

# ANNUAL REPORT AND ACCOUNTS 2015

FOR THE YEAR ENDED 31 DECEMBER 2015

Construction Industry Training Board (CITB) Annual Report and Accounts 2015



ISBN 978-1-4741-3155-1



[citb.co.uk](http://citb.co.uk)

CITB is registered as a charity in England and Wales (Reg No 264289) and in Scotland (Reg No SC044875).





CONSTRUCTION INDUSTRY TRAINING BOARD (CITB)  
**ANNUAL REPORT AND ACCOUNTS 2015**  
FOR THE YEAR ENDED 31 DECEMBER 2015

PRESENTED TO PARLIAMENT PURSUANT TO S8 (4) OF THE INDUSTRIAL TRAINING  
ACT 1982.

ORDERED BY THE HOUSE OF COMMONS TO BE PRINTED ON 19 MAY 2016.

LAID BEFORE THE SCOTTISH PARLIAMENT BY THE SCOTTISH MINISTERS UNDER  
SECTION 88 OF THE SCOTLAND ACT 1998.

HC 8

SG/2016/62



**© Construction Industry Training Board 2016**

The text in this document (this excludes, where present, the Royal Arms and all departmental or agency logos) may be reproduced free of charge in any format or medium providing it is reproduced accurately and not in a misleading context.

The material must be acknowledged as CITB copyright and the title of the document specified. Where third party material has been identified, permission from the respective copyright holder must be sought.

Any enquiries related to this publication should be sent to us at:  
CITB Corporate Governance, Bircham Newton, King's Lynn, Norfolk, PE31 6RH.  
Tel: 0344 994 4400  
[citb.co.uk/contact-us/contact-us-form](http://citb.co.uk/contact-us/contact-us-form)

This publication is available at <https://www.gov.uk/government/publications>

Print ISBN: 9781474131551

Web ISBN: 9781474131568

ID 22041608 05/16

Printed on paper containing 75% recycled fibre content minimum

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



# CONTENTS

## STRATEGIC REPORT

### SECTION 1: ABOUT CITB

Performance highlights	2
Chairman's foreword	3
Chief Executive's introduction	4

### SECTION 2: OUR WORK

Who we are	6
Our leadership	8
Our vision and priorities	12
CITB across the three nations	16
CITB in England	17
CITB in Scotland	19
CITB in Wales	22
CITB yng Nghymru	25

### SECTION 3: REVIEW OF 2015

The business and economic environment	30
Measuring performance	35
Financial performance	37

### SECTION 4: OUR PEOPLE AND VALUES

Corporate Responsibility and Sustainability Report	42
Our strategic report	48

### SECTION 5: REMUNERATION

Remuneration report	50
---------------------	----

### SECTION 6: GOVERNANCE

Governance statement	56
----------------------	----

### SECTION 7: FINANCIAL PERFORMANCE

Certificate and Report of the Comptroller and Auditor General	72
Financial statements	74
Notes to the financial statements for the year ended 31 December 2015	77

### SECTION 8: STATISTICAL INFORMATION

Statistical information for the year ended 31 December 2015	100
---	-----

### APPENDICES

Appendix A: Membership of the Board and its committees	108
Appendix B: Register of interests of Board members	110
Appendix C: Employer organisations	111
Appendix D: Location of CITB Offices and National Construction College centres	112
Appendix E: Glossary	114

[citb.co.uk](http://citb.co.uk)

# PERFORMANCE HIGHLIGHTS

## Go Construct

We launched the first phase of Go Construct in September 2015. Fronted by Wayne Hemingway and featuring on Sky News, this is a first of its kind one-stop-shop web portal to help people find out more about careers in construction.



## Launch of the UTC in the West Midlands

The West Midlands Construction University Technical College (WMCLUTC) opened in September last year. The first of its kind, this UTC is a unique opportunity for 14–19 year olds to combine academic and vocational learning in construction. The college specialises in Construction and the application of IT in the Built Environment and is a partnership between CITB, the University of Wolverhampton, and national and local employers.



## CDM Regulations and app

Revised CDM Regulations went live in April 2015 to help make the construction sector a safer place to work. We had an excellent response to the material we published with people visiting our web pages, downloading our industry guidance documents, and downloading the new CDM Wizard app.



### Cover images

- 1 The Sage, Gateshead
- 2 The Open University, Milton Keynes
- 3 Derby Velodrome Arena, Derby
- 4 The Deep, Hull
- 5 Liverpool One, Liverpool
- 6 Angel Square, Manchester
- 7 East Wichel, Swindon

## Parliamentary reception

We held a successful Parliamentary reception in September attracting 100 industry people and 25 MPs, including seven Government Ministers. The Skills Minister was the keynote speaker. We called for Government and parliamentarians to support industry engagement with schools by giving all young people the option to take a vocational course in secondary school.



## Apprenticeship Commission work

In March 2015, we held our inaugural Training Summit 'Building Futures', which brought business leaders and policymakers together to identify how construction can drive growth, reduce skills shortages for UK firms and deliver sustainable jobs for young people. We also launched the report from the Commission on Apprenticeships on how to boost quality Apprenticeships across construction and other sectors.



## The Board and Council

Our smaller, more strategic Board and Council were appointed in January 2015. The streamlined eight-member Board includes five women from across the industry and brings together Levy payers and independent members from across Great Britain, who will be able to make swift decisions based on the industry's needs. They are supported by a CITB Council with 21 members from across the built environment sector.

## CHAIRMAN'S FOREWORD

Last year, I wrote about how our smaller and more strategic Board and Council, appointed in January 2015, were designed to help CITB better serve industry, and I'm pleased that in 2015 the strategic shift has been yielding results.

We need to be smarter and more agile to ensure CITB is fit for purpose and to make sure we are fully focused on activities that the industry really values. These changes will continue to make CITB a more adaptable and responsive organisation, ready to handle whatever the future might hold.

We have made significant changes to the way we provide support and deliver funding to our members. In 2015, we simplified our funding system, reducing the previous 40 different funding streams down to just three. These three funds will distribute £160m of training investment funding between them, and the process to apply for investment funding is now faster and more straightforward. Because every pound matters, we will put more robust evaluation in place to ensure that the funds we distribute deliver measurable benefits for industry; we will fund only what works.

This leaner, more responsive approach is essential to ensure CITB can thrive in what is an increasingly challenging environment. The Conservative Government, elected in May, acted quickly to set a target of three million Apprenticeship starts this Parliament, and to deliver this the Chancellor introduced plans to create an Apprenticeship Levy, which will come into effect in April 2017. We will continue to engage in extensive consultation with employers and work with Government to find the most cost effective way to continue providing the construction industry with the skills and training it needs.

Working in partnership with Government and policy formers is essential. We held a very successful Parliamentary reception in September, attracting 100 industry people and 25 MPs, seven of who were Government Ministers. Notably, this included the Skills Minister Nick Boles, who was the event's keynote speaker. Our call to action was for Government and parliamentarians to support industry engagement with schools, for example by giving all young people the option to take a vocational course in secondary school, ensuring parity of academic and vocational routes. The event gave us the opportunity to engage with the new Conservative Government and MPs and help ensure that

CITB is well positioned to influence the debate around Apprenticeships and vocational education over the next five years.

I am convinced that a strong, lean and responsive CITB will not only support the UK's construction industry, but will also drive broader economic productivity and growth. Uniquely, the construction sector is key to delivering virtually every element of economic growth. Ours is the industry that will be delivering new roads and railways, power plants and sewers, classrooms for children to learn in, offices for adults to work in, and homes for us all to live in. Our industry has a huge and lasting impact on the very fabric of society.

Fortunately, the Government recognises this, and it is seeking to build strong economic foundations by investing in major infrastructure projects and stimulating house building. A shortage in skills across the board in the construction sector – combined with the fact that specialist needs will continue to evolve and require substantial numbers of existing workers to be upskilled or retrained over the coming decade – means that a strong CITB is needed, now more than ever.

As one who feels passionate about our industry, I look forward to continuing to work to ensure that CITB is responsive to these significant challenges.



**James Wates**  
Chairman

# CHIEF EXECUTIVE'S INTRODUCTION

2015 was a pivotal year. Financially, it was CITB's best year for many years. We met our forecast, not least in delivering efficiencies, which allowed us to deliver a good return to industry. A period of sustained growth in the industry we serve brought increasing demands for a skilled workforce, and reforms to improve training standards and increase Apprenticeship numbers made us reassess how CITB works and how we can support industry in meeting skills demands now and in the future.

Understanding skills shortages and making sure our industry has the right skills to deliver an ambitious pipeline of projects is mission critical. However, we recognise that, to close the skills gap, CITB needs to work more effectively, reshape itself to better meet industry's needs and become much easier to deal with, so that we can reach more employers and make a real difference to construction.

In the last year, we've made a lot of changes to enable us to address some of the challenges industry is facing. We've had frank conversations with our customers and they've told us that they often cannot find the training they need and that CITB has been too slow, bureaucratic and difficult to deal with. They also told us CITB is at times inconsistent, and sometimes they struggle to understand what we are trying to say.

This feedback prompted us to lay the foundations for change in 2015. We restructured our middle management teams and reshaped our systems so that we could make a difference to industry in 2016 by focusing on:

- › **Our research and evidence base** – so that we can understand better the skills shortage and tackle the skills challenge in advance, rather than respond to acute skills needs as they arise.
- › **Building our influence** – working with Government nationally and locally, we'll share our knowledge to encourage partners to support skills development where they are needed most.
- › **Refocusing our funding** – through our right training strategy, we'll align our funding to training to incentivise industry and make sure construction has the right skills in place for the future.

Tackling the skills challenge requires a good evidence base and we've already taken major strides forward to become the first industry to map the supply of, as well as the demand for, skills. Keeping on top of what's happening in industry and in the economy is crucial and we're working with industry to integrate intelligence into our evidence

base, which will help us to prioritise the skills that are needed most.

CITB has become a more influential body in recent times and by engaging with employers, federations, associations, Governments and training providers, we have an unparalleled perspective on what our industry needs. As a result of our extensive networks, CITB is uniquely placed to bring together Governments in all three nations and at a local level to find solutions. Governments are involving us more in policy discussions – not least in how the Apprenticeship Levy will work alongside the CITB construction Levy. This shows how far we've come in becoming a trusted advisor to Government and industry.

The CITB construction Levy is perhaps the most crucial area for CITB. No other sector has such skills funding available to make a difference. That's why we're refocusing our funding streams so that we can invest in areas that will deliver the best returns for industry. Through our recent rounds of Flexible and Structured funding, we've invested in skills right across the sector, from a multi-year partnership to create a Home Building Skills Partnership with the Home Builders Federation (HBF) to smaller programmes of funding with small and medium sized businesses, designed to train their workforce and grow their business. We've had a great response to our Skills and Training fund, with a success rate of 90%. Many of the companies that have received training have never applied for funding before and many of them have said CITB's new approach has made a big difference.

Looking back over the year, we've come a long way and I'm proud of the steps we've taken to make us more responsive and relevant to industry, but we still have a long way to go. I look forward to working in partnership with industry over the coming year to really make a difference and build the sector we all want.



**Adrian Belton**  
Chief Executive



# ABOUT CITB



THE SAGE,  
GATESHEAD





## WHO WE ARE

CITB provides support for registered employers undertaking training and aims to raise the level and quality of training for the construction workforce, for people joining the sector as apprentices, technicians or graduates, and for experienced workers improving their skills and qualifications.

We believe that better trained and qualified people deliver better results and make the companies they work for more competitive and more productive. A better skilled construction workforce also helps create a better quality built environment that benefits society as a whole.

### We support employers in two ways

First, by giving grants that help offset the costs employers incur in training their workforce, and which recognise (for example) gaining a qualification or participating in a training event.

Second, by providing or funding training facilities and services used by employers, either on our own or in partnership with others. These include:

- › Helping employers develop national occupational standards for construction skills
- › Offering qualifications to recognise the achievement of standards
- › Supporting apprentices and employers while they complete Apprenticeship frameworks
- › Supplying the industry-standard health, safety and environment (HS&E) test
- › Administering schemes that record individual qualifications and competence
- › Advising employers on skills and training needs and offering specialist facilities
- › Researching and analysing skills needs for now and in the future.

The statutory training Levy provides some 60% of our annual income, with almost all of the remaining income coming from delivering our products and services. The Levy/grant system helps ensure that employers who do not train contribute to the costs of those that do while our charitable trading provides valuable services to employers with any surplus helping us return more to the industry than is raised by the Levy.

What we do, with whom, and how, is defined by the Industrial Training Act 1982 and, as well as being a registered charity in England and Wales and in Scotland, as

a non-departmental public body (NDPB), we report to the Department for Business, Innovation and Skills (BIS).

The distinguishing features of our business are that:

- › Working with employers, we develop, set and support standards to ensure qualifications and skills are transferable in a highly mobile workforce. This is vital for individuals – who want to know what skills they need to work and progress in construction, for employers – who want to know what skills the workforce needs now and in the future, and for the UK economy – which wants to give its citizens access to sustainable employment
- › Demand for grants and our other services reflects wider market conditions in construction. When the industry is in recession, the volume of grant claims falls, and when it recovers, so does demand for grant. Levy income lags behind any upturn in grant claims but we understand and prepare for these cycles
- › We engage with employers from across the construction industry, aiming to ensure our financial and service support meets the sector's collective priorities
- › The close links we have with national stakeholders in Scotland and Wales mean that we understand their different policies and skills needs and can flex our support within an overall GB framework
- › We are experts in skills forecasting and provision on a national scale; no other business has this breadth of knowledge, engagement and experience.

By continuing to work closely with our beneficiaries, customers and stakeholders, we have given a valuable and constantly developing service to the construction sector for the past 50 years and plan to offer increased value in future.

### Our locations

We operate in England, Scotland and Wales from 12 centres, with specialist training facilities in London, Birmingham, Glasgow, Derbyshire and Norfolk. We are developing training provision in Swansea (due to open in 2016) in partnership with the University of Wales Trinity St David (UWTSD).

However, many of our staff are mobile, visiting customers at their own premises or on site to deliver advice and support. Also, by working with many other providers (such as Further Education (FE) colleges, universities and private trainers) we ensure non-specialist training is available as close to the customer as possible, whilst specialist facilities are

concentrated in regional and national centres, making for more efficient provision.

### Our statutory basis

CITB's charitable activities are partly funded by the statutory Levy established by the Industrial Training Act 1982 and confirmed by Levy Orders passed by both Houses of Parliament. The most recent is the Industrial Training Levy (Construction Industry Training Board) Order 2015 (2015 No. 701) enacted on 10 March 2015 and came into force on 11 March 2015. Full details of CITB's powers and responsibilities, as well as the restrictions placed on it, can be found in the Industrial Training Act 1982 and subsequent amendments.

Levy Assessments payable by registered employers in 2015 were based on 0.5% of the total of payments made to employees and 1.5% of the payments made under labour-only agreements, offset by 1.5% of labour-only receipts from employers in the construction industry. An exclusion level of £80,000 means that the smallest employers do not have to pay a Levy but can still access support for training, and a 50% small business reduction band applies to employers with declarations of between £80,000 and £100,000.

CITB is registered as a charity in England and Wales (264289) and in Scotland (SC044875).

### Public benefit

CITB aims to improve the training of people working or wanting to work in construction and has been registered as a charity since 1972.

