflecting the impact of timing of training plans.

Expenditure

Expenditure on charitable activities amounted to £29.1m which was 14% lower than 2017 (£33.8m). The main reasons for this are as follows:

- Overall expenditure on management and professional programmes dropped as a result of the ending of the graduate retention scheme with effect from April 2018.
- 2017 expenditure included a settlement of £2.43m with an employer whose assessment to levy had previously been in dispute.
- Expenditure on Apprentices and Careers increased by £1.17m or 20% to £7.02m (2017 – £5.85m) due to the commencement of the Introduction to Engineering Consultancy Programme (ITEC) which aims to support new entrants to the Engineering Construction Industry, particularly at pre-apprentice stage.
- Training spend had to be reduced in order to recognise the considerable reduction in income suffered as a result of the changes to the levy rates.

Total costs of delivery of the service, comprising direct and support costs, rose by £0.98m to £7.78m (2017 £6.80m). As stated in the 2017 annual report, this rise was anticipated as there were a number of vacancies not recruited to in 2017 which have since been filled. Costs remain lower than the £8.06m reported for 2016.

Levy collection costs amounted to £173k (2017: £208k), the decrease reflecting the fact that there were no levy appeals during 2018 and therefore no associated costs.

Net Movement in Funds

The revaluation of the ECITB's land and buildings, based on commercial property indices, resulted in a gain of £68k (2017: charge of £100k).

The net outgoing resources for the year after recognised gains and losses amounted to £3.95m (2017: incoming resources of £1.01m). This has necessitated drawing on reserves with the result that carried forward reserves are £17.32m (2017: £21.27m).

Balance Sheet at 31 December 2018

Assets

Tangible assets decreased marginally by £9k reflecting the revaluation of land and buildings, offset by depreciation of motor vehicles and other equipment.

At 31 December, fixed and current asset investments totalled £12.87m (2017: £11.48m). This reflects the fact that investments at 31 December 2017 were low due to a far higher proportion of funds being held in cash. Investments and cash at 31 December 2018 amounted to £20.29m (2017: £24.70m) reflecting the deficit for the year.

Debtors at the end of both 2018 and 2017 comprised levy and trade debtors, prepayments and accrued income. Levy debtors in 2018 were high at £1.08m, (2017: £0.58m) due to two late assessments, raised in autumn 2018, remaining unpaid as at 31 December. Both were paid early in 2019.

Creditors

Year-end creditors amounted to £5.5m (2017: £5.3m) and largely comprised grant creditors and accruals.

The last triennial valuation of ITB Pension Funds took place during 2016. There is, again, no pension deficit liability at the year-end (2017: £nil) and, due to the fact the current members are members of a defined contribution scheme, no future liability will arise relating to them.

The Funds of the Charity

The year-end balance sheet shows total charity funds of £17.3m (2017: £21.3m).

Reserves Policy

From 2018, under new governance arrangements, the Reserves Requirement will be reviewed annually by the Board and the assumptions underpinning the Requirement will be revisited and revised as necessary. The minimum level of reserves the Trustees consider necessary is £3m and a range of £3m-10m is deemed acceptable.

A decision was taken in 2017 to utilise £10m of reserves over the period 2018-2020 to support training within the Engineering Construction Industry to a higher level than would be possible under the new levy rates. Of this, £4m has been expended in 2018, with the result that the reserves at the end of the reporting period totalled £17.3m (2017 – £21.3m). This plan is anticipated to result in reserves marginally in excess of £10m at the end of 2020.

The ECITB does not hold any restricted funds and all reserves are reported as unrestricted. Of the £17.3m funds held at the end of the reporting period, £1.3m can only be realised by disposing of tangible fixed assets and a further £7.5m are already committed, resulting in £8.5m available reserves.

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

Investment Policy and Performance

The ECITB is required by section 17(5) of the Industrial Training Act 1982 to invest money in accordance with guidelines approved by the Secretary of State with responsibility for the ECITB. The investment guidelines appear in the Financial Memorandum issued by the Secretary of State, and in *Managing Public Money*, issued by HM Treasury. These permit investment in a range of high quality interest bearing instruments with investment in equities being precluded. The management of investments is contracted to Cazenove Capital Management, which is required to operate within these guidelines.

Investment performance is measured against a benchmark, namely the FTSE UK Government Bond Fixed Up to 5 Year Index. In the period from 14th September 2004 (when the investment manager took over the portfolio) to 31st December 2018, the performance of the long-term portfolio, after the deduction of management fees, was 58.0% compared to the benchmark 53.5%, giving an annual portfolio return of 0.2% (benchmark return -0.6%) for the year to 31st December 2018.

Auditors

The ECITB's external auditor is the Comptroller and Auditor General who is appointed under Section 2 of the Industrial Training Act 1982.

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

Unaudited Information

Staff Appointments

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

One employee was engaged under a fixed term contract of employment. 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, or maternity 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.

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

Staff Sickness Absence

The ECITB monitors levels of staff sickness absence. In 2018, the sickness absence rate was 1.6% (2017 – 2.3%), equivalent to 3.7 working days per head (2017– 5.9 working days).

Off payroll arrangements

During the year, the ECITB had one 'off-payroll' engagement. An Interim Digitisation Manager was retained from January to August. Total costs of the manager in this role during the year amounted to £140k inclusive of VAT. The engagement met the relevant criteria insofar as HMRC was concerned regarding the issue of IR35 and therefore no taxes were deducted from the payments made to Odgers Interim. This disclosure is not subject to audit.

Audited Information

Senior Staff Costs and Pensions

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

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

The directors are entitled to membership of the ITB Pension Funds, which is a contributory defined contribution scheme, on the same basis as other members of staff. None of the directors is employed on a fixed term contract.

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

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

2018					2017					
Salary £'000	Pension Benefit £'000	Benefits in kind (to nearest £100) £	Performance Pay £'000	Total Salary £'000	Salary £'000	Pension Benefit £'000	Benefits in kind (to nearest £100) £	Performance Pay £'000	Total Salary £'000	Date of appointment to position
C J Claydon, Chief Executive										
135-140	10-15	1,700	0	150-155	135-140	10-15	1000	10	155-160	24.08.15
P C Hill, Director and Board Secretary										
100-105	5-10	800	0	110-115	95-100	5-10	800	7	115-120	15.05.06
A Brown, Director of Operations										
95-100	5-10	1,900	0	105-110	95-100	5-10	1,100	6	110-115	01.04.13
N Spencer, Director of Development & Quality										
95-100	5-10	1,400	0	105-110	95-100	5-10	800	6	110-115	01.11.03
A M Featherstone, Director of International Operations & Commercial										
0	0	0	0	0	50-55	0-5	500	0	50-55 (115-120 FYE)	11.07.05
H M Blackwood, Director of Finance & Administration										
90-95	5-10	1,200	0	100-105	10-15	0	100	0	10-15 (90-95 FYE)	06.11.17

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

The remuneration committee has determined to defer its decision on the executive board's performance pay until the completion of the 2019 levy consultation.