The Board has regard to the Charity Commission's general guidance on Public Benefit when planning activities to achieve its aims. Amongst other factors, the Board believes that:

- › Enhancing the skills and competence of people in construction benefits the competitiveness of an industry that employs more than 1.9m people, contributes 8% of UK Gross Domestic Product (GDP), and improves the quality of the built environment
- › Spotting and mitigating skills gaps and shortages and maintaining training capacity is vital for the UK economy

- › Encouraging individuals to develop their skills through lifelong learning benefits them personally and contributes to a stable and productive society.

Our aims are delivered mainly by:

- › Giving grants to employers engaged in training
- › Offering advice and support to employers about their training needs
- › Creating and maintaining standards and qualifications in consultation with employers
- › Managing schemes for recording achievement
- › Providing training where the market does not offer adequate coverage.

This report illustrates how, in 2015, these aims have been delivered across England, Scotland and Wales.

# OUR LEADERSHIP

The names of those serving as charitable Trustees of CITB on 18 May 2016 are shown to the right. No Trustees stepped down during 2015.

As specified in Schedule 1 of the Industrial Training Act 1982, Trustees are appointed by the Secretary of State for BIS, normally for five years, following a public appointment process governed by the Office for the Commissioner of Public Appointments (OCA), including the advertising of vacancies on the Government's Public Appointments website (<http://publicappointments.cabinetoffice.gov.uk>). No Trustee appointments were made during 2015.

Trustees are introduced to CITB's work through an induction meeting with the senior management team and receive ongoing support from the Corporate Governance Unit. As all members are required to have industrial or commercial experience, further training (whether formal or informal) is provided to support specific duties, such as participation in the Audit and Risk Committee. Links with individual Executive Team members are put in place and periodically rotated to ensure knowledge and understanding of the business is systematically developed, and a programme of visits and meetings with stakeholders and staff ensures that insights into operating practice are available.

Trustees are responsible for overseeing CITB's strategy, developing and agreeing policies, business and financial plans, and delegating operational decision-making to the Executive Team. In addition to serving on the Board, most will also take part in policymaking as members of the Board's sub-committees, as shown in Appendix A (pages 108 and 109). These non-executive bodies are also supported by other volunteers from the industry.

The Board is guided by an employer-led Council and national committees for England, Scotland and Wales. The Council is chaired by James Wates, and the national committees by Frances Wadsworth, Maureen Douglas and David Harris respectively.

Declarations of Interests by Trustees serving in 2015 are listed in Appendix B on page 110. Where no entry appears, the Trustee concerned has declared that he or she has no conflicting interests.

## Trustees

**The following Trustees served until 31 December 2015 and unless otherwise stated remained in office until 18 May 2016.**

James Wates CBE, FCIQB, FRICS, FICE, FCGI, FRSA (Chair)

Maureen Douglas, FCIPD, MloD

Diana Garnham, MA, LLD (Honoris Causa)

David Harris MBE, FICE, FCloB, FRICS

Karen Jones, MCIPD

Maria Pilfold, MBA, FCIPD

Frances Wadsworth, FRSA, FCIM

Ray Wilson, MSc, CMloSH, MIIRSM, CSP

### Maureen Douglas



Maureen's extensive experience in the construction industry spans a decade and as Group HR Director at Forster Group she leads on strategy for people, safety and systems. Her experiences within industry mean that she is ideally placed to Chair

CITB's Scottish Committee and contribute as a member of the Cymru Welsh Committee.

At Forster Group, Maureen is known for her intuitive approach to the development of internal systems and process improvements delivering measurable improvements in health and safety performance, workforce productivity, quality of workmanship, employee engagement and retention.

In 2015, Maureen worked collaboratively with partners in the industry to create a specialist modern Apprenticeship qualification specifically for roof tiling new-build homes. Building on from this, Forster Group has established its own Skills Academy to deliver the offsite training in accordance with the Forster standard, delivering a technical excellence that is not achievable through traditional Apprenticeship training. Already Forster Group has employed 12 modern apprentices and by the end of 2016 this will have risen to 24.

Maureen continues to be a passionate advocate for the construction sector supporting schools, FE and community engagement, and was a founding member of the not-for-profit Angus Construction Training Group.

Maureen is also the Chair of Homes for Scotland's Skills & Training Technical Committee, and involved as a member of the Scottish Building Apprenticeship Training Council, Scottish Parliamentary Cross-Party Construction Group, the Institute of Directors and a Fellow of the Chartered Institute of Personal Development.

### Diana Garnham



Diana has a portfolio of interests having stood down from the Science Council after 10 years as CEO in September 2015. Building on nearly 30 years' experience of working with umbrella organisations, as well as her knowledge

and understanding of the UK workforce, Science, Technology, Engineering and Mathematics (STEM) skills needs, the UK careers awareness landscape, widening participation and diversity, Diana's portfolio is focused on

shaping and delivering skills strategies and in particular developing opportunities for non-graduate routes to the technical professions. Her consultancy work, primarily with voluntary organisations, delivers support on strategy, governance and structures. This focus on governance and structures links with Diana's role at CITB where, in addition to being a Board member, she also Chairs the Audit and Risk Committee and is a member of the Appointments and Remuneration Committee.

Diana has worked with several umbrella organisations and coalitions specialising in developing strategy and ensuring that structures and communications underpinned increased cohesion and impact. Her early career focused on areas of policy and communications relating to the social consequences of science.

With the Science Council, her professional interests included funding the science base, diversity and inclusion in science, careers awareness, developing multidisciplinary co-operation and collaboration, skills development, and quality and accreditation in STEM education and training. Diana chaired the BIS Science for Careers Expert group from 2009 to 2011 and was a founding member of the Big Bang Fair CIC. She has a personal interest in working to enable young people to achieve their potential, particularly within the STEM environment.

Formally a member of the Council of the University of Nottingham, Diana is now a governor of Sussex Coast College in Hastings, a trustee of the science campaigning charity, Sense about Science and patron of a mental health charity in North Wales. Involvement in voluntary organisations has been part of Diana's life since her teens and includes direct experience of trusteeship or volunteering with over 30 different organisations.

### David Harris



After obtaining a BSc (Hons) degree at the University of Aston, Birmingham in 1983, David developed his career through practical experience in both site and office management with regional and national contractors, starting with Pearce

Construction (now part of ISG Group) before spending time with Cowlin/Balfour Beatty where latterly he was Divisional Managing Director. David is also past Managing Director of WRW Construction.

He has a great passion for construction, its image and skills profile and is a strong advocate of attracting the correct talent and developing skills within the industry.

David is a Non-Executive Construction Director of Via Developments Plc, he is also a member of the Wales Construction Sector Panel, reporting to the Minister for Economy, Science and Transport in the Welsh Government. David serves on the Construction Procurement Strategy Steering Group reporting to the Minister for Finance in the Welsh Government on matters relating to best practice in public procurement and the construction industry in Wales.

David Chairs the CITB Cymru Wales Committee and is a member of the Scottish Committee. In addition, he was previously the Welsh representative for the CITB Strategic Partnership Panel and is a Past Chair of Glamorgan Construction Training Group.

David is a Fellow of the Institution of Civil Engineers (ICE), of the Royal Institute of Chartered Surveyors (RICS), and of the Chartered Institute of Building (CIOB).

**Karen Jones**



Karen has been in the construction industry since 1997 with Redrow, a major housebuilder employing 1,500 people headquartered in North Wales.

A Fellow of the Chartered Institute of Personnel and Development, Karen is the

Group Human Resources Director with responsibility for all aspects of human resources and learning and development. Karen sits on Redrow's Executive Board with specific responsibility for expanding and developing the workforce and advises the Board on all people aspects with an emphasis on retention, succession planning and addressing skill shortages.

A graduate in philosophy from Nottingham University, Karen worked in recruitment and training before moving into human resources management.

CITB benefits from Karen's background in industry and human resources through her membership of the Appointments and Remuneration Committee and her Chairing of the Investment Funding Committee.

**Maria Pilfold, MBA, FCIPD**



Maria Pilfold has worked in the Construction industry since 1994 when she joined Taylor Woodrow. She operated in several areas of the business before completing MBA studies and subsequently joining George Wimpey in 2004. Following the merger of these two companies she was appointed as Group HR Director for Taylor Wimpey.

Maria's early career was in training and development and she held roles within the retail and manufacturing sectors. From 2012–2014, she worked with the Buckinghamshire University Technical College to establish its Construction faculty with Taylor Wimpey as its key partner, and to promote Apprenticeships.

Maria represented the homebuilding industry at the Construction Industry Joint Council and was a member of the Confederation of British Industry (CBI) Employment Policy Committee. She also sits as a member of the Employment Tribunal Service.

Marie is also a member of CITB's Appointments and Remuneration Committee and Investment Funding Committee.

**Frances Wadsworth**



Frances Wadsworth joined Croydon College, one of the larger London colleges, as Principal and Chief Executive in January 2011, following six years as Principal and CEO of East Surrey College. Frances has significant and extensive experience of

leading organisational change and quality improvement in complex organisations, effecting turnaround, achieving sustainability and restoring reputation.

As part of this process, Frances led a £64m complete rebuild of East Surrey College and the completion of a £63m build programme at Croydon College.

Frances' career history includes retail management, working in Washington DC at the British Embassy and teaching and managing in a number of Schools and FE Colleges across the UK.

Frances is a member of CITB's Audit and Risk Committee and is Chair of the English Committee. In addition she is a Fellow of the Royal Society of Arts, Regional Representative Principal for South London for the Association of Colleges (AoC) and a member of the AoCs' Performance and Quality

Portfolio Group. She is a trustee of GASP Motor Project, a Governor of Royal Alexandra and Albert School and a Board member of Croydon BID.

Frances' formal qualifications include a BA (Hons) in English and Philosophy, a Diploma in Management Studies, a Masters in Management Practice and a Postgraduate Teaching Certificate in Education (PGCE). Frances has attended management development programmes at Ashridge, INSEAD and Harvard.

**James Wates**



James Wates has worked in the construction industry most of his life, starting on site as a schoolboy during holidays. He read Estate Management at college, then joined Wates Construction as a management trainee, progressing

through line management to running sites before taking on a general manager role in 1989. He has now progressed to become Chairman of the main Group Board.

He was awarded the CBE in January 2012 for Services to Construction and the charitable sector.

James serves on a number of public and private corporations, reflecting his dedication to promoting the construction sector as well as ensuring access to employment opportunities for all. As well as chairing CITB's Board and Council he is:

- › Chairman of the Building Research Establishment (BRE) Trust
- › Past President of CIOB
- › Co-Chairman of BuildUK
- › Member of the Government's Apprenticeship Delivery Board
- › Member of CBI
- › Trustee of The College of Estate Management
- › Non-Executive Director of Argent Services LLP
- › Chairman of the Prince's Trust Built Environment Leadership Group
- › Vice Chairman of Queen Elizabeth's Foundation for Disabled People
- › Governor of the Emanuel School
- › Governor of the University of Westminster; and
- › A Patron of the Wates Family Enterprise Trust.

**Ray Wilson**



Ray is a Director and General Manager of Carillion Training Services. Carillion is a leading integrated support services company with a substantial portfolio of Public Private Partnership projects and extensive construction capabilities. The

group had annual revenues in excess of £4bn, employs around 40,000 people and operates across the UK, in the Middle East and Canada.

Training for over 50 years, Carillion Training Services (CTS) operates a 'host employer' apprentice training model, which means that it recruits and trains around 1,000 young people each year as employed apprentices and has over 1,700 apprentices in training at any one time.

Ray started his career in 1982 as a hardware engineer for IBM UK and after several other roles during his time with the company, he moved to Barclays in 1999 to support the Group's Property FM outsource procurement and mobilisation programmes as Technical Services Manager. He was subsequently appointed Risk & Governance Director for Barclays Corporate Real Estate Services prior to his appointment at Carillion at the end of 2008.

Ray has extensive experience in driving organisational change, business performance improvements and compliance in complex regulatory environments. Ray is passionate about Apprenticeships, social mobility and helping young people transition from education or non-employment into the world of work. Ray is a member of the Build UK Training Committee, CITB's English Committee and Chairs its Appointments and Remuneration Committee.

# OUR VISION AND PRIORITIES

Strong growth in the construction sector has triggered increased demand for skills with shortages becoming more widespread. At the same time, employers are operating in a changing skills environment, with major reforms under way to Apprenticeship models and the funding that underpins them.

Government has set an ambitious target of there being three million new Apprenticeships by 2020. With this in mind CITB's charitable objective was redefined in 2015 as 'For the purpose of making better provision for the training of persons for employment in any activities of the construction industry'. And we intend to achieve this objective by helping employers ensure that there are, and will continue to be, enough trained people available to meet the needs of the construction industry, and to promote and improve the standard of training for the sector.

In response to industry's changing needs in the current environment, CITB's Board and Leadership team have set out a new 'end state' for 2020. This end state features a new mission, vision and four value propositions.

## Vision

- For British construction to have a recognised world-class innovative approach to developing its workforce to deliver quality in the built environment.

## Mission

- Attract and support the development of people to construct a better Britain.

## Value propositions that focus on our role as:

1. A quality assurer
2. A trusted advisor
3. A promoter of innovation
4. An enabler.

We organise the work we do into four Strategic Priorities designed to achieve our aims:

- Strategic Leadership
- Image and Recruitment
- Charitable Trading
- Running the Business.

## Strategic Leadership

We strive to understand and communicate the skills and training needs of the construction industry now and in the future, and help to meet these needs through influencing Government, employers and training providers, and by investing and accessing funding on behalf of the construction industry.

### Strategic intent:

- To be the 'go to' body for construction skills and training
- To increase the capability of the existing construction workforce.

### Outcome for industry:

- CITB, employers, Government and providers need to deliver the skills required and facilitate the partnerships to make them happen
- More employers believe that they can access the right training to meet their skills needs as skills, training and competence improve.

Our goal is to **reduce** the proportion of businesses citing skills gaps and **increase** the proportion of employers citing that they are able to access the right training.

## Image and Recruitment

We're here to help employers in the construction industry to recruit and keep suitably trained people for their workforce.

### Strategic intent:

- To inspire talented people to join the construction industry.

### Outcome for industry:

- Employers are able to recruit from a wider pool of talent, following an increase in the number of people joining the industry looking to take advantage of new opportunities
- The appeal of working in the construction industry increases for those choosing a career, and those who guide that choice.

Our goal is to reduce the proportion of businesses citing skills shortages and increase the appeal of construction careers amongst target audiences.

### Charitable Trading

We want to ensure the provision of products and services that meet the skills and training needs of construction employers and people working or wanting to work in the construction industry.

#### Strategic intent:

- › To enable the construction industry to develop the skills to be efficient and effective.

#### Outcome for industry:

- › Employers increase their investment in training, utilising the cross sector construction related solutions available
- › Employers are more competitive and are using new skills to win work, grow their business, and deliver major construction projects.

Our goal is increases in industry expenditure on training per employee and in Value Added per Employee.

### Running the Business

We will provide all the services required to operate CITB and provide assurance to external stakeholders that the business is compliant with the appropriate legislation, regulation, policies and guidelines.

#### Strategic intent:

- › To operate an efficient, transparent, effective, responsible and accountable organisation.

#### Outcome for industry:

- › Create a faster, smarter and more effective CITB that is more accountable to its customers and is minimising its costs and maximising its impact.

Our goal is to improve our effectiveness as a steward of industry funds and provider of services to industry.





*We need to be smarter and more agile to ensure CITB is fit for purpose and to make sure we are fully focused on activities that the industry really values. These changes will continue to make CITB a more adaptable and responsive organisation.*

**James Wates**  
Chairman



# OUR WORK



THE KNOWLEDGE SPA,  
THE ROYAL CORNWALL HOSPITAL

# CITB ACROSS THE THREE NATIONS

## Careers Information and Advice

In 2015, CITB enabled the industry and stakeholders to progress with the people-related drivers for change in the Industrial Strategy: Construction 2025. We brought industry, Government and the third sector together and, within six months, this collaboration celebrated the soft launch of Go Construct ([goconstruct.org](http://goconstruct.org)) in September – the start of a three year journey.

Collective action on Go Construct is progressing well with over 63,000 unique visitors to the site and over 2,000 resources downloaded. Many other employers and membership organisations from across the sector are now working with us to enhance the information and resources it holds. Work is also progressing well on phase two where, through co-design – working with industry and other key stakeholders – we are on track to launch an Experience Construction matching service in 2016.

## CITB products and services

The 2015 CDM Regulation changes were some of the most significant that our industry has seen for many years. Our products were updated to support employers through this change just weeks after the regulations were published. We continued our expansion of digital products with the acclaimed CDM Wizard, an app that simplified this regulation for SMEs and produced each SME user with their own CDM compliance plan.

Our Site Safety Plus training courses have been in greater demand throughout 2015, a good indicator that our industry sees value and relevance in training accredited by CITB. In response, and anticipation of industry demand, we introduced two new variants in Site Safety Plus covering Tunnelling and Temporary Works.

In 2015, we will have processed a near identical volume of cards on behalf of the Construction Skills Certification Scheme (CSCS) as we did in 2014. Maintaining volumes as the scheme increases in rigour means more people than ever have been encouraged into achieving a qualification.

The Construction Plant Competence Scheme (CPCS) continues to be the scheme of choice for plant operators and their employers and 2015 saw more than 100,000 CPCS technical tests delivered in a year for the first time.

In addition to these successes we began to withdraw products for which there was little demand or which are better delivered by others. This will help us focus on our core capabilities and priorities better.

## National Construction College (NCC)

2015 was another record year for the NCC, during which it trained c38,000 people, 14% more than in 2014 (in itself a record year) and 27% more than in 2008 (before the recession). All curriculum areas had significant growth in both commercial and Apprenticeship training. Health and safety training performed strongly, adding extra courses such as CDM updates to meet customer demand (3,600 candidates over a four month period). CDM courses were developed for Principal Designers, Clients, Contractors and General Awareness, which accessed a further 1,800 candidates. The Tunnelling and Underground Construction Academy (TUCA) was set very challenging targets in a context of a hiatus on tunnelling courses and worked to bring in other curriculum areas to the facility.

As a result, NCC delivered a strong performance but managing capacity to match growth will remain a challenge in 2016. These achievements are notable given the programme of transformational change that CITB has undertaken and the pressure to keep headcount low.

Apprenticeship success rates stayed well above the national average at 79%, and retention improved from 77% (2014) to 79% (2015). Customer satisfaction remained strong with a Net Promoter Score of +67 on a scale of -100 to +100.

These Apprenticeship results were supported by the Assessment and Verification team, which also undertook commercial work through undertaking National Vocational Qualification (NVQ) on site assessment and training.

The National Specialist Accredited Centre (NSAC) continues to proactively engage with specialist employers and federations to provide low volume specialist training (by occupation) that could not be accessed otherwise. NSAC completed a record year registering 330 Specialist Apprenticeship programmes (SAPs), 339 Specialist Upskilling programmes (SUPs) and 1,858 NVQs. NSAC currently enables this training by using some 150 assessors and 30 independent trainers across the UK. NSAC also trained 41 new assessors, six new trainers and six Internal Quality Assurers. New occupations taken on this year include blinds and solar shading, damp-proofing, tunnelling operations, roofline systems and post-tensioning.

New contracts secured in 2015 saw NCC working with clients such as the Environment Agency, the Health and Safety Executive, the London Legacy Development Corporation along with East Ayrshire Council and Strathclyde Partnership for Transport in Scotland.

## CITB IN ENGLAND

In the light of the new direction for CITB to act as an enabler rather than a provider of training it is unlikely that bidding for work will be a main feature of NCC in the future. More emphasis will be on supporting other providers to offer quality training for the industry.

A critical stage for CITB in the future will be for NCC to work closely with the strategic education and training team and delivery transition to enable training for the industry while also providing trusted advice, assuring quality and leading on curriculum innovation. In the latter two quarters of 2015 this work has gathered pace in several curriculum areas and locations across the UK.

### Provider Strategy

CITB has traditionally focused on understanding construction industry skills demand through the Construction Skills Network (CSN) and linked research. However, demand for skills has never been mapped against the skills delivered through the training provider network. To address this, CITB is engaging stakeholders across the education sector nationally to draw together and validate supply-side research, and develop a 'Provider Strategy for Construction'.

Built on a robust evidence base, the objectives are to deliver a better understanding of skills gaps and the collaborative solutions to fill them; support and strengthen the provider network; influence and align Government and CITB funding; and link training to clear progression routes, qualifications and Continuing Professional Development (CPD). The desired result is a collaborative action plan developed and agreed with the provider network to deliver the skills needed by construction now and for the future.

Progress with developing an evidence-based Provider Strategy is on target. The first cut of skills supply and demand research was delivered at the end of September and engagement with key stakeholders to validate these findings started in November. Positive feedback was received on the Provider Strategy principles and evidence base from a range of stakeholders, including a newly formed Provider Strategy Steering Group of senior representatives from industry, Government and the education sector nationally.

The initial research has given a baseline view of skills supply and demand nationally, occupationally and by level of qualification, drawn from robust quantitative sources and qualitative surveys. The picture is complex and raises questions that inform CITB's research plans, which include a commission on the resilience of the education sector to support construction provision, FE destination research, and strengthening CITB's Future Skills knowledge base. Stakeholder feedback from planned engagements in 2016 will further enrich and validate this evidence base.

The 'Strategic Analysis' phase of the Provider Strategy programme – which assesses the education landscape for construction alongside CITB's own capabilities – was completed at the end of 2015. Findings will inform the 'Strategic Options' and 'Implementation' phases of work due for completion in the first half of 2016.

Alongside this programme of work, a series of pilot projects are planned from the beginning of 2016, to show early interventions and demonstrate proofs-of-concept in the way that a commissioned training approach was progressed in Wales and Scotland during 2015. These pilots are likely to include bespoke skills research and solutions for key geographies such as City Regions (complementing the Government's Area Based Reviews) and major projects such as transport and infrastructure, as well as key sectors with evidenced skills demand such as civil engineering.

### Apprenticeships

During 2015, we worked with employers and stakeholders to support industry responses to consultation on the Westminster Government's proposals for the reform of Apprenticeships including funding, developing new occupational standards, and introducing an Apprenticeship Levy. Although the sector welcomes initiatives aimed at improving the standard of Apprenticeship training, CITB will continue to engage with Government(s) to ensure employer views are considered in any implementation.

Recruitment through the CITB Managing Agency (MA) grew for the fifth year in a row. In 2015, 5,250 new apprentices were recruited by employers working with CITB in England (an above target result and a 100% increase on recruitment since 2009). Across GB, the MA will have recruited some 7,500 apprentices in 2015.

Employers and applicants continue to use our pre-Apprenticeship work-experience scheme – the Experience Construction Programme (ECP). This gives employers the chance to assess potential apprentices in a work environment, whilst giving young people a structured insight into, and experience of, a career in construction. During 2015, over 1,100 young people in England had this chance with 77% converting to full-time Apprenticeships after their placement.

Shared Apprenticeship Schemes continue to grow and we now have seven operational in England. These schemes are not a substitute for traditional employer recruitment but maximise skills development when the traditional route may not be feasible. They are delivering successful outcomes for employers, industry, and regional stakeholders.

### Business Information and Advice

During 2015, Advisory staff in England undertook more than 12,000 visits to employers to deliver the value-added products and services – such as Business and Skills Reviews (BSRs) – we offer in support of business planning, identifying training needs, and improving productivity. In 2015, Company Development Advisors completed more than 1,100 BSRs with in-scope employers. Although slightly fewer than in 2014, the BSR has been redeveloped to support a more in-depth review, which we believe leads to higher quality outcomes. We continue to work with these employers to progress actions aimed at building their capability and growth.

During 2015, we also trialled several new interventions, such as an Adult Upskilling pilot, through our new Flexible Funding approach. The aim of this pilot is to develop partially skilled individuals to a level of industry-recognised competency to meet immediate labour needs as sector activity increases. The pilot worked with employers and young people who had recently completed a full time college course in a construction trade and led to the employment of 250 people. Evaluation of employer and employee experiences and value will inform any further developments.

We held Advisory Forums in each English region during 2015 which gave in-scope companies (predominantly small and medium-sized enterprises (SMEs)) the chance to engage directly with their Industrial Training Board (ITB) and make proposals that can shape and improve our products and services. These were well received and attended and we have increased the number of events for 2016. Many of our Advisory Forums are supplemented by activity specific workshops at the end of each meeting, covering topics such as Business Information Modelling (BIM), Green Deal, tendering for contracts, and access to regional or national funding opportunities.

### National Construction College

NCC continues to work with clients such as HS2 and Highways England in a trusted advisor role to support their ability to enable training in their respective sectors. The college also fully supported the West Midlands Construction University Technical College (WMCUTC), which opened on time in temporary facilities in September. Anticipated occupation of the permanent site is scheduled for the end of October 2016. Since September 2015, the WMCUTC

## CITB IN SCOTLAND

has received a further 198 expressions of interest from prospective pupils.

As part of the wider CITB partnership with the BRE, NCC is holding Health & Safety and Leadership & Management courses at BRE Watford. Following a successful pilot, courses are now being booked at BRE throughout 2016. In addition, NCC is engaging with BRE over potential health and safety e-learning products.

### The skills and training environment

Now into its second year, the Scottish Government's Developing the Young Workforce strategy is becoming embedded into our work in Scotland. The strategy seeks to ensure that partnerships between colleges, schools and employers are maximised in order to facilitate career pathways in the senior phase of school, right through to sustainable employment. In conjunction with this, the Scottish Government has set itself an objective of increasing the annual recruitment of modern apprentices from 25,000 to 30,000 by 2020/21.

Construction will play a central role in meeting this objective. The latest figures from Skills Development Scotland (SDS) suggest in the first three quarters of 2015, 22% of all modern apprentices were in the construction sector – the single biggest group in the programme. Construction apprentices also had the fourth highest achievement rates (81%).

2015 saw the launch of the Skills Investment Plan (SIP) for Construction. The plan, which was led by SDS following consultation with employers, industry bodies and trade associations from right across Scotland's building sector, looks to address the current and future skills gaps and shortages in industry, and how best to facilitate sustained economic growth. CITB is at the heart of that plan, and we are working with industry and Government to implement its recommendations.

In terms of outputs, our latest CSN report has forecast that Scotland's construction output growth will be 0.5% per annum from 2016–2020, against a UK average of 2.5%, with a small drop in employment of 0.7% per annum. This is due in part to major infrastructure projects coming to an end. However, it is predicted that both public housing (3.6%) and private housing (4.1%) will show sustained and solid growth during this period. The commercial sector is also forecast to increase by 3.1% year on year average. Additionally, repair and maintenance of existing buildings is also improving, with a year on year average of 2.3%.

Despite a slower growth rate, demographic trends will mean that Scotland continues to require more than 21,000 new construction workers over the next five years to meet demand. It is clear that the work of CITB in Scotland will play a central role in promoting these opportunities.

**Standards and qualifications**

A central part of the Developing the Young Workforce Strategy has been the roll out of Foundation Apprenticeship placements. Where appropriate, these Apprenticeships are undertaken as a part of a school curriculum, and help to prepare school leavers for vocational courses.

CITB has worked with SDS, local employers, schools and West Lothian and Inverness Colleges to develop and roll out the Foundation Apprenticeship in Civil Engineering. The results have so far been very positive, with the pupils now student members of the ICE. Following on from this in 2016 we will again be working with SDS, Industry, Civil Engineering Contractors Association (CECA) Scotland and ICE to develop and roll out Advanced/Graduate Level Apprenticeships in Civil Engineering.

CITB also worked with the housebuilding sector in Scotland and SDS to develop two new Apprenticeships: Timber Frame Manufacturing Operative Level 2, and Timber Frame Design Technician Level 3. Delivery will start in 2016.

A new NPA/Pre-Apprenticeship Programme in Construction has also been developed in partnership with the Scottish Qualifications Authority (SQA) during 2015, with college implementation expected to take place in August 2016.

**Careers in construction**

CITB Scotland was delighted to be once again involved with the 2015 Scottish Apprenticeship Week (SAW), during May 2015; our teams were out and about across the country, promoting construction and Apprenticeships to both young people and employers. Indeed, construction themed activity during SAW 2015 exceeded the combined activity of all other industry sectors. SAW 2015 also saw the launch of a shared Apprenticeship scheme in the Highlands and Islands, and CITB helped to support a traditional skills event at Glasgow Cathedral, which subsequently saw a supportive parliamentary motion lodged by Sandra White MSP, gathering the support of 21 Members of the Scottish Parliament.

In Parliament, CITB Scotland engaged with the Education and Culture Committee on 'Educational Attainment', and prepared a submission for an inquiry into 'Work, wages and wellbeing in the Scottish labour market', which was undertaken by the Economy, Energy and Tourism Committee. Both of these inquiries allowed CITB to promote construction careers, and discuss the barriers to growth with Members of the Scottish Parliament (MSP). CITB Scotland also had a presence on the Cross-Party Groups

for Construction and Skills as well as participating at the Construction Summit.

2015 saw a number of major infrastructure projects come to an end, including the Borders Railway. Connecting Edinburgh to Tweedbank in the Scottish Borders, this is the largest new piece of domestic railway built in the UK for over 100 years. The Queen was in attendance to officially open the line, and two CITB apprentices who had worked on the project were on hand to greet her on arrival at Tweedbank Station.

Our Construction Careers Advisors were also once again out speaking to young people in schools and in attendance at events throughout the year including a number of high profile jobs fairs and careers events. During 2015, our careers advisers visited 60 primary schools and 396 secondary schools. They also worked with wider audiences, most notably the Department for Work and Pensions (DWP), third sector organisations and colleges.

**Apprenticeships**

As a MA, CITB Scotland delivered 1,876 apprentice starts, an increase of 8.9% on the previous year. Since 2011, there has been a 31.9% cumulative increase in CITB apprentice starts in Scotland. We are also pleased to report that achievement rates in Skills Testing increased to 91.4% in 2015.

To help ensure that Government funding and CITB grants are better aligned to local skills gaps, CITB is investing £500,000 to develop a scaffolding training centre in the North East of Scotland, which is due to open in 2016. CITB commissioned the facility due to increasing demand for scaffolders and insufficient training in the region. It is being jointly funded with ASET Training Academy – a part of North East Scotland College.

We have also launched the shared Apprenticeship scheme. This is a partnership between the CITB, Highland Council and local construction employers. It gives more companies the opportunity to set up Apprenticeship places by sharing the apprentice with other employers, thus making the process of creating a suitable pipeline of work more achievable. The Shared Highland Apprentices in Construction will run the scheme. It will employ the apprentices and work with companies to develop placements.

We worked with the wider UK CITB on the consultation response to the Apprenticeship Levy, and are committed to working with industry in Scotland to ensure that their views are taken into account by Government ahead of its implementation.