ECITB is required to disclose the relationship between the remuneration of its highest-paid director and the median remuneration of the organisation's workforce. The banded remuneration of the highest paid director in ECITB in the financial year 2018 was £140,000 - £145,000 (2017 - £150,000 - £155,000). This was 3.2 times (2017 - 3.2 times) higher than the median remuneration of the remainder of the workforce, which was £44,143 (2017 - £46,626). In 2018 no employees received remuneration in excess of the highest-paid director (2017 - none). Total full time equivalent remuneration ranged from £17,000 to £142,500 (2017 - £15,000-£150,000). Total remuneration includes salary, non-consolidated performance-related pay, benefits-in-kind plus severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

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

Senior Staff Pensions Entitlements

Defined Benefit Pension

On 5th April 2016 the accrual of pension benefits in the Defined Benefits Section of ITB Pension Funds (ITB) ceased for all senior staff and other employees. From 6th April 2016, pension benefits accrued in the Defined Contribution Section of ITB. There is, therefore, no defined benefit increase to be reported on in 2018 (2017 Nil).

Defined Contribution pension

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

Name	Normal contribution 2018 £000	Normal contribution 2017 £000
C J Claydon	12	12
P C Hill	9	9
N Spencer	8	8
A Brown	8	8
A M Featherstone	0	2
H M Blackwood	7	0

Trustees' Costs

In accordance with her appointment by the Secretary of State, the Chairman of the Board is entitled to remuneration. During the year, the Chair, Ms L Armstrong, received a salary of £29,200 and the Interim Chairman, Miss S Watson, received a salary of £424 (2017 – £29,200). No other trustees drew a salary in the year (2017: £Nil).

In 2018, 9 trustees (2017 -8) incurred travel, accommodation and subsistence expenses, which were reimbursed by the ECITB. In 2018, these expenses amounted to £18,666 (2017 – £7,963).

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

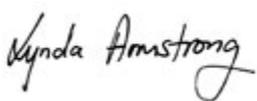
Appendix 1 of this report contains a list of current trustees and former trustees who held office during 2018.

Trade Union Time – Unaudited information

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

Relevant Union Officials

Name	Full Time Equivalent Number
Number of employees who were relevant union officials during the relevant period	1
Percentage of time spend on facility time	
Percentage of time	Number of employees
0%	-
1-50%	1
51%-99%	-
100%	-
Percentage of pay bill spent on facility time	
Total cost of facility time £'000	1
Total pay bill £'000	3,710
Percentage of total pay bill spent on facility time	0
Paid trade union activities	
Time spent on paid trade union activities as a percentage of total paid facility time hours:	-



L A Armstrong
Chairman

21st May 2019



C J Claydon
Chief Executive and Accounting Officer

21st May 2019

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

Opinion on financial statements

I certify that I have audited the financial statements of Engineering Construction Industry Training Board (ECITB) for the year ended 31 December 2018 under the Industrial Training Act 1982. The financial statements comprise: the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and Charities SORP (FRS 102). I have also audited the information in the Remuneration Report that is described in that report as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state ECITB's affairs as at 31 December 2018 and of its incoming resources and application of resources for the year then ended; and
- the financial statements have been properly prepared in accordance with the Industrial Training Act 1982 and Secretary of State directions issued thereunder.

Opinion on regularity

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

Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of the ECITB in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the Trustees and Accounting Officer

As explained more fully in the Statement of the ECITB's and the Accounting Officer's Responsibilities, the Trustees and the Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Industrial Training Act 1982.

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of ECITB's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ECITB's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

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

Other Information

The Trustees and Accounting Officer are responsible for the other information. The other information comprises information included in the Trustees' report, other than the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Opinion on other matters

In my opinion:

- the Trustees' Report has been properly prepared in accordance with Secretary of State directions made under the Industrial Training Act 1982.
- in the light of the knowledge and understanding of the ECITB and its environment obtained in the course of the audit, I have not identified any material misstatements in the Trustees' Report; and
- the information given in the Trustees' Report which we provide a positive consistency opinion on for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the Trustees' Report are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Sir Amyas C E Morse
Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

Date:
30th May 2019

Financial Accounts for the year ended 31 December 2018

Statement of Financial Activities for the year ended 31 December 2018

Income

		2018 £'000	2017 £'000
Income from other trading activities			
Income from investments	Note 4	439	368
Income from charitable activities			
Non-Levy income			
- Apprentices and Careers		43	50
- Technical Programmes		744	535
- Management and Professional Programmes		141	132
- Awards and Qualifications		1,240	1,705
Total non-levy income	Note 3	2,168	2,422
Levy	Note 2	22,964	30,073
Total Income		25,571	32,863

Expenditure

Expenditure on Raising funds			
Investment management costs		60	71
Provisions for Bad debts and against appealed levies	Note 5	(19)	(2,576)
Levy Collection costs		173	208
Total costs of raising funds		214	(2,297)
Expenditure on Charitable activities			
Apprentices and Careers		7,020	5,846
Technical Programmes		12,537	13,871
Management and Professional Programmes		7,379	12,114
Awards & Qualifications		2,147	1,966
Total costs of charitable activities	Note 6	29,083	33,797
Total expenditure		29,297	31,500
Net gains/(losses) on investments	Note 15	(292)	(256)
Net income/(expenditure)		(4,018)	1,107

Other Recognised gains/(losses)

Other recognised gains/(losses)		£'000	£'000
Gains/(Losses) on revaluation of fixed assets	Note 13	68	(100)
Net movement in funds	<i>Note 21</i>	(3,950)	1,007

Reconciliation of Funds

Total funds brought forward at 1 January		21,265	20,258
Total funds carried forward at 31 December	<i>Note 21</i>	17,315	21,265

The statement of financial activities reflects all gains and losses during the year to 31 December 2018. All activities are continuing. All funds are unrestricted.