### Skills research and policy development research

Our Scottish Advisory Committee (SAC) has become a CITB Board Committee, which is now chaired by a Scottish CITB board member, Maureen Douglas. In 2016, the SAC will be complemented by the Scottish Working Group, which will focus on more operational matters relating to skills and training within construction.

CITB Scotland continues to work closely with the public sector and contractors to embed community benefits within construction contracts. These community benefits relate to recruitment, skills and training. There are currently 15 public sector bodies that have adopted the CITB Client Based approach. CITB has also supported three programme based approaches whereby CITB provides £40,000 funding per annum for three years for large public sector contracts exceeding £150m during that three-year period, in order to support the successful delivery of the community benefits within these contracts. We have also played a crucial role in working with the Scottish Futures Trust in the development of the Community Benefit Toolkit for Construction, which has been designed to support the 2016 implementation of the Procurement Reform Act.

During 2015, the Joint Investment Strategy (JIS) between CITB Scotland and the Scottish Government has received £0.6m CITB funding and an additional £0.8m funding leveraged from public bodies including Higher Education (HE) and FE providers, SDS, SQA, Historic Environment Scotland and local authorities in order to address skills and training requirements in construction through strategic partnerships with the Scottish Government.

A number of projects have subsequently been formed. Providing work placements for pre-Apprenticeship college courses has now been established and has led to a 60% progression rate into construction jobs for the young people participating. The JIS has also funded e-learning materials to be developed for Apprenticeship courses in colleges as well as teaching materials within schools.

There has also been the development of high-level technology for health and safety related activities such as working at height and body motion. Through the JIS there is

also an initiative to stimulate much needed work being done on traditional buildings, whilst at the same time providing the required industry training courses.

Energy efficiency has also been an integral strand of the JIS. A passive house pilot training course has now been delivered to college lecturers with a view to enhancing teaching and learning within the classroom. Additionally, a new energy efficiency unit has now been completed which will be piloted in colleges during 2016.

In addition £200,000 of CITB JIS funding has been allocated to the Skills Investment Plan. This will cover attracting future talent, upskilling and workforce development, targeting interventions, modernising training provision, business and enterprise skills, growth through innovation, and engaging the public sector. CITB has been working closely with SDS and other industry partners to develop suitable projects. Projects now either completed or under way include an initiative to enable experienced ex-plant workers to return to construction, an employability course to support young unemployed people directly into Apprenticeships, a concrete-related activity for school pupils to be piloted in seven schools across the Central Belt and Site Management and Safety Training Scheme (SMSTS) courses as CPD for college lecturers.



## CITB IN WALES

During 2015, we focused on maintaining construction's status as a key economic sector and by working closely with Welsh Government (WG) and the industry, ensuring that CITB is viewed as a key partner for delivering industry and Government priorities.

2015 was a testing time for construction in Wales, which saw both a period of sustained growth and funding cuts, delays to projects, Apprenticeship reform and skills shortages. However, output forecasts are predicted to reach 7% over the next five years, the highest across all the regions and developed nations and much higher than the UK average. This will take Wales' construction output from over £4.5bn in 2014 to c£6.8bn by 2020, creating over 5,440 job opportunities a year. This forecast gives the WG and the construction industry in Wales a chance to work together to deliver significant construction projects and an improved and lasting economic and social legacy in the community.

### Strategic Leadership

Throughout 2015, we worked with the industry, stakeholders and partners to understand and identify the sector's future skills requirements, using our CSN Labour Market Intelligence to influence future construction provision through the three newly established Regional Skills Partnerships.

Together with the WG's Education and Skills department, we undertook research on Skills Utilisation in the Construction Sector, seeking to identify how employers can use the skills of their workforce efficiently in a changing economy. The findings will support the development of policy to ensure learners and employees have the right skills and qualifications to maximise economic growth in Wales. We also engaged with the WG to promote the use of the Labour Forecasting Tool, highlighting its capacity to provide good intelligence on labour flows and the supply and demand of skills on major projects.

Employers worked through the three regional forums, CITB Cymru Wales Committee and training groups to respond to the WG consultation on Apprenticeships (Aligning the Apprenticeship Model to the Needs of the Welsh Economy) and await announcements about implementation.

We have been working with FE institutions, awarding bodies and schools to further develop a Welsh Language provision strategy for 14–19 learners and have developed a WBL4 Welsh Language Action Plan has been put in place with WG in order to assist us in evaluating our current position,

determining whether appropriate first-hand, up-to-date evidence is easily available and identifying areas requiring action in terms of our Welsh language provision in this area. An interim six month progress report on the actions of the plan has been submitted to WG ahead of the submission of a full evaluation on steps taken in the spring.

During 2015, reform of the Welsh Bacallaureate gave CITB Cymru Wales the chance to create new Welsh Bacallaureate challenges for Key Stage 4 and A-Level students, working in partnership with employers including Bouygues, Willmott Dixon, Carillion and Powell Dobson. These are among the first of a new generation, designed by industry to meet their skills needs and include several construction-related themes, such as designing a 21st century school, sustainable homes, and health and safety. The new challenges will deliver innovative training to young people, helping them explore the rewarding career opportunities in construction.

Responding to employer needs and with support from WG, we joined up with CIOB to develop a new higher Apprenticeship pathway in Construction Site Supervision. This is being piloted at Coleg Sir Gar, with the potential for a pan-Wales delivery in 2016. The qualification is aimed at providing a supportive route into the role of supervisor and manager to the existing workforce.

Responding to the increasing need of employers working in the social housing sector, we worked with NPT Homes and the awarding body Agored Cymru to develop and begin a pilot of six pathways leading to a Level 3 NVQ Diploma in Repair and Maintenance. This new qualification will enable competent craftspeople to progress to a more rounded qualification at Level 3 and ensures new entrants can progress from Level 2 to Level 3 repair and maintenance.

Implementation of our current Welsh Language Scheme has continued over the year, supporting various recurring Welsh language actions as well as specific, newly introduced projects. This has included extensive work on ensuring a bilingual identity for Go Construct, the first industry-wide interactive careers portal.

2015 has seen internal interaction across CITB become more bilingual, which will assist in ensuring that all colleagues, particularly those outside of Wales who aren't exposed to the requirements of the related legislation on a regular basis, have an increased awareness of the usage of the language. To date, interactions have included a blog by the Bilingual Co-ordinator on the Welsh language in Wales, which was published bilingually on the organisation's

intranet, and the translation of an internally produced newsletter for colleagues in Wales.

CITB continues to promote and support the use of the Welsh language by ensuring publications in Wales are produced bilingually, by continuing to contribute to the National Training Federation Wales (NTFW's) network of bilingual champions, via further work on the Welsh CITB website, further mainstreaming of Welsh language requirements and awareness into CITB policies and manifesto and via the inclusion of the Welsh language in its research, such as that on CIAG and the Investment Funding Review (IFR).

The coming year will include a drive to further promote the language across CITB, including the establishment of a 'Welsh News' noticeboard and internal Welsh language newsletter, contributing a best practice case study to NTFW's compilation document, further work on Go Construct as its functions expand and develop and obtaining approval for the now-ready, revised Welsh Language Scheme.

### Training and Development

We continued to lead the Built Environment Strategic Advisory Group (BESAG) which is accountable to the Deputy Minister for Skills and submitted a report in response to Estyn's Thematic report 'Training for Construction, Planning, and the Built Environment'. The BESAG includes membership from across the provider network and seeks to highlight progress made by Welsh FE Institutions against Estyn recommendations. The group has jointly agreed actions to improve the performance of construction providers, including creating a mentoring service – setting up a network of excellence mentors within the field of vocational education and training in order to support, guide and enhance the quality of all construction provision – in Wales and potentially in the UK. Although mentoring is only one method for improving performance, it is a key contributor to enhancing performance especially for those in manager roles.

A meeting with a large civil engineering company in North Wales identified demand for general construction operatives Apprenticeship provision in that area. To ensure this would be sustainable, CITB Cymru Wales worked with a group of local contractors, FE institutions and training providers, leading to new provision being set up and a full cohort starting training in the spring of 2015.

Following on from previous research, business cases' and feasibility studies in the spring of 2015, CITB invited bids from the market in Wales for funds to establish a national

training facility to support delivery of outcomes to meet industry skills needs. Through the competitive bidding process, a consortium approach led by the UWTSD was identified as a preferred bidder. There is a unique opportunity to establish a Construction Wales Innovation Centre to train individuals, support companies and undertake research and development on the future of the construction industry. This will operate on a Hub and Spoke model with the Hub located at the Swansea campus and the Spokes at Coleg Sir Gar, Coleg Ceredigion, Coleg Cambria and Coleg Y Cymoedd.

One of the key benefits of this approach is the proximity to the new UWTSD School of Architecture and Built & Natural Environments – creating real opportunities for innovation. Through the link to the school, the centre would have been able to respond to the Royal Institute of British Architects (RIBA) broader agenda for future architects, exhibiting stronger links to construction technology and craft skills.

Working with partners including WG, Regional Skills Partnerships, ECITB, Energy and Utility Skills and other key stakeholders, we identified several significant projects to engage with to better understand the skills needs of those projects to ensure the industry in Wales is skilled and resourced to deliver. We used tools such as CSN, the Labour Forecasting tool and Construction Futures Wales to support our activity. We are engaged with Tidal Lagoon Power, Wylfa Newydd and the Ely Paper Mill development.

### Image and Recruitment

Due to the strong output growth forecast over the next five years, the sector in Wales will need to recruit an average of 5,440 people per year, the highest average annual recruitment across all the regions and nations. However, the industry is not attracting enough of the right people with the right skills to achieve this. In Wales, we have been working with our stakeholder partners to develop the knowledge and understanding of those who influence young people. We have engaged with partners including federations, employers DWP, Careers Wales and Construction Ambassadors through workshops with work coaches, careers advisors, teachers and mentors to raise awareness of the construction industry and its career opportunities.

CITB Cymru Wales has also been involved in the development of Go Construct, consulting widely with construction employers and stakeholders. The portal supports industry's engagement with schools, colleges and training providers and we eagerly anticipate the launch of Amadeiladu in early 2016.

With industry partners, we supported the Big Bang Fair in Newport and Skills Cymru in North and South Wales. These events were well attended and supported by industry and gave young people a chance to experience a plant simulator (used to train operatives) and use an Oculus Rift headset – visualising a finished building before it has begun to be built.

**Industry Engagement**

Working with our training groups, regional construction forums, professional services group and the CITB Cymru Wales Committee, we engage with companies of all sizes and disciplines to ensure we can represent the sector effectively. With CECA Wales, and in response to a need identified with companies across Wales, we have been exploring funding opportunities to facilitate a training need in the civil engineering sector.

Through our network of groups, including three regional employer construction forums and nine independent training groups, we used our engagement with over 10,000 companies to gain valuable input which has enabled us to respond to a number of Government consultation responses including energy efficiency, co-investment in skills, Aligning the Apprenticeship Model to the Needs of the Welsh Economy and the UK Apprenticeship Levy consultation along with the CITB Investment and funding review.

In response to a request from the Cross Party Group on Construction chaired by Joyce Watson Assembly Member (AM), we sought industry views on the impact of procurement policy in Wales. The report was published in June 2015 by the Finance Minister Jane Hutt AM and has been positively received. The group’s main focus for 2016 will be Image, Culture and Recruitment.

2016 saw two Skills Academies (the SEWSCAP Framework and A465 Section 3 Heads of Valley) come to a successful end and one programme and two projects being awarded Academy status, making three Academies in South Wales and two in North Wales. The South East regional contractor’s framework has built on the delivery of the first programme to be successfully awarded status for the next phase of its framework. This time, the programme will be led by Morgan Sindall. The two North Wales projects include Wrexham Super Prison (led by Lend Lease) which will have around 500–600 people on site at its peak and Newtown Bypass (led by Welsh contractor Alun Griffiths Ltd).

CITB Cymru Wales is working with six north Wales local authorities to help them deliver a wide range of skills,

business development and broader community benefits as part of major public sector procurement of education facilities. A Framework has been established for the efficient delivery of the 21st Century Schools Programme, part of WG’s ‘Programme for Wales’ commitments, with an approximate combined value of £200m. This will serve as a catalyst for changing the way construction projects are procured in the region, because one of the key requirements of this programme is that participating local authorities must procure all proposed construction works through regional collaborative procurement.

The C21st Schools Framework, therefore, is closely aligned with the principles and practices of CITB’s National Skills Academy for Construction (NSAFC). Bringing together the aligned practices and principles of the Framework and CITB’s NSAFC Client Based Approach has helped deliver several benefits including; access to UK-wide and industry agreed key performance indicators, benchmarks tailored to the value and type of project, and best practice case studies from across the UK.

Through our innovative JIS with WG Construction, Futures Wales assisted closer working between CITB and the WG Construction Sector Team, this partnership has enabled the development of a cohesive package of support for the construction industry in Wales through the joint-funding of a range of complementary business development services. This new support builds upon the generic business development offerings by Business Wales – essentially business-focused interventions, and is in addition to the core CITB products and services.

There are a number of different levels of support offered through the programme ranging from awareness raising and provision of workshops to tailored one-to-one support. The level of support needed and companies’ readiness for development is assessed through a bespoke diagnostic tool developed as an integral part of the programme. The first year of operation has seen significant progress in terms of operational capacity and the achievement of key milestones.

Sourcing events have proved hugely valuable to both suppliers and buyers across Wales with £2.2m of project work allocated to date. The first series of industry awareness-raising events and workshops was delivered and received very positive feedback, resulting in a large number of new applications to the programme for one-to-one and leadership and management support. To date, the programme has assisted over 160 companies, helping to create more than 50 jobs and to safeguard over 220.

## CITB YNG NGHYMRU

Yn ystod 2015, gwnaethom ffocysu ar gadw statws adeiladu fel sector economaidd allweddol a thrwy weithio'n agos â Llywodraeth Cymru a'r diwydiant, sicrhau y gwelir CITB fel partner allweddol ar gyfer cyflawni blaenoriaethau'r diwydiant a llywodraeth.

Roedd 2015 yn amser anodd ar gyfer y diwydiant adeiladu yng Nghymru a welodd gyfnod o dwf parhaol yn ogystal â thoriadau i gyllid, oediadau i brosiectau, diwygiadau i'r system prentisiaethau a phrinderau sgiliau. Er hynny, rhagfynegir i ragolygon allbwn gyrraedd 7% dros y pum mlynedd nesaf, y lefel uchaf ar draws yr holl ranbarthau a chenhedloedd datblygedig ac yn llawer uwch na chyfartaledd y DU. Bydd hyn yn mynd ag allbwn adeiladu Cymru o dros £4.5bn yn 2014 i dua £6.8bn erbyn 2020, gan greu dros 5,440 o gyfleoedd am swyddi y flwyddyn. Mae'r rhagolwg hwn yn cyflwyno cyfle i Lywodraeth Cymru a'r diwydiant adeiladu yng Nghymru weithio ar y cyd i gyflawni prosiectau adeiladu arwyddocaol a chreu etifeddiaeth economaidd a chymdeithasol barhaol, well ar gyfer y gymuned.

### Arweinyddiaeth Strategol

Trwy gydol 2015, gweithiom â'r diwydiant, rhanddeiliaid a phartneriaid i ddeall ac adnabod gofynion sgiliau dyfodol y sector, gan ddefnyddio Gwybodaeth am y Farchnad Lafur ein Rhwydwaith Sgiliau Adeiladu i ddylanwadu ar ddarpariaeth adeiladu dyfodol trwy'r tair Partneriaeth Sgiliau Ranbarthol sydd newydd eu sefydlu.