Balance Sheet as at 31 December 2018

		2018 £'000	2017 £'000
Fixed assets			
Tangible Assets	<i>Note 13</i>	1,257	1,266
Investments maturing in more than one year	<i>Note 15</i>	10,178	6,689
Total fixed assets		11,435	7,955
Current Assets			
Debtors	<i>Note 16</i>	1,249	638
Investments maturing in less than one year	<i>Note 15</i>	2,692	4,788
Cash and cash equivalents and in hand	<i>Note 23</i>	7,419	13,222
Total current assets		11,360	18,648
Creditors			
Amounts falling due within one year	<i>Note 17</i>	(5,480)	(5,338)
Net current assets		5,880	13,310
Total assets less current liabilities		17,315	21,265
Total assets less liabilities		17,315	21,265
The Funds of the Charity			
Unrestricted fund	<i>Note 21</i>	17,315	21,265
Total Charity Funds		17,315	21,265

The annual report and accounts were approved by the Board on 21st May 2019



L A Armstrong
Chairman
21st May 2019



C J Claydon
Chief Executive and Accounting Officer
21st May 2019

Statement of cash flows for the year ended 31 December 2018

		2018 £'000	2017 £'000
Cash flows from operating activities			
Net cash provided by operating activities	Note 22	(4,485)	1,581
Cash flows from investing activities			
Investment income	Note 4	439	368
Purchase of property, plant and equipment	Note 13	(84)	(119)
Proceeds from the sale of property, plant and equipment		12	26
Proceeds from the sale of investments	Note 15	5,285	3,700
Purchase of investments	Note 15	(6,970)	(1,931)
Net cash provided by (used in) investing activities		(1,318)	2,044
Change in cash and cash equivalents in the reporting period	Note 23	(5,803)	3,625
Reconciliation of changes in cash, cash equivalents and in hand			
Balance at 1 January	Note 23	13,222	9,597
Change in cash and cash equivalents in the reporting period	Note 23	(5,803)	3,625
Balance at 31 December		7,419	13,222

The notes on pages 53 to 77 form part of these Financial Statements

Notes forming part of the Accounts for the year ended 31 December 2018

1. ACCOUNTING POLICIES

Going Concern

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

Accounting Convention

These accounts have been prepared in accordance with the Industrial Training Act 1982 and the Charities SORP (FRS 102) ("the SORP"), adopted in 2015. An accounts direction issued by the Secretary of State requires that the ECITB prepares accounts in accordance with Treasury guidance. Consequently, these accounts follow the principles in the 2018/19 Government Reporting Manual (FRoM) where it goes beyond the requirements of the SORP.

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

The ECITB is a public benefit entity.

Levy Income

Levy income is recognised on an annual cycle in the year in which it is raised, together with adjustments in respect of previous levies raised. The levy receivable relating to the base period ended 5 April 2017 was raised in January 2018 and recognised as income in 2018.

Other Categories of Income

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

Investment Management Costs

Investment management costs are recognised on an accruals basis.

Charitable Expenditure

Charitable expenditure includes all expenditure incurred on the charitable activities described below:-

- Apprentices and Careers
- Technical programmes
- Management & Professional programmes
- Awards & Qualifications

Grants Payable

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

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

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

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

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

Direct and Support Costs

Direct costs (Note 8) have been recorded against activity cost categories on a basis consistent with the use of the resources. Direct staff costs have been allocated on the basis of staff time devoted to activity cost categories. Other direct costs have been allocated to the activity cost categories to reflect the activity in which the cost arose.

Support costs (Note 9) largely relate to the organisation's central functions. Such costs cannot be allocated to cost activities with the same degree of certainty as direct costs. The costs of the central functions are split between cost activities to reflect the allocation of direct costs to activity categories. Included within support costs are Governance costs.

Land and Buildings

Fixed assets are shown at their current value at the balance sheet date. To achieve this, freehold land and buildings are subject to a full external valuation every 5 years. The last existing use valuation of the freehold land and buildings was undertaken at 31 December 2017 by Bidwells, a firm of Property Consultants. The valuation was prepared in accordance with the Royal Institution of Chartered Surveyors Valuation Professional Standards (March 2012). Following the valuation, the existing use property value was recorded in the 2017 balance sheet.

In the intervening years between full external valuations the last revalued existing use value is adjusted (where material) having regard to relevant commercial property indices published by financial and professional services firms specialising in real estate services and investment management.

Other Assets

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

Capitalisation

Fixed assets costing below £500 are not capitalised.

Depreciation

Depreciation on fixed assets (other than freehold land and buildings and motor vehicles) is provided on cost or valuation in equal annual instalments by class of asset over the estimated lives of each class, from the date on which the assets are brought into use. The assets are depreciated over the following periods:

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

No depreciation is provided on freehold land.

Depreciation on freehold buildings is provided on the last revalued existing use value over the remaining useful life of the asset. The annual depreciation provision is calculated by dividing the latest revalued amount by the number of years of remaining useful life. Under this policy, at the year-end date, the remaining useful life of the buildings is 12 years 3 months.

Depreciation on motor vehicles is provided on an initial value, which is calculated by deducting the anticipated residual value at the end of the vehicle's estimated life from the cost price. The initial value of the vehicle is depreciated in equal annual instalments over a period of five years from the date of purchase.

Investments

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

Cash and cash equivalents

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

Debtors

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

Debt Provision

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

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

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

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

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

In the Statement of Financial Activities the doubtful debts charge and provisions against appealed levies are treated as expenses within Cost of Generating Funds.

Creditors

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

Pensions

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

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

Corporation Tax

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

Value Added Tax

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

Fund

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

2. LEVY RECEIVABLE

Levy Receivable	2018	2017
Number of establishments wholly or mainly engaged in engineering construction activities (leviable establishments)	353	347
Number of employers operating leviable establishments	322	321
Number of leviable establishments subject to payment of levy	236	247
Number of employers operating leviable establishments subject to payment of levy (levy-paying in-scope employers)	208	223
Number of leviable establishments exempt from payment of levy	117	100
Number of employers operating leviable establishments exempt from payment of levy (non-levy paying in-scope employers)	117	100
	£'000	£'000
Levy receivable	22,964	30,073

In 2018 no employers appealed levy assessments raised in the year (2017 no employers).

3. NON LEVY INCOME

Non Levy Income	2018 £'000	2017 £'000
From sales	2,168	2,422
	2,168	2,422

The following streams of income were received from sales:

Sources of Sales Income	Income Stream	Charitable Activity	2018 Income £'000	2017 Income £'000
UK employers	ECITB Project Management Conference	Management & Professional	55	2
	VQ registration and certification	Awards & Qualifications	105	-
UK Training Providers	ECI Training & Development Awards Event	Awards & Qualifications	-	30
	Apprentice Certification	Apprenticeships & Careers	5	10
	Technical training & test licence fees and course & test income	Technical	415	358
	Supervisory and PMSC licence fees and training course income	Management & Professional	68	99
	CCNSG licence fees and safety passport income	Awards & Qualifications	1,060	1,110
Overseas Training Providers	VQ registration and certification	Awards & Qualifications	-	132
	Apprenticeship Learner Income	Apprenticeships & Careers	38	40
	Technical training & test licence fees and course & test income	Technical	307	149
	Supervisory and PMSC licence fees and training course income	Management & Professional	18	31
	IHSP licence fees and safety passport income	Awards & Qualifications	75	404
	Consultancy Services	Technical	22	28
		Awards & Qualifications	-	29
			2,168	2,422

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

4. INVESTMENT INCOME

Investment Income	2018 £'000	2017 £'000
Income from quoted investments	351	325
Income from cash deposits	88	43
	439	368

5. PROVISIONS FOR BAD DEBTS AND AGAINST APPEALED LEVIES

Provisions for bad debts and against appealed levies	2018 £'000	2017 £'000
Levy bad debts due to insolvency or non-payment	32	328
Reversal of previous year's levy bad debt provision	(54)	(6)
Reversal of provision against appealed levies made in previous years	-	(2,917)
Trade bad debts	3	19
	(19)	(2,576)

During 2017, the provision against appealed levies made in previous years was reversed, resulting in a credit for the year.

6. CHARITABLE ACTIVITIES

Charitable Activities	Grant Funding (note 7) £'000	Direct Cost (note 8) £'000	Support Costs (note 9) £'000	Total 2018 £'000	Total 2017 £'000
Apprenticeships & Careers	3,919	1,953	1,148	7,020	5,846
Technical Programmes	10,474	1,299	764	12,537	13,871
Management & Professional Programmes	6,117	795	467	7,379	12,114
Awards & Qualifications	789	827	531	2,147	1,966
	21,299	4,874	2,910	29,083	33,797

See notes 8 and 9 for explanations of the split of costs by category. Both direct costs and support costs above exclude any costs related to collection of levy income.

7. GRANT FUNDING

Of the £21.3m of grants made to employers in 2018, grants amounting to £18.3m were paid to the employers in the following list. In many cases, grants have been awarded to more than one employer in the same group of companies. When this occurred, the grants paid to such employers have been aggregated in the following list, which identifies that 50 largest employers or employer groups in terms of grant values.

Employer	£	Employer	£
Sellafield Ltd	1,796,080	Shepley Engineers Ltd	131,285
*Wood Group UK Ltd	1,480,584	Costain Oil Gas & Process Ltd	130,882
Magnox Ltd	1,284,203	Applus RTD UK Ltd	121,661
Bilfinger Salamis UK Ltd	1,233,140	On Line Design & Engineering Ltd	119,966
Aker Solutions Ltd	1,137,566	Horizon Nuclear Power Services Ltd	114,069
Petrofac Facilities Management Ltd	1,104,839	P.P.S Electrical Ltd	110,520
Stork Technical Services Ltd	1,077,492	IRISNDT Ltd	104,090
Worleyparsons Services UK Ltd	1,006,530	MW High Tech Projects UK Ltd	100,580
Dounreay Site Restoration Ltd	824,009	Hitachi Zosen Inova UK Ltd	97,874
Jacobs UK Ltd	685,589	MB Engineering Services Ltd	96,132
*Cape Industrial Services Ltd	628,267	Pipex Ltd	94,229
*Doosan Power Systems Ltd	615,654	WSP UK Ltd	88,996
Cavendish Nuclear Ltd	401,709	Primetals Asset Management UK Ltd	84,482
Siemens plc	361,472	CB&I UK Ltd	78,965
AMEC Foster Wheeler Energy Ltd	345,670	Vogal Group Ltd	74,567
NNB Generation Company Ltd	271,915	Rayfern Ltd	73,789
Weir Engineering Services Ltd	271,406	Intelect Ltd	72,202
VWS Ltd	227,602	Bibby Offshore Ltd	65,510
Subsea 7 Ltd	199,989	Dornan Engineering Services Ltd	65,486
Oceaneering International Services Ltd	186,923	Specialised Management Services Ltd	64,755
Kellogg Brown & Root Ltd	169,553	Blackrow Engineering CO. Ltd	62,262
Technip UK Limited	167,677	Studley Engineering Ltd	62,143
Boulting Group Ltd	153,836	Aquaterra Energy Ltd	62,136
SSE Contracting Ltd	140,046	Sub Total	18,265,175
ENGIE Fabricom UK Ltd	139,619	Other Grants	3,033,325
Emerson Process Management Ltd	138,821		
Fluor Ltd	138,403	Total	21,298,500

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

8. DIRECT COSTS

Direct costs have been recorded against 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.

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

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

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

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

Activity	Apprenticeships & Careers	Technical Programmes	Management & Professional Programmes	Awards & Qualifications	2018 Total	2017 Total
	£'000	£'000	£'000	£'000	£'000	£'000
Apprentice allowances, travel and subsistence	289	-	-	-	289	243
Apprentice training and assessment costs	1,037	-	-	-	1,037	696
Apprenticeship recruitment costs	105	-	-	-	105	111
Awarding Organisation administration	-	-	7	16	23	32
Depreciation on assets in staff possession	7	21	13	6	47	62
ECITB Active Cup	-	-	108	-	108	119
ECITB Awarding Body External Verification	-	-	-	56	56	91
Professional, administrative & commission fees incurred in international commercial activities	-	64	-	64	128	46
Product development	36	29	14	64	143	105
(Profit)/Loss on disposal of Fixed Assets	(1)	(3)	(2)	-	(6)	(5)
Regional costs	8	20	12	2	42	22
Safety Passport issue and administration	-	-	-	93	93	122
Staff costs (salary, NI and pensions) (Note 10)	415	993	557	457	2,422	2,220
Staff travel and subsistence	55	171	85	69	380	379
Talent Retention Solution services	-	-	(1)	-	(1)	84
Training Provider Account Management	2	4	2	-	8	12
	1,953	1,299	795	827	4,874	4,339

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

Charitable Activity	2018 %	2017 %
Apprenticeships & Careers	39	34
Technical Programmes	26	24
Management & Professional Programmes	16	22
Awards & Qualifications	17	17
Proportion of direct costs allocated to Charitable Activities	98	97
Proportion of direct costs allocated to Levy Collection Costs	2	3
	100	100

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

9. SUPPORT COSTS

Support costs largely comprise the costs of central functions and governance which cannot be allocated to charitable activities with the same degree of certainty as direct costs. The types of cost falling within this category are:-

- Corporate Affairs
- Finance
- Legal
- Human Resources
- Information Technology and telecommunications
- Head Office premises and support activities
- Governance

It is not possible to allocate support staff costs to charitable activity cost categories on the basis of time devoted to such activities. Similarly, it is not possible to allocate other support costs (for example, Head Office infrastructure costs, Information Technology, and Depreciation) to charitable activities on a basis consistent with the charitable use of the resources. Thus, support costs have been allocated to charitable activity cost categories by adopting the same proportions reflected in the allocation of direct costs to charitable activities (see Note 8).

Function	Activity	2018 £'000	2017 £'000
Corporate Affairs	Policy, marketing and communications	198	141
Finance & Legal	Professional charges	34	2
	Depreciation categorised as a support cost	97	98
	(Profit)/Loss on disposal of fixed assets	11	15
Human Resources	Support staff costs (including salary, NI and pensions)	1,335	1,234
	Support staff travel and subsistence	39	33
	Agency costs	31	28
	Professional pensions fees	31	-
	Other professional fees	37	14
	Staff recruitment and training	94	80
	Information Technology project costs	283	314
	Information Technology and communications	415	248
	Head Office infrastructure (includes buildings and office consumables costs)	187	179
	Governance	183	151
		2,975	2,537

The total figure above includes £65k allocated to levy collection costs (2017 £74k).

Policy, marketing and communications costs have increased in 2018 due to the costs of support associated with labour market intelligence data gathering.