Ynghyd ag Adran Addysg a Sgiliau Llywodraeth Cymru, ymgwymerom ag ymchwil ar Ddefnydd Sgiliau yn y Sector Adeiladu, gan geisio adnabod sut y gall cyflogwyr ddefnyddio sgiliau eu gweithluoedd yn effeithlon mewn economi sy'n newid. Bydd y canfyddiadau'n cefnogi datblygiad polisi i sicrhau bod gan ddysgwyr a chyflogeion y sgiliau a chymhwysterau cywir i uchafu twf economaidd yng Nghymru. Ymgysylltom â Llywodraeth Cymru i hyrwyddo defnydd yr Offeryn Rhagweld Anghenion Llafur, gan ddod i'r amlwg â'i allu i ddarparu gwybodaeth dda am lifoedd llafur a chyflenwad a galw sgiliau ar brif brosiectau.

Gweithiodd cyflogwyr trwy'r tri fforwm rhanbarthol, Pwyllgor CITB Cymru a grwpiau hyfforddi i ymateb i ymgynghoriad Llywodraeth Cymru ar brentisiaethau (Alinio'r Model Prentisiaethau i Anghenion Economi Cymru) ac rydym yn aros am gyhoeddiadau am weithrediad.

Rydym wedi bod yn gweithio â sefydliadau Addysg Bellach, cyrff dyfarnu ac ysgolion i ddatblygu strategaeth ddarparu iaith Gymraeg ar gyfer dysgwyr 14-19 yn bellach ac wedi

rhoi Cynllun Gweithredu'r Iaith Gymraeg yn ei le fel rhan o'n contract Dysgu Seiliedig ar Waith 4 gyda Llywodraeth Cymru. Mae hyn er mwyn ein cynorthwyo â gwerthuso ein sefyllfa bresennol, gan nodi os oes tystiolaeth addas, ymarferol, gyfredol i'w chael yn hawdd a gan adnabod meysydd sydd angen datblygiad yn nhermau darpariaeth iaith Gymraeg bresennol. Mae adroddiad cynnydd interim sy'n amlinellu datblygiadau a wnaed dros 6 mis cyntaf amserlen y cynllun wedi'i gyflwyno i Lywodraeth Cymru cyn i werthusiad llawn ar gamau sydd wedi'u cymryd gael ei gyflwyno yn y gwanwyn.

Yn ystod 2015, darparodd diwygiad Bagloriaeth Cymru gyfle i CITB Cymru greu heriau Bagloriaeth Cymru newydd ar gyfer Cyfnod Allweddol 4 a myfyrwyr Safon Uwch, gan weithio mewn partneriaeth â chyflogwyr gan gynnwys Bouygues, Willmott Dixon, Carillion a Powell Dobson. Mae'r rhain ymhlith y cyntaf o genhedlaeth newydd, a ddylunnir gan y diwydiant i ddiwallu eu hanghenion sgiliau ac maent yn cynnwys nifer o themâu cysylltiedig ag adeiladu, megis dylunio ysgol yr 21ain ganrif, cartrefi cynaliadwy ac lechyd a Diogelwch. Bydd yr heriau newydd yn darparu hyfforddiant arloesol i bobl ifanc, yn eu helpu i archwilio'r cyfleoedd boddhaus am yrfa ym maes adeiladu.

Mewn ymateb i anghenion cyflogwyr a gyda chymorth gan Lywodraeth Cymru, ymunom â'r Sefydliad Siartredig Adeiladu (CIOB) i ddatblygu llwybr Prentisiaeth Uwch newydd mewn Goruchwylio Safle Adeiladu. Mae hyn yn cael ei beilota yng Ngholeg Sir Gâr, gyda'r posibilrwydd i'r cwrs gael ei ddarparu ar draws Cymru yn 2016. Anelir y cymhwyster at ddarparu llwybr a chymorth i'r rolau o oruchwyliwr a rheolwr ar gyfer y gweithlu presennol.

Er mwyn ymateb i angen cynyddol cyflogwyr sy'n gweithio yn y sector tai cymdeithasol, gweithiom â Chartrefi NPT a'r corff dyfarnu, Agored Cymru, i ddatblygu a chychwyn cynllun peilot o chwe llwybr sy'n arwain at Ddiploma NVQ Lefel 3 mewn Atgyweirio a Chynnal a Chadw. Bydd y cymhwyster newydd hwn yn galluogi crefftwyr cymwys i symud ymlaen at gymhwyster mwy llawn ar lefel 3 ac yn sicrhau y gall newydd ddyfodiaid symud ymlaen o lefel 2 i lefel 3 mewn atgyweirio a chynnal a chadw.

Mae'r broses o weithredu ein Cynllun Iaith Gymraeg presennol wedi parhau drwy gydol y flwyddyn, sydd wedi cefnogi gweithredoedd iaith Gymraeg cylchol yn ogystal â phrosiectau penodol newydd. Mae hyn wedi cynnwys gwaith ar sicrhau hunaniaeth ddwyieithog ar gyfer Am Adeiladu, y porth gyrfaoedd rhyngweithiol cyntaf sy'n gwasanaethu'r diwydiant cyfan.

Defnyddiwyd mwy o ryngweithiadau mewnol dwyieithog ar draws CITB yn ystod 2015 a fydd yn helpu i sicrhau fod gan gydweithwyr i gyd, yn enwedig y rheiny sy'n gweithio y tu allan i Gymru ac felly sydd ddim yn clywed gofynion y ddeddfwriaeth berthnasol ar sail reolaidd, ymwybyddiaeth fwy am ddefnydd yr iaith. Hyd yn hyn, mae rhyngweithiadau wedi cynnwys blog gan y Cydlynnydd Dwyieithog am yr iaith Gymraeg yng Nghymru a gyhoeddwyd yn ddwyieithog ar fewnwyd y sefydliad a chyfieithwyd cylchlythyr a gynhyrchir yn fewnol ar gyfer ein cydweithwyr yng Nghymru.

Mae CITB yn parhau i hyrwyddo a chefnogi defnydd y Gymraeg trwy sicrhau bod cyhoeddiadau yng Nghymru'n cael eu cynhyrchu'n ddwyieithog, trwy barhau i gyfrannu at rwydwaith Ffederasiwn Hyfforddiant Cenedlaethol Cymru (NTFW) o bencampwyr dwyieithog, trwy waith pellach ar wefan Gymraeg CITB, gan brif ffyrddio gofynion ac ymwybyddiaeth iaith Gymraeg yn bellach i mewn i bolisiau a maniffesto CITB a thrwy gynnwys yr iaith Gymraeg yn ei ymchwil ar Wybodaeth, Cyngor ac Arweiniad ar Yrfaeodded ac Adolygiad Buddsoddi Cyllid.

Bydd y flwyddyn sy'n dod yn cynnwys gwrthiad i hybu'r iaith yn bellach ar draws CITB, proses a fydd yn cynnwys sefydlu hysbysfwrdd 'Newyddion Cymru' a chylchlythyr mewnol iaith Gymraeg, cyfrannu astudiaeth achos arfer orau at ddeddioliad NTFW, gwaith pellach ar Am Adeiladu wrth i'w swyddogaethau ehangu a datblygu ac ennill cymeradwyaeth ar gyfer y Cynllun Iaith Gymraeg diwygiedig sydd nawr yn barod.

### Hyfforddi a Datblygu

Parhaom i arwain y Grŵp Cyngori Strategol ar yr Amgylchedd Adeiledig (BESAG) sy'n atebol i'r Ddirprwy Weinidog Sgiliau a chyflwynom adroddiad mewn ymateb i adroddiad thematig Estyn, "Hyfforddiant ar gyfer Adeiladu, Cynllunio a'r Amgylchedd Adeiledig". Mae BESAG yn cynnwys aelodaeth o'r rhwydwaith darparu cyfan ac yn ceisio amlygu cynnydd a wneir gan Sefydliadau AB Cymru yn erbyn argymhellion Estyn. Mae'r grŵp wedi cytuno gweithredoedd ar y cyd i wella perfformiad darparwyr adeiladu, sydd yn cynnwys creu gwasanaeth mentora – sefydlu rhwydwaith o fentoriaid hyrwyddo rhagoriaeth o fewn maes addysg a hyfforddiant galwedigaethol er mwyn cefnogi, arwain a gwella ansawdd darpariaeth adeiladu i gyd – yng Nghymru, ac o bosib, ar draws y DU. Er mai un modd yn unig o wella perfformiad yw mentora, mae'n gyfrannwr allweddol, yn enwedig ar gyfer y rhai sydd mewn rolau rheoli.

Adnabyddodd cyfarfod â chwmmi peirianeg sifil mawr yng Ngogledd Cymru alw am ddarpariaeth brentisiaeth ar gyfer Gweithredyddion Adeiladu Cyffredinol yn yr ardal honno. Er mwyn sicrhau y byddai hyn yn gynaliadwy, gweithiodd CITB Cymru â grŵp o gontractwyr lleol, sefydliadau AB a darparwyr hyfforddiant, a arweiniodd at ddarpariaeth newydd yn cael ei sefydlu a charfan lawn yn dechrau hyfforddiant yng ngwanwyn 2015.

Yn dilyn ymchwil blaenorol, achosion busnes ac astudiaethau dichonoldeb yng ngwanwyn 2015, gwahoddodd CITB gynigion gan y farchnad yng Nghymru am gyllid i sefydlu cyfleuster hyfforddi cenedlaethol i gefnogi cyflawniad deilliannau a fydd yn diwallu anghenion sgiliau'r diwydiant. Trwy'r broses geisiadau cystadleuol, adnabyddwyd dull consortiwm a arweinir gan Brifysgol Cymru y Drindod Dewi Sant (UWTSD) fel y cynigydd a ffefrir. Mae cyfle unigryw i sefydlu Canolfan Arloesi Adeiladu Cymru i hyfforddi unigolion, cefnogi cwmnïau ac ymgymryd ag ymchwil a datblygu ar ddyfodol y diwydiant adeiladu. Bydd hyn yn gweithredu ar fodel 'Both ac Adain' gyda chanolfan ar gampws Abertawe a changhennau yng Ngholeg Sir Gâr, Coleg Ceredigion, Coleg Cambria a Choleg Y Cymoedd.

Un o fuddion allweddol y dull hwn yw'r agosrwydd at Ysgol Bensaerniaeth ac Amgylcheddau Adeiledig a Naturiol newydd UWTSD – a fydd yn creu cyfleoedd go iawn am arloesedd. Trwy'r cyswllt â'r ysgol, byddai'r Ganolfan yn gallu ymateb i agenda ehangach Sefydliad Brenhinol Penseiri Prydain ar gyfer penseiri'r dyfodol, yn dangos cysylltiadau cryfach â thechnoleg adeiladu a sgiliau crefft.

Trwy weithio â phartneriaid gan gynnwys Llywodraeth Cymru, Partneriaethau Sgiliau Rhanbarthol, ECITB, Sgiliau Ynni a Chyfleustodau a rhanddeiliaid allweddol eraill, adnabyddom nifer o brosiectau arwyddocaol i ymgysylltu ag hwy er mwyn deall eu hanghenion sgiliau'n well i sicrhau bod gan y diwydiant yng Nghymru y sgiliau ac adnoddau i allu cyflawni. Defnyddiom offer megis Rhwydwaith Sgiliau Adeiladu, ein Hofferyn Rhagweld Anghenion Llafur a Dyfodol Adeiladu Cymru i gefnogi ein gweithgareddau. Rydym mewn cysylltiad â Phŵer Mor-lynnnoedd Llanw, Wylfa Newydd a phrosiect datblygu Melin Bapur Trelái.

## Delwedd a Recriwtio

O ganlyniad i'r twf allbwn cryf a ragwelir ar gyfer y pum mlynedd nesaf, bydd angen i'r sector yng Nghymru recriwtio cyfartaledd o 5,440 o bobl y flwyddyn, y lefel recriwtio gyfartalog flynyddol uchaf ar draws y rhanbarthau a chenhedloedd i gyd. Er hynny, nid yw'r diwydiant yn denu digon o'r bobl gywir â'r sgiliau cywir i gyflawni hyn. Yng Nghymru, rydym wedi bod yn gweithio â'n rhanddeiliaid a phartneriaid i ddatblygu'r wybodaeth a dealltwriaeth sydd gan y rheiny sy'n dylanwadu ar bobl ifanc. Rydym wedi ymgysylltu â phartneriaid gan gynnwys ffederasiynau, cyflogwyr, Yr Adran Gwaith a Phensiynau, Gyrfa Cymru a Llysgenhadon Adeiladu trwy weithdai ag hyfforddwr gwaith, cyngorwyr gyrfaoedd, athrawon a mentoriaid i godi ymwybyddiaeth am y diwydiant adeiladu a'i gyfleoedd am yrfa.

Mae CITB Cymru wedi cael ymwneud â datblygu Am Adeiladu hefyd, gan ymgynghori'n helaeth â chyflogwyr adeiladu a rhanddeiliaid. Mae'r porth yn cefnogi ymgysylltiad y diwydiant ag ysgolion, colegau a darparwyr hyfforddiant ac rydym yn aros yn frwd am lansiad Am Adeiladu yn gynnar yn 2016.

Gyda phartneriaid y diwydiant, cefnogom Ffair y Big Bang yng Nghasnewydd a Sgiliau Cymru yng Ngogledd a De Cymru. Mynychwyd a chefnogwyd y digwyddiadau hyn yn dda gan y diwydiant a darparon nhw'r cyfle i bobl ifanc brofi efelychydd peiriannau (a ddefnyddir i hyfforddi gweithredyddion) ac i ddefnyddio cyfarpar Oculus – sy'n galluogi i'w ddefnyddwyr weld adeiladu gorffenedig cyn i'r gwaith o'i adeiladu ddechrau.

## Ymgysylltu â'r Diwydiant

Gan weithio â'n grwpiau hyfforddi, fforymau adeiladu rhanbarthol, grŵp gwasanaethau proffesiynol a Phwyllgor CITB Cymru, rydym yn ymgysylltu â chwmnïau o bob maint a disgyblaeth i sicrhau y gallwn gynrychioli'r sector yn effeithiol. Ynghyd â Chymdeithas Contractwyr Peirianeg Sifil ac mewn ymateb i angen a adnabyddwyd gan gwmnïau ar draws Cymru, rydym wedi bod yn archwilio cyfleoedd am gyllid i hwyluso'r angen sydd yn y sector peirianeg sifil am hyfforddiant.

Trwy ein rhwydwaith o grwpiau, gan gynnwys tri fforwm cyflogwr adeiladu rhanbarthol a naw grŵp hyfforddi annibynnol, defnyddiom ein hymgysylltiad â dros 10,000 o gwmnïau i ennill mewnbwn gwerthfawr sydd wedi ein galluogi i ymateb i nifer o ymgynghoriadau'r Llywodraeth gan gynnwys effeithlonrwydd ynni, cyd-fuddsoddi mewn sgiliau, Alinio'r Model Prentisiaeth i Anghenion Economi Cymru ac ymgynghoriad lefi prentisiaeth y DU yn ogystal ag

Adolygiad Buddsoddi a Chyllid CITB. Mewn ymateb i gais gan y Grŵp Trawsbleidiol ar Adeiladu a gadeirir gan Joyce Watson AC, gofynnwyd am farnau'r diwydiant ar effaith polisi caffael yng Nghymru. Cyhoeddwyd yr adroddiad ym mis Mehefin 2015 gan y Gweinidog Cyllid, Jane Hutt AC ac mae wedi cael ei dderbyn mewn modd cadarnhaol. Prif ffocws y grŵp ar gyfer 2016 fydd Delwedd, Diwylliant a Recriwtio.