Professional charges within Finance & Legal in 2018 relate to support to cover staff vacancies.

Support staff costs have increased as vacant positions and new roles have been filled. New posts have been created within Policy, Marketing and Communications and IT.

IT project costs have reduced as the Membership Services Portal has been implemented but other IT costs have increased due to the outsource of IT support, and cloud hosting.

Governance costs have increased due to the restructuring of the board and committees and associated legal advice.

The cost of the statutory audit for 2018 is included within Governance costs. The quoted cost of the 2018 audit was £42.5k (2017 £45k). The final invoiced audit fee for 2018 was £42.5k.

10. STAFF COSTS

Staff Costs	2018 £'000	2017 £'000
Salaries	3,151	2,996
Social security costs	348	330
Pension costs (standard contributions)	211	200
Agency costs	175	28
Other personnel costs	56	21
Termination costs	5	13
	3,946	3,588

Staff costs include the salaries and other employment benefits received by senior staff and the Chairman's salary (see Remuneration Report).

Salaries include gross salaries, performance-related pay or bonuses, overtime, and allowances (such as car and private or home office allowances) to the extent that they are subject to UK taxation. The ECITB operates a performance-related incentive scheme in which all employees are eligible to participate (after completing initial periods of employment in their roles). In 2018, the total incentive award amounted to an average 1.1% of the total basic salary (2017 – 1.5%).

Termination costs in 2018 comprise payment in lieu of notice of 1 employee (2017 – 2) who left the organisation's employ during the year.

11. STAFF NUMBERS

Average number of employees by function	2018 Number	2017 Number
Apprenticeships & Careers, Technical Programmes, Management & Professional Programmes	31	37
Awards & Qualifications	8	4
Levy Collection	1	2
Senior Management and Corporate Support Services	20	17
	60	60

The ECITB has considered the issue of allocating the numbers of staff engaged amongst each charitable activity. However, it is felt that, with the exception of Awards & Qualifications and Levy Collection (where members of staff are clearly and solely allocated to this activity), it is not possible to achieve an accurate allocation amongst the other heads of charitable activity. The table indicates that, in both years, approximately half of the ECITB's employees were engaged

in the charitable activities of Apprenticeships & Careers, Technical Programmes, and Management & Professional Programmes. This largely reflects how all members of the organisation's staff based in the UK regions and abroad are engaged in the delivery of services, which span all three areas of charitable activity.

Furthermore, in providing service to some employers and training providers it is not unusual for such learners to be undertaking training in more than one area of charitable activity. For these reasons, it is not possible to allocate with accuracy the numbers of staff that are allocated to each of these charitable activities.

Employees earning over £60,000 per annum including benefits in kind, excluding pension contributions	2018 Number	2017 Number
£60,001–£70,000	5	6
£70,001–£80,000	1	2
£80,001–£90,000	1	-
£90,001–£100,000	2	-
£100,001–£110,000	2	3
£110,001–£140,000	-	-
£140,001–£150,000	1	1
	12	12

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

Category	2018			2017		
	Female	Male	Total	Female	Male	Total
Directors	1	4	5	1	4	5
Other Employees	26	34	60	21	34	55
Total	27	38	65	22	38	60

12. INDUSTRY TRAINING BOARD PENSION FUNDS

The ECITB is a participating employer in the ITB Pension Funds, which are constituted a multi-employer defined benefit and contribution scheme.

The ECITB is a participating employer in the Defined Contribution section of the ITB Pension Funds' scheme. During 2016, all employees who were participating in the Defined Benefit Scheme were transferred to the Defined Contribution scheme. In 2016, the ECITB fully discharged its obligation to make any deficit recovery payments in respect of the Defined Benefit scheme with the consequence that there is no pension deficit liability as at 31 December 2018 (2017 £nil).

All pension contributions are charged to the statement of financial activities as incurred. Outstanding pension deficit contribution liabilities are recognised if and when the obligation arises. Given the ECITB is now participating in the Defined Contribution Scheme, no such additional liabilities in respect of current employees are expected to occur.

ITB Pensions Funds' Open Fund

The Open fund is a defined benefit scheme. Whilst no current members of staff are members of this scheme, there are Pension scheme members who are past employees of the ECITB or of the Engineering Industry Training Board prior to 1991.

Participating employers in defined benefit occupational pension schemes may become liable for a statutory debt under section 75 of the Pensions Act 1995 in certain circumstances, such as if the scheme starts to wind up, or the employer ceases to participate. In the case of the ECITB's participation in the ITB Pension Funds Scheme, were the ECITB to withdraw from the Scheme, or were the Scheme to be wound up, the assessment of any amounts due from the ECITB to the scheme would take account of accrued DB benefits relating to past service of both ITB Pension Scheme members who past employees of the ECITB, and also of pension scheme members who were employees of the Engineering Industry Training Board prior to 1991.

ITB Pensions Funds' Defined Contribution Scheme

ITB Pension Funds operates a Defined Contribution pension scheme (the DC Section). All new employees of the ECITB are offered membership of the DC section. The ECITB and members paid at the basic rates of 5.5% and 4.5% respectively. In addition to the employer's basic contribution rate mentioned above, the ECITB made additional contributions of up to 4% over the employer's basic contribution rate on a matched basis in respect of members who also contributed above the employee's basic contribution rate. To derive the benefit of the additional employer's contributions, members have to enter into corresponding salary sacrifice arrangements.

The operating costs of the defined contribution pension scheme were £2,540 in 2018

ITB Pension Funds' Closed Fund

By definition, the Closed Fund does not have any active members, and consequently no regular contributions are made by the ECITB. It is valued triennially by an independent qualified actuary. The results of the triennial valuation for 2018 have not yet been issued to participating employers. The last formal valuation was at 31 March 2015, which showed the market value of the assets was £208 million (31 March 2012 – £211 million). For the purposes of that valuation the actuary assumed the nominal rate of return on the assets of 1.7% (2012: 2.74%). There was an interim actuarial review as at 31 March 2016 which showed the market value of the assets was £189m. The rate of the investment return over the year was minus 2.8%. It is not anticipated that any future liabilities will arise to be borne by the participating employers in respect of the Closed Fund.

Total Pension Costs in 2018

The pension costs incurred by ECITB in 2018 amounted to £210,782 (2017 – £200,375). This represents all contributions payable by the ECITB to the ITB Pension Funds' Open Fund and the Defined Contribution Scheme.