Daeth dwy Academi Sgiliau i ben yn llwyddiannus yn 2016 (Fframwaith Cyfalaf Ysgolion De-ddwyrain Cymru ((SEWSCAP)) ac Adran 3 A465 Ffordd Blaenau'r Cymoedd) a dyfarnwyd statws Academi i un rhaglen a dau brosiect newydd, sy'n golygu bod tair Academi yn Ne Cymru a dwy yng Ngogledd Cymru. Mae fframwaith contractwyr rhanbarthol De-ddwyrain Cymru wedi adeiladu ar gyflawniad ei raglen gyntaf i ennill statws ar gyfer y cyfnod nesaf o'i fframwaith. Y tro hwn, bydd y rhaglen yn cael ei harwain gan Morgan Sindall. Mae dau brosiect Gogledd Cymru'n cynnwys Uwch Garchar Wrecsam (a arweinir gan Lendlease) a fydd yn cael tua 5-600 o bobl ar safle ar ei anterth a Ffordd Osgoi'r Drenewydd (sy'n cael ei arwain gan y contractwr Alun Griffiths Ltd o Gymru).

Mae CITB Cymru yn gweithio â chwe awdurdod lleol yng Ngogledd Cymru i'w helpu i gyflawni ystod eang o sgiliau, datblygu busnes a buddion ehangach i'r gymuned fel rhan o broses gaffael sector cyhoeddus fawr ar gyfer cyfleusterau addysg. Mae fframwaith wedi'i sefydlu i gyflawni Rhaglen Ysgolion yr 21ain Ganrif yn effeithlon, rhan o ymrwymadau 'Rhaglen Cymru' Llywodraeth Cymru, gyda gwerth cyfunol o tua £200m. Bydd hyn yn gweithio fel catalydd ar gyfer newid y ffordd y mae prosiectau adeiladu'n cael eu caffael yn y rhanbarth, achos un o ofnyion allweddol y rhaglen hon yw bod yn rhaid i awdurdodau lleol sy'n cyfranogi gaffael pob darn o waith adeiladu arfaethedig trwy broses gaffael gydweithredol rhanbarthol.

Mae Fframwaith Ysgolion yr 21ain Ganrif, felly, wedi'i alinio'n agos ag egwyddorion ac arferion Academi Sgiliau Genedlaethol ar gyfer Adeiladu (NSAFC) y CITB. Mae dod ynghyd ag arferion ac egwyddorion alinedig y Fframwaith a dull NSAFC y CITB sy'n seiliedig ar y cleient wedi helpu i wireddu nifer o fuddion gan gynnwys; mynediad i ddangosyddion perfformiad DU-gyfan y cytunwyd arnynt gan y diwydiant, meincnodau wedi'u teilwra i werth a math y prosiect, ac astudiaethau achos arfer orau o ar draws y DU.

Trwy ein strategaeth fuddsoddi ar y cyd arloesol â Llywodraeth Cymru, hwylusodd Dyfodol Adeiladu Cymru ddull agosach o weithio rhwng CITB a Thim Sector Adeiladu Llywodraeth Cymru. Mae'r bartneriaeth hon wedi galluogi

datblygiad pecyn cydlynol o gymorth ar gyfer y diwydiant adeiladu yng Nghymru trwy fuddsoddi ar y cyd mewn ystod o wasanaethau datblygu busnes cyflenwol. Mae'r cymorth newydd hwn yn adeiladu ar y cynigion datblygu busnes generig sydd gan Fusnes Cymru – ymyriadau sydd â ffocws ar fusnes, ac maen nhw'n ychwanegol i gynhyrchion a gwasanaethau craidd CITB.

Mae nifer o lefelau o gymorth a gynigir trwy'r rhaglen, o godi ymwybyddiaeth a darparu gweithdai i gymorth personol sydd wedi'i deilwra. Asesir y lefel o gymorth sydd ei hangen a pharodrwydd cwmnïau i ddatblygu trwy offeryn diagnostig pwrpasol a ddatblygwyd fel rhan annatod o'r rhaglen. Mae blwyddyn weithredu gyntaf y rhaglen wedi dod â chynnydd arwyddocaol yn nhermau gallu gweithredol a chyrraedd cerrig milltir allweddol.

Mae digwyddiadau cyrchu wedi bod yn werthfawr dros ben ar gyfer cyflenwyr a phrynwyr ar draws Cymru, gyda gwaith prosiect gwerth £2.2m wedi'i glustnodi hyd yn hyn. Cafodd y gyfres gyntaf o ddigwyddiadau a gweithdai codi ymwybyddiaeth ei chynnal gyda'r diwydiant ac roedd adborth ar y rhain yn gadarnhaol iawn. O ganlyniad i'r digwyddiadau, cyflwynwyd nifer mawr o geisiadau newydd i'r rhaglen ar gyfer cymorth personol ac Arwain a Rheoli. Hyd yn hyn, mae'r rhaglen wedi cynorthwyo dros 160 o gwmnïau, gan helpu i greu mwy na 50 o swyddi ac i ddiogelu dros 220.

# REVIEW OF 2015



THE NEW LIBRARY,  
STOKE-ON-TRENT



# THE BUSINESS AND ECONOMIC ENVIRONMENT

## Industry profile

The UK economic recovery is firmly entrenched and growth remains among the strongest of the advanced economies.

Heading into 2015, optimism for the 12 months ahead was reasonably high. Results from CITB's Employer Panel (a survey of some 1,500 firms) revealed that just under half (46%) expected their annual turnover to increase, slightly fewer felt their turnover would stay at about the same level (44%), while only 8% expected a decrease. Indeed, the outlook for construction had improved over the course of the previous 12 months; output was up 8% on 2013, and forecasts for growth were around about 5% for the year ahead.

The construction industry is regarded as a good indicator for the overall health of the UK economy, so in this respect it might be assumed that the sector has recovered to a reasonably fit state. However, 2015 was actually a mixed year. Divergent indicators showed that recovery, although generally well established, was far from complete. While there are many major projects planned for the coming five years and beyond which are clearly a source of optimism, slowing growth during the year and the re-emergence of skills shortages are a concern in the short-term.

Underlining mixed fortunes for the sector, the final growth figures for the full year are expected to be around 2%–3% in 2015. Whilst good compared to the long-run average, this is down on 2014 and lower than forecast.

The first estimate of GDP for the third quarter of 2015 revealed that growth eased in the summer, with GDP up 0.5%, against 0.7% in the previous quarter. Construction output was estimated to have decreased by 2.2% in Q2, 0.1% lower than a year ago, and 4.3% lower than the pre-recession peak. The fall in construction output in Q3, compared to a year ago, was the first annual fall since 2013 Q1, although it is worth noting that the sector's figures have been subject to appreciable correction in the recent past, generally in an upward direction.

The Office for National Statistics (ONS) attributed some of the weakness to the unusually wet weather in August, although post-election policy changes and pre-Comprehensive Spending Review uncertainty are bound to have contributed to uneasiness in the market.

Although details on the demand side of the economy are not yet available, it seems clear from the strong gains in parts of the service sector that expansion continues to be driven by domestic demand, notably consumer spending.

Despite a slowdown in growth in the second half of the year, 2015 is on balance still projected to have been a good year for construction – perhaps with the exception of skills shortages, which have emerged as the preeminent concern for employers across the sector and beyond. Whether real or perceived, skills shortages have been widely expressed by employers and are reported to be hindering growth in construction and the UK economy as a whole. Indeed, most indicators suggest few sectors are immune from the effects of ongoing skills shortages.

The expectation is that domestic demand, notably consumer spending, will continue to drive growth for the rest of 2015 and into 2016 with inflation set to remain subdued, wage growth consolidating near 3% and labour market conditions still robust. Net trade will remain a drag on growth as lacklustre overseas demand and a strong currency continue to undermine exports.

While the direct impact of the latter on construction is limited, its impact on the wider economy (in terms of affecting consumer confidence) might check growth in the construction sector.

Furthermore, the need to extend fiscal restraint at home in the UK together with campaigning expected to ramp up on the EU referendum (bringing with it concerns of a Brexit) means that a degree of uncertainty is likely to linger for some time yet. Indeed, any uncertainty regarding the UK's future in the EU could depress investment, especially from foreign investors.

However, results from several industry surveys and near-term indicators suggest a generally positive picture for 2016. The strength of domestic demand should ensure that the UK's economic upswing continues at a solid enough pace in the year ahead.

Perhaps the biggest determining factor for growth in the short, medium, and long-term is the availability of skilled workers. Indeed, the Construction Products Association reported in its most recent Construction Trade Survey (November 2015) that whilst increased hiring by construction firms sends another signal that growth is expected to accelerate, difficulties in recruiting skilled labour persist. SMEs and civil engineering firms reported higher headcounts during Q3, but this increased demand for skills continues to have a noticeable effect on construction wage bills. Labour costs were higher for three-quarters (75%) of contractors in Q3.

Results from CITB's Employer Panel research (December 2015) also demonstrate the changing fortunes of the sector and the emergence of skills issues.

Since 2012, Panel surveys have indicated a return to pre-recession conditions. The difficulty of finding suitably skilled staff has returned to near pre-recession levels with 20% of construction employers spontaneously mentioning this, while demand-side issues such as the need to increase sales have become less acute. Although still mentioned by 20%, during the height of the recession just over half of construction employers mentioned the need for more sales.

Concern about profitability also remains reasonably high (12%) suggesting that despite rising demand the market remains very price competitive and margins are tight.

Furthermore, around a third (31%) are concerned about issues relating to costs of operation, such as compliance with regulation, material costs, or profitability.

### Workforce profile

Construction employment stands at about 1.9m people, or 2.6m if the wider supply chain of building professional and Mechanical and Electrical (M&E) services are included. Collectively, employment of construction workers and professional services accounts for around 8.8% of the UK workforce.

Data from the CSN suggests that employment in the industry will rise by an annual average of 1.1% from 2016, but it will still be about 4%–5% below its 2008 peak in 2020, despite the fact that output is projected to be 9% above its 2007 peak. CSN data suggests that over the 2016–2020 forecast period, an average of 46,420 workers per year will be required to deliver the forecast growth and replace those leaving the industry. This represents a 3.9% increase on the 44,690 projected in 2014 for the 2015 to 2019 period it very much reflects the anticipated steady growth.

However, several indicators suggest that the industry is already suffering from labour shortages in specific areas, notably housebuilding, and that the demand for skilled workers is outstripping supply. This is of particular concern given that the industry is still in the early stages of its current growth cycle and that output levels have already surpassed their 2008 peak.

The Federation of Master Builders' (FMB) quarterly State of Trade survey (October 2015) revealed continued difficulties recruiting skilled staff during 2015. Six in ten (60%) small

construction firms reported struggling to hire bricklayers during Q3, having increased from 49% during Q2. Looking at other vital trades, over half (54%) of firms are struggling to hire carpenters and joiners, up from 47% in the previous quarter. While supervisors and site managers were also reported as hard to find.

The findings are echoed in the National Federation of Builders (NFB) Survey, which reported (November 2015) that overall, 42% of building contractors reported difficulties recruiting on site trades in Q3, compared to 16% in Q2 and a balance of 31% one year earlier. Again, the supply of bricklayers was the largest concern in Q3, with approaching a third (63%) of contractors reporting difficulties with recruitment of this trade, and two-fifths (41%) of firms reporting that it was increasingly difficult to recruit carpenters.

Demonstrating remarkable consistency, the CITB's Employer Panel (December 2015) showed that about a fifth (19%) mention the issue of finding suitably skilled staff spontaneously as a challenge facing their business, and when prompted this rises to two-fifths (41%), and is reported as more of a challenge for those in Specialist Construction (57%), Civil Engineering (46%) and Completion and Finishing (46%).

Although predictably large companies with more than 100 employees are more likely to report finding suitably skilled staff as a challenge (64% prompted), the issue affects all sizes of company and even among sole traders – who may employ labour-only sub-contractors – a third (34%) felt that finding suitably skilled staff was a challenge.

Generally, those employers relying on labour-only sub-contractors saw more of a challenge in this area, with over half (52%) mentioning it when prompted, compared to under a third (31%) of those without labour-only sub-contractors.

Firms having difficulty finding suitably skilled staff were asked in which particular occupation these shortages existed. Construction sector firms most commonly felt there was a shortage of carpenters and joiners (25%), followed by bricklayers (16%), plumbers (14%) and electricians (10%). Meanwhile in the professional services sector, architectural technologists (23%), engineers (16%), and architects (14%) were most frequently mentioned.

Firms having difficulty finding suitably skilled staff mention experiencing various negative impacts this has on their business, including: limiting growth of the company (24%); projects overrunning (22%); losing business to competition

(20%); increased workload for existing staff (7%); and wage inflation or paying a premium (7%).

This clearly indicates that difficulties finding suitable staff are usually more than simply an inconvenience. Indeed, just 14% of those having difficulties finding suitable staff said this had no impact on their organisation.

The CSN forecasts suggest that employment growth is expected across all occupations in the medium-term, with strong demand for traditional trades such as bricklaying, carpenters and joiners, and plasterers. This could be exacerbated by existing shortages, but also points to the need for a better view of the pipeline of new work to allow informed skills planning, and the continued investment in new and innovative approaches to building that could mitigate skills shortages through multiskilling and more flexible ways of working.

### Industry performance

Despite good outturn in 2014, which was better than expected, the industry is still effectively in a 'recovery' phase.

While 2015 looks like being a weaker year for UK construction output than compared to what forecasters were projecting last year, growth to some extent has occurred in a majority of construction sectors.

Infrastructure remained the star performer, with output having nearly doubled in output value terms since the start of the recession in 2007. However, being a capital-intensive activity it has not provided the same stimulus for jobs as more labour-intensive sectors such as a repair and maintenance or new build housing.

Furthermore, with growth in employment tending to lag growth in output both from a timing perspective and in terms of magnitude, as a result of some productivity gains, the ability to retain skills in the sector has been compromised. The balance of work towards infrastructure together with the decimation of housebuilding during the recession and the subsequent difficulty to stimulate repair and maintenance (through energy efficiency retrofit measures) has almost certainly contributed to the permanent loss of a substantial proportion of those made unemployed over the past five years. It might also explain the relatively rapid rise in demand for skilled employment and the re-emergence of skills shortages following the return to growth, even at relatively moderate levels.

There are clear trends by area. Findings from the CITB's Employer Panel (December 2015) highlighted that companies in different parts of GB faced very different trading conditions. Demand-side factors remain the dominant issue in regions distant from London, with the exception of Scotland.

In the North East and Wales more than half of respondents mention demand side challenges, suggesting that economic constraints persist in the sector in some parts of GB. In London, however, supply side issues are far more pressing, with more than half of London-based businesses spontaneously mentioning issues around the supply of skilled staff, and only a quarter (26%) mentioning challenges relating to demand.

Firms were also asked how their total annual turnover in the last 12 months compared with the 12 months before that. More reported an increase (44%) than a decrease (17%). This confirms the much more positive picture than in 2011 and 2012 (when many more reported decreases than increases).