13. TANGIBLE FIXED ASSETS

2018 Tangible Fixed Assets	Freehold Land & Buildings £'000	Plant & Machinery £'000	Computer Equipment £'000	IT Software £'000	Furniture & Equipment £'000	Total £'000
Cost or valuation						
At 1 January 2018	1,020	298	265	39	69	1,691
Revaluation	7	-	-	-	-	7
Additions	-	-	84	-	-	84
Disposals	-	(39)	(29)	-	-	(68)
At 31 December 2018	1,027	259	320	39	69	1,714
Depreciation						
At 1 January 2018	-	146	203	34	42	425
Charge for year	61	47	30	1	5	144
Revaluation	(61)	-	-	-	-	(61)
Disposals	-	(32)	(19)	-	-	(51)
At 31 December 2018	-	161	214	35	47	457
Net Book Value						
At 1 January 2018	1,020	152	62	5	27	1,266
At 31 December 2018	1,027	98	106	4	22	1,257
2017 Tangible Fixed Assets						
Cost or valuation						
At 1 January 2017	1,158	318	332	34	76	1,918
Revaluation	(161)	-	-	-	-	(161)
Additions	23	62	18	5	11	119
Disposals	-	(82)	(85)	-	(18)	(185)
At 31 December 2017	1,020	298	265	39	69	1,691
Depreciation						
At 1 January 2017	-	145	248	34	48	475
Charge for year	61	63	31	-	5	160
Revaluation	(61)	-	-	-	-	(61)
Disposals	-	(62)	(76)	-	(11)	(149)
At 31 December 2017	-	146	203	34	42	425
Net Book Value						
At 1 January 2017	1,158	173	84	-	28	1,443
At 31 December 2017	1,020	152	62	5	27	1,266

Land and Buildings

Land and buildings comprise a freehold property in Kings Langley, Hertfordshire. The historic cost of the land and buildings is £1,300,000.

The freehold land and buildings were last valued on the basis of existing use value on 31 December 2017 by Bidwells, Chartered Surveyors. The valuation was prepared in accordance with the Royal Institution of Chartered Surveyors Professional Valuation Standards (March 2012). The ECITB's usual practice between professional valuations is to adjust the value of the land and buildings by reference to movements in published commercial property indices where material. After adjustment for depreciation the net book (existing use) value has been increased to £1,027k. The effective date of revaluation is at 31st December 2018. This revaluation appears as a recognised gain in the accounts of £68k (2017: LOSS - £100k).

The existing use value of the land has been apportioned at £210,000 (2017 – £210,000). The land is not depreciated.

Had the freehold property been held under the historic cost model, its carrying value would have been £537k at December 2018 (December 2017 – £564k)

The cost and accumulated depreciation at 31 December 2018 includes fully depreciated assets at a historical cost of £209,787 (31 December 2017 – £209,908).

Plant and Machinery

Plant and machinery largely comprises motor vehicles.

14. CAPITAL COMMITMENTS

There were no capital commitments at 31 December 2018 (31 December 2017 – £0).

15. INVESTMENTS

Investments	2018 £'000	2017 £'000
Listed Investments		
Market value at 1 January	11,477	13,502
Purchases	6,970	1,931
Sales	(5,285)	(3,700)
Net Gain/(Loss)	(292)	(256)
Market value at 31 December	12,870	11,477
Investments maturing in more than one year	10,178	6,689
Investments maturing in less than one year	2,692	4,788
Total market value of listed investments	12,870	11,477
Cash and cash equivalents and in hand		
Cash at bank and in hand	466	252
Cash equivalents	6,953	12,970
Total cash and cash equivalents and in hand	7,419	13,222

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

Details of material investments are as follows:-

	% Value of portfolio
Cash Equivalent held by the investment portfolio manager	36.0%
United Kingdom Treasury Stock 7.9.22 (1.75%)	14.9%
United Kingdom of Great Britain and Northern Ireland 7.9.22 Treasury Stock (1.75%)	9.0%
United Kingdom Treasury Stock 22.1.21 (1.5%)	7.6%
Barclays Bank 12.1.22 (4.25%)	7.3%
Network Rail 21.7.20 (4.625%)	3.9%
Wellcome Trust 28.5.21 (4.75%)	3.0%
Friends Life 21.4.22 (8.25%)	2.9%
Motability 10.12.19 EMTN (6.625%)	2.6%
Abbey National 17.2.20 Reg. S (1.875%)	2.5%
EIB 7.9.21 EMTN (1.125%)	2.5%
European investment bank EIB 15.12.23 (.875%)	2.4%
Coventry Building Society 13.11.23 (Variable%)	1.9%
Northern Gas Networks Finance 8.7.19 (5.875%)	1.8%
National Grid Gas Finance PLC 22.9.21 (1.125%)	1.7%

The cash equivalent investments are used to finance the day to day running of the ECITB. Investments may be converted to cash within a very short period, typically 2 weeks.

16. DEBTORS

Debtors	2018 £'000	2017 £'000
Levy debtors	1,076	577
Provision for bad levy debts	(503)	(525)
Net levy debtors	573	52
Non-levy debtors	460	437
Non-levy bad debt provision	(82)	(79)
Total non-levy debtors	378	358
Prepayments and accrued income	298	228
Total debtors	1,249	638

There were no appealed levies during the year (2017 none).

The levy bad debt provision decreased during the year due to a reduction in the number of insolvencies.

Balances with Intra-Governmental Bodies	2018 £'000	2017 £'000
Local authorities	2	11
Balances with non government bodies	1,247	627
Total	1,249	638

Debt Provision	2018 £'000	2017 £'000
Opening provision against appealed levies and for bad debts	604	3,180
Levy bad debts due to insolvency or non-payment	37	331
Other bad debts	3	48
Reversal of bad debt provision due to receipt of liquidator's dividend	(59)	(3)
Reversal of bad debt provision following offset against training grants due		(2,430)
Reversal of bad debt provisions due to payment of outstanding debts	-	(522)
Closing provisions for bad debts and against appealed levies	585	604

During the course of 2018 no debts (£nil) (2017- £nil) were written off in the balance sheet. Debts are not written off until the ECITB has received confirmation from the liquidators or administrators of the relevant debtors that the debts are irrecoverable.

Under the terms of the ECITB's Financial Memorandum, the ECITB is required to report such matters in its annual report and, where required, the ECITB would obtain the consent of the DfE to write off debts in this manner. At the time of this report's publication £230k of debts against which there is a provision are in the process of obtaining consent to be written off.

17. CREDITORS

Creditors – amounts falling due within 1 year	2018 £'000	2017 £'000
Creditors	2,844	4,703
Accruals	2,553	578
Taxation	41	34
Deferred income	42	23
Total creditors falling due within one year	5,480	5,338

There were no creditors with amounts falling due after more than one year as at 31 December 2018 (2017 £nil).

Balances with Intra-Governmental Bodies	2018 £'000	2017 £'000
Government bodies	1,175	963
Local authorities	5	2
Balances with non government bodies	4,300	4,373
Total creditors	5,480	5,338

The balance with Central Government bodies at the 2018 year-end includes the sum of £771k in training grants payable to Sellafield Limited and Magnox Limited (2017 £837k Sellafield Limited, Magnox Limited and Dounreay Site Restoration Limited).

Income has been deferred for international consultancy services that have been invoiced but for which the service was yet to be delivered.

Analysis of Deferred Income	2018 £'000
Deferred Income released from Prior Years	23
Income deferred in the Current Year	42

18. FINANCIAL INSTRUMENTS

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

The ECITB has very limited powers to borrow or invest surplus funds, and financial assets and liabilities are generated by day-to-day operational activities and are not considered to change the risks the organisation faces in undertaking its activities. The ECITB has concluded that they do not contain any material embedded derivatives, which require disclosure in these accounts.

Financial assets by category		2018 £'000	2017 £'000
Investments	Note 15	12,870	11,477
Debtors	Note 16	1,249	638
Cash and Cash Equivalents	Note 23	7,419	13,222

Financial liabilities by category			
Creditors	Note 17	5,480	5,338

Cash and Debtors are classified as loans and receivables, Creditors are classified as financial liabilities and Investments are classified as fair value through the Statement of Financial Activities.

Investment Risk

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

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

Interest Rate Risk

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

Credit and Liquidity Risks

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

The organisation has no borrowings and relies primarily on the industrial training levy for its cash requirements. ECITB's principal exposure to risk is primarily attributable to levy debtors. However, this risk is minimised because most major levy debtors are familiar to ECITB. The organisation holds reserves, which are sufficient to cover run-out costs (i.e. the costs of completing training programmes and meeting closure costs in the event that the ECITB ceases to operate). Consequently, the ECITB is not exposed to material liquidity risks.

Foreign Currency Rate Risk

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

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

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

19. FINANCIAL COMMITMENTS

Financial commitments at 31 December 2018 are estimated to amount to £7,450k (2017 – £6,254k). These comprise the value of outstanding payments which the ECITB has committed to pay to various parties involved in the training of apprentices and pre-apprentice qualifications. The parties to which such commitments have been made are training providers, industry employers and apprentices. These commitments are contracted for, but not provided in the accounts. The commitments have been categorised by the years in which the apprentice "cohorts" commenced their apprenticeships.

Apprentice cohort	2018 £'000	2017 £'000
Pre 2010	-	6
2010	-	18
2011	-	3
2012	8	53
2013	48	209
2014	115	819
2015	563	1,231
2016	743	1,642
2017	1,290	2,273
2018	4,683	-
	7,450	6,254

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

The commitments relating to the 2018 cohort were made upon the commencement of the relevant learners' programmes, and by the year-end grant and programme costs only in respect of the initial months of training had been discharged.

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

20. OPERATING LEASES AND COMMITMENTS

As at 31 December 2018, the ECITB had no operating leases or lease commitments (2017 none, £nil).

21. UNRESTRICTED FUND

Unrestricted fund	2018 General reserves £'000	2018 Revaluation reserves	2018 Total reserves	2017 General reserves £'000	2017 Revaluation reserves	2017 Total reserves
Balance at 1 January	20,521	744	21,265	19,414	844	20,258
Surplus/(Deficit) for the year	(4,018)	68	(3,950)	1,107	(100)	1,007
Balance at 31 December	16,503	812	17,315	20,521	744	21,265

22. RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES

Reconciliation of net income/(expenditure) to net cash flow from operating activities		2018 £'000	2017 £'000
Net incoming/(outgoing) resources	SOFA	(4,018)	1,107
Depreciation	Note 13	144	160
(Gains)/Losses on investments	Note 15	292	256
Investment income	SOFA	(439)	(368)
(Gain)/Loss on disposal of fixed assets	Note 13	5	10
Decrease/(Increase) in debtors	Note 16	(611)	136
Increase/(Decrease) in creditors	Note 17	142	280
Net cash inflow from operating activities		(4,485)	1,581

23. ANALYSIS OF CHANGES IN CASH EQUIVALENT

Analysis of changes in cash and cash equivalents	At 1 Jan 2018 £'000	Cashflows £'000	At 31 Dec 2018 £'000
Cash at bank and in hand	252	214	466
Cash held by investment portfolio manager	12,970	(6,017)	6,953
	13,222	(5,803)	7,419

All cash is held in commercial banks or financial institutions.

24. CONTINGENT LIABILITIES

There are no contingent liabilities at the balance sheet date. (2017 – No contingent liabilities.)

25. RELATED PARTY TRANSACTIONS

Some members of the Board of Trustees also hold positions with and/or are employees of organisations with which the ECITB has transacted during the year, or also hold positions with and/or are employees of associated organisations. Details of such positions and employments are declared in the Register of Interests of Trustees, which appears in Appendix 3 of this report.

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

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

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

Transactions with related parties under which funds were paid to the ECITB	2018 £'000	2017 £'000
Levy paid to ECITB	3,242	12,043
Sale of training services by ECITB	22	69
	3,264	12,112

The amount owed to ECITB by related parties at the balance sheet date is £28k (2017: £42k). The transactions in the following table comprised the payment of grants, the award of qualifications and the procurement of training and assessment services. The total sums involved were:-

Transactions with related parties under which payments or value flowed to the related parties	2018 £'000	2017 £'000
Payment of grants	2,734	8,878
Purchase of training and assessment services by ECITB	20	21
	2,754	8,899

The amount owed by ECITB to related parties at the balance sheet date is £315k (2017 – £1,336k).

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

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

26. POST YEAR-END EVENTS

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

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

Organisational details

The ECITB's Directors comprises:-

Chief Executive Officer	Chris Claydon
E-mail	Chris.Claydon@ecitb.org.uk
Direct Tel	01923 402121
Interim Director, Finance and Administration	Rory Blyth
E-mail	Rory.Blyth@ecitb.org.uk
Direct Tel	01923 402150
Director of Development and Quality	Nigel Spencer
E-mail	Nigel.Spencer@ecitb.org.uk
Direct Tel	01923 402132
Director of Regional Operations	Andy Brown
E-mail	Andy.Brown@ecitb.org.uk
Direct Tel	07973 416149

Complaints

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

Head Office and Principal Address

Blue Court
Church Lane
Kings Langley
Hertfordshire
WD4 8JP

Charity Registration Details

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

Auditors

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

Bankers

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

Appendix 1

Trustees

This Appendix shows:

- The members of the ECITB's Board of Trustees during 2018 and at 21st May 2019;
- Changes in membership since 1st January 2018; and
- Meeting attendance records during 2018.

Name	Changes during 2018 and to date	2018 Meeting Attendance Record
Ms L Armstrong	Appointed as Trustee 01/01/18	6 of 6
Ms L Birse	Appointed as a Trustee 01/02/19	N/A
Mr D Boath	Retired as a Trustee 01/06/2018	2 of 2
Mr C Claypole		5 of 6
Mr M Fletcher		4 of 6
Mr S Hicks	Appointed as Trustee 01/06/2018	4 of 4
Ms H Hill	Appointed as Trustee 01/06/2018	4 of 4
Mr M Hockey		6 of 6
Prof J Howe	Appointed as Trustee 01/06/2018	4 of 4
Ms D James		5 of 6
Ms T Shelley	Retired as a Trustee 01/06/2018	2 of 2
Mr D Vineall	Appointed as Trustee 01/06/2018	4 of 4
Mr P Whitehurst	Retired as a Trustee 01/06/2018	0 of 2
Mr C Wiggins	Appointed as Trustee 01/06/2018 Resigned as a Trustee 31/12/2019	4 of 4

Appendix 2

Board Committees

This Appendix shows:

- The members of the Board 's committees during 2018 and at 21st May 2019;
- Changes in membership since 1st January 2018; and
- Meeting attendance records during 2018.