Optimism about turnover in the next 12 months was reasonably high, and consistent with results from 2014. Two-fifths (42%) expected their annual turnover to increase, while nearly half felt their turnover would stay at about the same level (48%), leaving very few (7%) expecting a decrease.

### Industry prospects

The slowdown in output growth and an estimated decrease in total new orders of 0.4% in Q2 2015 is expected to be temporary, with overall construction output forecast to rise at an annual average growth rate of 3% between 2016 and 2020, driven by growth in the infrastructure, commercial, and private housing sectors. However, all sectors except public housing should see output higher in 2020 compared with 2015, although the Government's scaling down of subsidies for renewables, such as the Feed-in Tariffs scheme, could have a negative effect on repair and maintenance.

The infrastructure sector is expected to see the strongest growth over the 2016–2020 forecast period at an average annual rate of 6.2%. However, this is heavily predicated on there being no further slippage in the likely start on site of new nuclear build projects and Thames Tideway going ahead as scheduled.

The commercial construction sector is expected to experience strong expansion from 2017 and it is likely to be led by the offices and leisure sub-sectors. Some growth is

also expected to return to the retail construction sub-sector, although it will remain under pressure from online retailing and poor profitability among the traditional large grocers.

However, this is the sector that along with the industrial one, could be impacted most strongly by uncertainty generated by the EU referendum.

The housing market undoubtedly came off the boil somewhat during the second half of last year and the early part of this one, probably in part affected by the uncertainty surrounding the General Election and the possibility of a very inconclusive result. However, mortgage lending, site visitors, net reservations and house prices have generally got back on a rising trend in recent months, and housing starts have recovered in England.

Market stimulants such as the Equity Loan part of Help to Buy continues to attract interest, but only time will tell what impact the Starter Homes Initiative will have on the market. On the downside there is a widespread feeling that interest rates may start rising next year and could have a dampening effect on the market given that consumers have got used to very low rates for an extended period of time.

Overall, the prognosis is for further growth in the sector but at a more sustainable average rate of about 2% per annum, with output getting close to £26bn by 2020, which would represent a new high.

It is difficult to see what would drive any substantial growth in public housing repair and maintenance work going forward given the straitened state of local authority finances. Likely drivers of activity in the sector are continuing improvements to the energy efficiency of stock and ongoing programmes.

Growth in private housing repair and maintenance output stalled in the first half of this year after a very good 2014. However, growth should continue as homeowners feel much more confident in the economy as a whole and their personal financial situation, in particular with starting to see real earnings growth.

Given the continuing constraints on public finances, it is difficult to see any significant increase in public non-residential repair and maintenance work over the forecast period.

Private non-residential repair and maintenance work will tend to be driven by asset values and profitability, except in the sectors that are consumer facing, such as retail, where the major players need to continually improve and update their offerings to attract footfall.

While all regions and devolved nations are expected to experience growth over the forecast period the two regions/devolved nations that will benefit most from new nuclear build – Wales and the South West – continue to top the rankings.

Construction output in Scotland is projected to expand by 0.5% a year on average in the five years to 2020, the lowest rate of growth of all the UK regions and devolved nations. Growth is expected to be focused in the repair and maintenance (R&M) sector (2.3%) with new work largely flat (-0.1%). Employment is forecast to decline by 0.7% a year on average, but this disguises a peak in 2016 before contraction sets in. Despite falling employment, net outflows from the industry will still mean that Scotland has a significant annual recruitment requirement (ARR), of 4,270, representing 1.9% of projected base 2016 employment.

The Scottish construction industry will have experienced three good years of growth by the end of 2015, The infrastructure sector has been a primary driver of this growth, with output in 2015 over two and a half times what it was in 2012. This rapid output growth has led to a very sharp rise in demand for construction trades, professionals and managers and this, combined with falling numbers entering training since the recession, has led to significant skills shortages across the industry in the short term.

Construction output growth is expected to moderate sharply over the 2016 to 2020 period, to just 0.5% a year on average, as large projects complete in the infrastructure sector and activity falls sharply from its current very high levels. The sector is predicted to see an annual average decline in output of close to 6% in the five years to 2020 as work completes and there is less work in the pipeline. This longer term view should not be interpreted as an overall weakness in the Scottish construction industry as most other sectors are projected to grow and if infrastructure is removed from the figures expansion across the remaining sectors would be around 2.3% a year on average, not far off the UK rate of 2.5%.

By contrast Wales is projected to see annual average output growth of 7.1% over the 2016 to 2020, up from the 5.8% projected last year for 2015 to 2019 as the Wylfa project is now largely included. This is almost triple the UK rate of 2.5%. Wylfa means that growth expansion is very centred in the new work sector. Output growth rate is expected to drive strong employment growth averaging 2.9% a year, again well above the UK average of 1.1%. Wales' annual average recruitment

requirement (ARR) is projected at 5,440, which represents 4.7% of base 2016 employment.

Wales is projected to see annual average output growth of 7.1% over the five years to 2020, stronger than any of the English regions and other devolved nations, and while nuclear new build at Wylfa is a major contributor to this expansion, it is by no means the only driver. Besides new nuclear build there are other fairly substantial projects ongoing or in the pipeline in the energy arena, such as the Wheelabrator energy recovery facility at Deeside and an £800m biomass plant proposed for Anglesey, on which work is likely to commence in 2018. Also to be taken into account is the Swansea Tidal Lagoon project, on which work should start in 2017.

Elsewhere in the infrastructure sector the biggest project in the pipeline is the upgrade of the M4 around Newport, on which work is likely to start in 2018. There are a number of sizeable regeneration schemes in the pipeline upon which private house building will play a significant part. However, these are long-term projects and therefore their contribution to annual growth could be quite small. The same is true to a lesser extent for the private commercial sector, although the construction timescale of schemes in this sector is likely to be more condensed, producing a stronger growth profile. Employment growth is projected to average 2.9% a year between 2016 and 2020, well above the UK average and the workforce is expected to reach 129,900 by 2020, 5% up on its 2008 peak.

Despite the completion of Crossrail and Thameslink by 2018, the introduction of the Northern Line extension, Thames Tideway and HS2 means that London will experience further strong growth in infrastructure output.

Overall, 2015 presented a mixed-bag of economic and employment indicators suggests an element of weakness and uncertainty lingers over the near-term outlook, but with projects in the pipeline across most construction sectors the suggestion is that activity in the industry will rise in 2016, and the industry has much to remain positive about in the medium-term.

Skills shortages, however, are proving to be a key issue for the industry and perhaps the defining challenge over the next five to 10 years. The industry has to all intents and purposes reached a skills 'tipping point'. With some 400,000 construction workers set to retire over the next ten years the industry has a limited window in which to effect a substantial change and avert a real crisis.

Ultimately, the cost of skills will be felt somewhere, whether it is in higher tender prices, smaller margins, lower jobs growth, or a poorer quality product.

The clock is ticking on skills and it is time for all the actors in the sector to come together to agree a strategy for intervention. This will probably require combining resources, employers engaging with educators, co-ordinated investment in careers advice and training, and being open to innovative and creative solutions. Why? Because if left to the 'market', future construction will come at far greater economic and social cost.

# MEASURING PERFORMANCE

2015 was a challenging year for CITB on several fronts. Following the changes in leadership in 2014, January saw the introduction of the new Board, and in the last quarter its management cadre was streamlined and refocused to align with the new Vision, Missions and Value Propositions adopted during the year.

The announcement of the Apprenticeship Levy in the Summer Budget meant significant work with Government and the construction industry to understand how this new Levy will work in conjunction with the CITB Levy and to ensure that construction employers are not disadvantaged.

The construction industry overall had a good year with steady growth. There were blips in the form of concern over infrastructure commitments, the impact of the General Election and the ongoing skills shortages experienced in construction since it returned to growth.

In this context, CITB focused on building the basis for a more customer responsive organisation, one that is more efficient

and adaptive to the changes in the construction industry. This included: changing the way Levy is redistributed through the IFR, work on understanding the supply side of the skills landscape and levers that can be used to stimulate supply through the Provider Strategy, working with Government on Apprenticeship reform for the Trailblazers programme and latterly the impact of the Apprenticeship Levy, and working with industry to launch Go Construct – an industry-wide construction careers portal.

Given this challenging context, construction employers are not yet experiencing the benefits these improvement programmes will bring. In our main employer and stakeholder survey that underpins Board Outcomes, responses indicated that CITB retains support for operating the Levy, and that it is working on the right priorities, but that CITB needs to complete the improvement programmes to be better at delivery. Our results have therefore been disappointing compared with our targets.

STRATEGIC PRIORITY	IMPACT MEASURE	2015 TARGET	2015 RESULT
Strategic Leadership	Increase % of employers stating that CITB is successful at identifying skills needs (ESR)	39%	26%
	Increase % of employers stating that CITB is successful at influencing skills decisions (ESR)	35%	26%
<p>Some employers provided a negative response in this area due to limited awareness and interaction with CITB. This is being addressed through projects including the IFR. In particular, the IFR is addressing how CITB makes its funding</p>		<p>easier to access especially for small and micro employers. Underpinning IFR and the Provider Strategy is a range of linked activity to building our evidence base enabling the Board to direct Investment Funding more effectively.</p>	
Image and Recruitment	Improve the appeal of construction careers amongst target audience (Fam & Fav)	61%	59%
<p>While the appeal of construction careers amongst the target audience remained static from 2014, this was slightly below target. There were some improvements in the perception of career guidance professionals but results from young people and parents were weaker, with a lack of awareness</p>		<p>of the opportunities available cited as an issue. With the Go Construct digital construction careers gateway launched in October 2015 and the next phase being a skills matching service we expect to improve these results in 2016.</p>	

STRATEGIC PRIORITY	IMPACT MEASURE	2015 TARGET	2015 RESULT
<b>Industry Engagement</b>	Increase % of employers stating that CITB is successful at promoting the benefits of investing in training (ESR)	50%	27%
<p>The result of 27% is particularly disappointing given the investment in digital channels to support the mobile advisor network. Though Company Development Advisors are rated highly by employers, this is an expensive model to</p>		<p>scale. CITB is investigating how this model can be adapted in 2016 to extend the reach of this team and engage more employers more regularly.</p>	
<b>Training and Development</b>	Increase % of employers believing 'Availability of training meets the needs of the sector as a whole' (ESR)	53%	43%
<p>The Provider Strategy is considering how CITB can influence and stimulate the provision of skills and training provision. The strategy is based on working with networks of employers, educators and training providers across the</p>		<p>three nations. One of the goals of this project is to ensure that the supply infrastructure for training supply delivers the needs of the industry across sectors and geographies.</p>	
<b>Charitable Trading</b>	Increase employer satisfaction with the overall service CITB provides to the industry as a whole (ESR)	51%	42%
<p>Employer satisfaction with the overall service CITB provides to industry remained static compared to the 2014 result, though this is below the target, which sought to return</p>		<p>satisfaction to pre-2014 levels. Employers' satisfaction with CITB's products also remained static year on year at 76%.</p>	
<b>Running the Business</b>	Reduce the ratio of operating costs (excluding Grant expenditure and Strategic Change Costs) to Non-Levy Income by 5%	£5.6m	£8m
<p>The operational efficiency measure has been more than achieved. The most significant contributors have been staff cost savings and business as usual project activity.</p>			

\* Data not published until mid-2015  
 \*\* Excludes employers receiving Exceptional Training Grant (ETG) payments only

It is evident that where CITB and employers interact, the results are generally positive for both parties. A significant challenge for CITB as improvement programmes come to fruition will be to find more effective ways to increase the number of employers it interacts with and build their awareness of the whole range of products and services available.

## FINANCIAL PERFORMANCE

### Result for the year

Net outgoing funds were £3.8m (compared to net outgoing funds of £16m in 2014) due mainly to increased Levy income of £21.7m and Charitable Trading income of £12.1m, coupled with increased charitable trading expenditure of £21.2m, which includes increased grant expenditure of £6.8m. The Balance Sheet shows net assets of £93.5m as at 31 December 2015 compared to £97.3m at the same date in 2014.

### Levy

Levy income in 2015 was £182.8m (2014 £161.1m) comprising £180.6m (2014 £160.3m) in respect of the current year's assessment plus an adjustment of £2.25m (2014 £0.8m) for the reassessment of prior year charges.

Levy rates remained unchanged at 0.5% on direct labour payments (PAYE) and 1.5% on labour-only sub-contractor payments (LOSC), as did the small business exemption level of £80,000 and the small business Levy reduction of 50% for employers with total PAYE and LOSC payments falling between £80,000 and £99,999.

The growth in Levy Assessment value in 2015 is mainly due to employment growth in the sector and a 7.1% shift from lower-rated direct employment to the higher-rated indirect employment.

The number of employers on the Levy and Grant register rose by 943 to 71,735 at 31 December 2015 – see Statistical Information Table 3 on page 102.

### Grants

CITB publishes a Grants Scheme annually and registered employers are entitled to claim training grants in line with its conditions. Grant expenditure rose from £130.9m to £137.6m in 2015, helping to support 21,040 apprentices (including 6,521 framework achievements), 3,164 Training and Development Plans, 17,359 VQ achievements and 25,513 plant tests.

Training activity within the industry increased in 2015 when compared with 2014 but continued at relatively low levels when compared to the pre-recession position, due to reduced employment numbers and cuts in training budgets. The uplift in grant expenditure resulted from increased activity with employment increasing within the sector by 1.8% in 2015.

The total number of employers in receipt of grant in 2015 was 15,374 (2014 15,330).



What the industry gets back

	TOTAL	GRANTS SCHEME	OTHER GRANTS TO EMPLOYERS	GRANTS TO INDUSTRY BODIES	OTHER SUPPORT	THIRD PARTY FUNDING
	£'000	£'000	£'000	£'000	£'000	£'000
Apprentices	89.1	50.7	5.4	-	23.8	9.2
Consultancy and Research, Marketing Campaigns and Press Coverage	0.7	-	-	0.7	-	-
Exceptional Training Grant	1.6	1.6	-	-	-	-
Graduates/Undergraduates	5.6	3.7	0.5	1.4	-	-
Joint Investment Strategies	2.6	-	-	1.9	-	0.7
Management and Supervisory Development Programme/Growth Fund	2.8	-	-	2.8	-	-
National Skills Academies for Construction	1.7	-	-	1.7	-	-
Plant	7.6	7.6	-	-	-	-
Specialist Support	1.9	-	0.9	-	-	1.0
Training Courses	58.8	58.5	-	0.3	-	-
Training Groups	4.7	2.4	-	2.3	-	-
VQ Achievements (non-apprentice) and Qualifying the Workforce	14.4	13.1	-	1.3	-	-
<b>Total Benefits</b>	<b>191.5</b>	<b>137.6</b>	<b>6.8</b>	<b>12.4</b>	<b>23.8</b>	<b>10.9</b>
<b>Net Levy</b>	<b>182.8</b>					
<b>Percentage Return on Levy</b>	<b>105%</b>					

**Grants Scheme** represents training grant payments (see note 6 to the Financial Statements).

**Other grants to employers** represent direct payments made on behalf of employers including NCC apprentice support, apprentice travel and lodging allowances and specialist courses.

**Grants to industry bodies** represent payments to groups of employers, such as Training Groups, and includes funding through the Growth Fund.

**Other support** includes amounts paid in relation to apprentices. This represents college fees paid on behalf of employers and other payments as well as expenditure on industry-wide initiatives such as the cost of providing business advice and guidance to employers and marketing, consultancy and research projects.