Council

Name	Changes during 2018 and to date	2018 Meeting Attendance Record
Mr P Atkinson	Appointed as committee member 01/01/18	3 of 3
Ms G Banham	Appointed as committee member 27/06/18	1 of 2
Mr T Barnes	Appointed as committee member 27/11/18	N/A
Mr K Benson	Appointed as committee member 01/01/18 Resigned as Committee Member 16/04/19	3 of 3
Mr S Blackman	Appointed as committee member 01/01/18	3 of 3
Mr D Boath	Appointed as committee member 03/12/18	N/A
Mr J Brimble	Appointed as committee member 16/02/18	1 of 3
Mr P Bunyan	Appointed as committee member 01/01/18	1 of 3
Mr D Cornforth	Appointed as committee member 27/11/18	N/A
Mr M Crichton	Appointed as committee member 12/12/18	N/A
Mr J Dutton	Appointed as committee member 27/11/18 Resigned as a committee member 03/18	0 of 1
Mr D Gibson	Appointed as committee member 09/07/18	2 of 2
Mr M Hockey	Appointed as committee Chair 01/01/18	3 of 3
Mr A Lightfoot	Appointed as committee member 27/11/18 Resigned as a committee member 01/19	N/A
Mr B MacAulay	Appointed as committee member 01/01/18 Resigned as a committee member 05/03/19	2 of 3
Mr A Mitchell	Appointed as committee member 01/01/18	2 of 3
Mr N Pickering	Appointed as committee member 01/01/18 Resigned as a committee member 30/03/18	1 of 1
Mr W Reid	Appointed as committee member 27/11/18	N/A
Ms T Shelley	Appointed as committee member 01/01/18	3 of 3
Mr K Scott	Appointed as committee member 19/07/18	1 of 2

Name	Changes during 2018 and to date	2018 Meeting Attendance Record
Mr L Taylor	Appointed as committee member 27/11/18 Resigned as a committee member 03/18	0 of 1
Ms Alix Thom	Appointed as committee member 27/11/18	N/A
Mr P Ventre	Appointed as committee member 01/01/18	1 of 3
Mr M Wilkins	Appointed as committee member 01/01/18	2 of 3

Audit & Risk Committee

Name	Changes during 2018 and to date	2018 Meeting Attendance Record
Mr G Cole		4 of 4
Ms H Hill	Appointed as committee member 14/06/18	2 of 2
Mr M Hockey		4 of 4
Mr C Tall	Appointed as committee member 01/01/19	N/A
Mr C Wood		4 of 4

Qualifications and Awards Committee

Name	Changes during 2018 and to date	2018 Meeting Attendance Record
Mr R Clarke		2 of 2
Mr R Davies		1 of 2
Mr M Fletcher	Appointed as Chair 14/06/18	1 of 2
Mr J Redmond		1 of 2
Mr J Reekie	Resigned as Committee Member 05/07/18	0 of 1
Mr T Stone		2 of 2
Mr D Whitehouse		2 of 2

Client Contractor National Safety Group (CCNSG)

Name	Changes during 2018 and to date	2018 Meeting Attendance Record
Mr R Ash	Resigned as a Committee Chair 03/19	4 of 4
Mr R Clarke		3 of 4
Mr J Dennis		2 of 4
Mr G Duncan		3 of 4
Mr R Miguel		1 of 4
Mr M Riley	Appointment as a Chair to be confirmed	3 of 4
Mr M Thomas		2 of 4
Mr D White		1 of 4
Mr M Thomas		2 of 4

Appendix 3

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 May 2019 or who have stepped down since 1st January 2018) have declared the following other interests:-

Member	Declared Interest
Mrs L Armstrong	Non-Executive Director; Kaz Minerals Plc Non- Executive Director; Orsted A/S Director, owner Calyx Consulting LTD SBM offshore BV. Member of the Supervisory Board (term of office finished April 1st 2018) CEOC Ltd (former Non-Executive Director, Company being wound up) President Shell Pensioners Association Fellow, Energy Institute Member, IoD
Ms L Birse	President People & Organisation, AS EAAA, Wood
Mr D Boath	Vice President and Chief Engineer, Wood – Nuclear Director, National Nuclear Corporation Ltd Director, Energy, Safety & Risk Consultants (UK) Ltd Member of the Governing Board, Sustainable Nuclear Energy Technology Platform Member of the National Skills Academy for Nuclear (NSAN) Advisory Board Member of the Office for Nuclear Regulation Advisory Panel
Mr C Claypole	Managing Director, Stocks Group Ltd Managing Director, Site Service Engineering Ltd Managing Director, Scotton Construction Ltd Managing Director, Trent Lifting Ltd Director, Winterton Agricultural and Sports Society Member of Management Board, ECIA
Mr M Fletcher	Doosan Babcock Ltd – Employee Brother is employee of TEI Ltd Chair of National Skills Academy for Nuclear (NSAN) Member, Institute of Leadership & Management Member, The Welding Institute Member, Institute of Materials Minerals & Mining
Mr S Hicks	Managing Director, Altrad Services UK Member of Management Board, ECIA
Ms H Hill	Member, Institute of Mechanical Engineers Member, WES
Mr M Hockey	Managing Director, Engineering Construction Industry Association (ECIA) Member, ACE Steering Group
Prof J Howe	Executive Director, Thornton Energy Research Institute
Ms D James	VP Nuclear Generation and Defence Clean Energy, AMEC Foster Wheeler Spouse is Director, Nuclear Generation Division, Nuvia

Member	Declared Interest
Mrs T Shelley	Director, British Chemical Engineering Contractors Association (BCECA) Independent Board Member of JTL Training
Mr D Vineall	Human Resources Director, Nuclear Decommissioning Authority
Mr P Whitehurst	National Officer for Construction, GMB Union Board Member, Construction Skills Certification Scheme (CSCS) for GMB Board Member, Construction Industry Joint Council (CIJC) for GMB GMB seat on National Joint Council for the Engineering Construction Industry (NJC) GMB seat on National Engineering Construction Committee (NECC) GMB Chair for National Agreement for the Engineering Construction Industry (NAECI) Stewards Forum
Mr C Wiggins	Senior Vice President for Global HSSE, Aker Solutions Ltd Member, Step Change in Safety



Engineering Construction Industry Training Board
Blue Court, Church Lane, Kings Langley, Hertfordshire, WD4 8JP
ecitb.org.uk
01923 260 000

CCS0319939822 978-1-5286-1183-1