**Third party funding** represents leveraged funds and benefits for the industry which do not enter CITB Financial Statements, such as college fee discounts.



### Government and other public authorities

CITB receives no grant-in-aid. Overall, funding from Government and other public authorities rose from £5.4m to £6.1m (see note 3 to the Financial Statements on page 81).

### Investment income

CITB holds a large portfolio of investments mainly within segregated equities, bonds and cash on deposits with financial institutions. Investment income (£1.8m) fell by 19% from 2014 because of investment performance and market conditions. There was an unrealised loss on the value of those investments at 31 December 2015 of £0.6m (2014 an unrealised gain of £0.3m).

Investment objectives and strategy are in line with strict guidelines set by Government. These are designed to ensure that the risk of loss is minimised and the range of investments available is consequently tightly controlled. Environmental, social and ethical factors are considered to the extent permitted by current guidelines.





*Construction employment stands at about 1.9m people, or 2.6m if the wider supply chain of building professional and Mechanical and Electrical (M&E) services are included. Collectively, employment of construction workers and professional services accounts for around 8.8% of the UK workforce.*



# OUR PEOPLE AND VALUES



COLSTON HALL,  
BRISTOL

# CORPORATE RESPONSIBILITY AND SUSTAINABILITY REPORT

## Introduction

At the Climate Change Summit at the end of 2015 leaders from 196 countries agreed to make increased efforts to reduce carbon emissions. In a normal day, 110 million tonnes of carbon dioxide will enter the atmosphere, with the concentration levels hitting 400 parts per million (ppm) with the critical level identified as 350 ppm.

Construction has a major part to play in tackling climate change and sustainability needs should be considered at the earliest stages. In light of the Paris summit major construction companies have come together to tackle climate change, and have made a further commitment to reducing their carbon emissions.

In producing this, our third sustainability report, CITB is demonstrating its commitment to become a more sustainable organisation.

## Corporate responsibility

The Greek philosopher, Heraclitus was renowned for his belief that contradictory propositions must be true and it is from him that we get the saying: 'The only thing constant is change'.

Similarly, with corporate responsibility nothing stays the same for long. There are always opportunities for companies to be creative with their corporate responsibility initiatives and experiment with new types of engagement.

CITB is no different and we have seen an increase in corporate responsibility activities. Our strategy continues to be based on four principles, the Workplace, Marketplace, Environment and Local Community. The governance of corporate responsibility and its decision-making is through the Corporate Responsibility Leadership Team, which was refreshed at the beginning of 2015. The team is led by the CFO & Corporate Performance Director, and consists of key members of the Leadership Team supported by technical experts in health and safety, the environment, fairness, inclusion and respect and corporate responsibility.

## Our key achievements

### The Workplace – We will create a positive workplace for employees

There has been a concerted effort across the organisation to improve our colleague engagement, creating a more positive working environment and allowing colleagues to voice their opinions. Initiatives undertaken during the year include the following:

- › The introduction of a recognition scheme enabling individuals to nominate colleagues who have gone above and beyond our 'living the behaviours' ethos
- › A greatly improved TEAM CITB magazine, now produced as a digital version, remains a valuable source of information and contains a mix of business and colleague news
- › Colleague conferences were held across the country at which the CEO, the Executive Team and members of the Leadership Team shared the new mission and vision and details about our transform programme. Colleagues also engaged in an open forum, question and answer session
- › The introduction of 'wellbeing' programmes to help colleagues improve elements of their lifestyle, including supporting a 'get moving' campaign to encourage colleagues to be more active at work.

### The Marketplace – We will encourage positive business relationships

- › CITB hosted a 'Choose Your Future' event annual careers event sponsored by Norfolk County Council. The event, attended by over 2,000 students, promoted the variety of careers available in the construction, manufacturing and energy sectors. CITB hosted the event for the first time, and over 40 companies exhibited, and included a CITB Careers stand manned by Construction Careers Advisers and Apprenticeship Officers
- › CITB has developed Be Fair and encourages all construction firms to sign up to the initiative, offering a range of practical guidance and support to help them make their workplaces more inclusive
- › CITB have supported Science, Technology, Engineering and Maths (STEM) activities for several years and were pleased to be able to become involved in the Big Bang Fair in Doncaster. This year saw the first dedicated 'Construction Zone' facilitated by CITB. The 3,000 young people who attended were treated to a range of construction and built environment activities, which were supported by advice and information on careers and progression.

**The Environment – We will continually reduce our impact on the environment**

- › We have installed electric vehicle charging points at Bircham Newton for use by colleagues and for when we receive our first electric site van in 2016
- › We are also in the process of moving to a more digital offering and our mobile colleagues received tablet devices eliminating several paper related processes
- › We made good progress with biodiversity, starting at our site in Bircham Newton with a programme of monitoring the oystercatcher population which regularly use the site for breeding.

**Local Community – We will make a positive impact on local communities**

The good work colleagues undertake within communities are highlighted within the TEAM CITB magazine. Those shared during 2015 included the following:

- › As part of the Business in the Community scheme, CITB has worked with a school local to Bircham Newton. Pupils at the school wanted to reduce the energy use in their school by installing solar panels on the school roofs. They managed the project, supported by four colleagues from CITB, and now have solar panels installed
- › Working with the ‘One Brick at a Time’ scheme three apprentices spent three weeks helping to improve and renovate the local Butiiti Centenary Secondary School in Rwenzori, Uganda
- › Two CITB teams have worked together to deliver a North West Armed Forces Employment Pathway (AFEP) co-ordinated by JCP Merseyside and the MoD. AFEP seeks to help jobseekers into work and, potentially, into the Regular or Reserve Armed Forces. CITB offered 20 placements for this programme and we were delighted by the support for this new initiative offered by our employers in the area
- › CITB Construction Advisors organised some sessions with children from John Ray Infant School, Braintree to talk about construction. Colleagues spent the day running various activities, which focused on team work, communication and working safely to over 200 children aged between four and six.

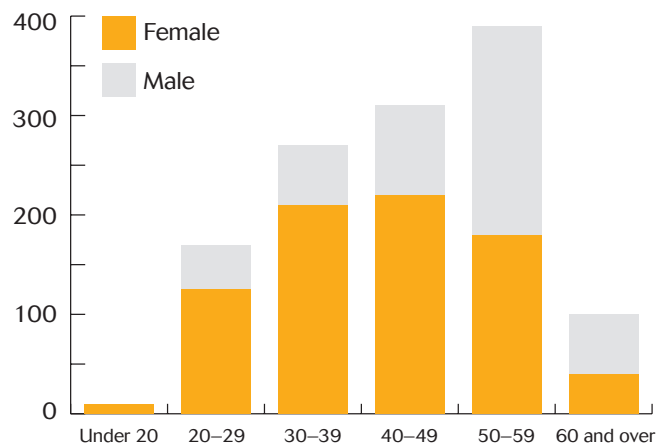
**Fairness, Inclusion and Respect (FIR)**

We continued to review our working practices to ensure that we meet, and where possible exceed, the legal requirements of the Equality Act 2010 in all aspects of our work. To achieve this we continued to:

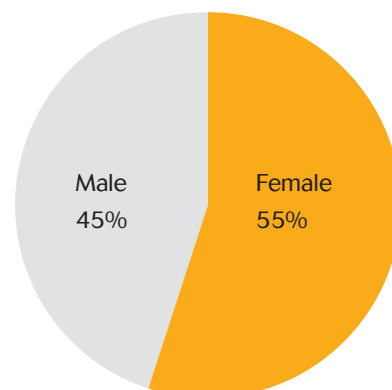
- › Embed FIR in all we do and continue to work to improve the image and culture of the construction industry via the Be Fair Framework
- › Ensure that our recruitment and people practices support the development of a diverse and representative workforce; and
- › Promote equal opportunities and foster good relations between people who share a protected characteristic and those who do not.

In 2010, CITB was awarded the Equality Standard gold award by Equality North East, and a reassessment in 2015 confirms that CITB continues to meet this level.

**Age by gender**



**Overall gender split**



	BIRCHAM NEWTON	MOBILE	THURMASTON	INCHINNAN	LONDON	BIRMINGHAM	BRIDGEND	INVERNESS	TOTAL
Asian/Asian British	3	10	21		6				40
Black/ African/ Caribbean/ Black British	2	3	3		3	1			12
Mixed/ Multiple	7	4	3						14
Not Stated	10	13	1	2	6	1	1		34
White	635	514	59	75	48	14	12	2	1,359
<b>TOTAL</b>	<b>657</b>	<b>544</b>	<b>87</b>	<b>77</b>	<b>63</b>	<b>16</b>	<b>13</b>	<b>2</b>	<b>1,459</b>

FIR headline data gives an overview of CITB diversity, but comparing with 2011 national statistics we are underperforming when it comes to ethnicity diversity, with only 5% of colleagues from ethnic background as opposed to 14% nationally.

**Sustainability Strategy**

Although sustainability is still in its infancy at CITB we are committed to integrating the principles of corporate responsibility and sustainability activities into our strategies, activities and most importantly to embed it within our values and behaviours. Our aim is to enable all parts of the business to become involved in corporate responsibility. We are committed to demonstrating responsible business practices and recognise our obligations to our colleagues, our customers and stakeholders, the environment and our local communities.

**Greenhouse gas emissions**

This is our third year of reporting our greenhouse gas (GHG) emissions, and during 2015 we have been making improvements to our data collection, particularly with our energy use.

Last year we reported that we expected our GHG emissions to increase during 2015, with the introduction of a revised booking system for business travel by air and rail. There has also been a shift of GHG emissions from business travel to owned transport as more colleagues move to company cars.

We believe that an improvement in data collection is the reason for a significant increase in our Scope 1 fuel combustion and Scope 2 GHG emissions, although we acknowledge that some of this increase is due to inconsistencies in the type of data reported.

**Table 1: GHG emissions, (tCO2e)**

		APRIL 2013 – MARCH 2014	2014 (JAN – DEC)	2015 (JAN – DEC)
<b>Scope 1</b>	Fuel combustion	1,733	1,652	2,048
	Owned transport	428	802	1,035
	Physical or chemical processing	n/a	n/a	n/a
	Fugitive emissions	-	-	-
<b>Scope 2</b>	Purchased electricity	1,353	1,471	1,649
	Purchased heat, steam and cooling	n/a	n/a	n/a
<b>Scope 3</b>	Business travel	1,771	1,102	1,068
	Investments	n/a	n/a	n/a
	Delivery and distribution	-	-	-
	Use of purchased materials (paper)	32	30	21
	Use of owned and leased assets	n/a	n/a	n/a
	Waste disposal	-	-	-
<b>Outside scopes</b>	Biomass	220	213	246
<b>TOTAL GHG EMISSIONS (TCO2E)</b>		<b>5,537</b>	<b>5,270</b>	<b>6,067</b>

Notes: Conversion factors for average car/unknown fuel has decreased from last year, business travel now includes rail and air travel.

### Resource Consumption

Table 2 shows a significant increase in resource consumption, particularly natural gas. This is because we believe that in previous years it was reported incorrectly with previous years' figures being in m<sup>3</sup>, whereas in 2015 it is reported in kWh.

**Table 2: Resource consumption**

			APRIL 2013 – MARCH 2014	2014 (JAN – DEC)	2015 (JAN – DEC)
<b>Non-financial indicators</b>	Energy	Electricity (kWh)	3,038,070	2,980,844	3,568,430
		Gas, natural (kWh)	*55,961	*51,194	1,727,254
		Gas, LPG (litres)	41,905	25,200	23,686
		Oil kerosene (litres)	682,708	632,271	668,767
	Finite	Biomass used (tonnes)	160	155	180
		Water (m <sup>3</sup> )	20,143	25,819	30,432
		Paper (tonnes)	40	37	33
<b>Financial indicators (£)</b>	Energy	Electricity	537,743	585,611	582,329
		Gas, natural and LPG	118,245	53,729	117,924
		Oil Kerosene	558,130	400,964	279,130
		Biomass used	13,238	12,777	15,805
	Finite	Water	69,528	87,370	69,585
		Paper	35,673	45,421	36,202
<b>TOTAL FINITE RESOURCE COST (£)</b>			<b>1,332,557</b>	<b>1,185,872</b>	<b>1,100,975</b>

Notes: 2014, Biomass cost corrected. \*Gas, natural. Discrepancy in reporting in previous years due to gas not being converted from m<sup>3</sup> to kwh.



**Waste**

**Waste Electrical and Electronic Equipment**

The Business Improvement Team at CITB ensures that equipment that no longer has an effective use is disposed of in line with our obligations under the Waste Electrical and Electronic Equipment (WEEE) Directive.

Our certified disposal partner collects equipment to be disposed, and then reuses or recycles the equipment as appropriate. The disposal partner guarantees 0% landfill for all electrical items disposed from CITB.

**ELECTRICAL ITEMS DISPOSED OF DURING 2015**

PCs	151
Laptops	266
Screens	257
Printers	115
Other	280
<b>TOTAL</b>	<b>1,069</b>

**Table 3: WEEE disposal**

<b>RECYCLED COMPONENT BY WEIGHT (KG)</b>		
	<b>2014</b>	<b>2015</b>
Sum of metals	3,695	2,906
Sum of plastic	2,068	1,627
Sum of PCB	134	124
Sum of other	707	601
Sum of non-WEEE	869	669
Sum of weight	7,594	6,315

<b>RECYCLED COMPONENT BY WEIGHT (KG)</b>		
	<b>2014</b>	<b>2015</b>
Total units	1,513	1,069

<b>% REUSE VS RECYCLE</b>		
	<b>2014</b>	<b>2015</b>
Equipment reuse	24%	29%
Equipment recycled	76%	71%

In December of 2014 CITB began working with a new waste disposal partner. Our waste is now much better managed than in the past and data is much more readily available. Paper waste is collected through a closed loop system and is therefore re-manufactured back into copy paper.

**Table 4: General waste including paper**

	<b>TYPE OF WASTE</b>	<b>TONNE</b>	<b>COST £</b>
1	Waste arising (Not including ITC Waste)	819.00	110,042.30
	Paper waste	66.00	11,807.10
	<b>Total waste arising</b>	<b>885.00</b>	<b>121,849.40</b>
2	Waste recycled	441.14	
	Paper recycled (closed loop)	66.00	
3	Waste composted	0.00	
4	Waste incinerated with energy recovery	378.88	
5	Waste incinerated without energy recovery	0.00	
6	Waste to landfill	0.00	
	ITC waste reported separately	6.32	

## Sustainable procurement

The UK Government policy on sustainable development highlighted the following issues as key areas for action:

- › Sustainable consumption and production
- › Natural resource protection and environmental enhancement
- › Global to Local: building sustainable communities.

CITB will incorporate social issues within its own procurement practices, to ensure that diversity, equality and value for money are all equally considered. We will also develop a Sustainability Policy to meet UK Government targets.

At a governmental level the new pre-qualification questionnaire specifically excludes companies who have violated applicable obligations referred to in in the fields of environmental, social and labour law or by the international environmental, social and labour law provisions.

Locally, part of our tender evaluation process includes the supplier's approach to responsible procurement. Taking account of whole life costs and value for money, CITB is committed to:

- › Requiring all purchases, where practicable, to be made in accordance with the CITB's environmental policy statement, relevant legislation and other guidance
- › Specifying recycled products and re-refined mineral oils
- › Complying with the European Commission's mandatory energy labelling scheme by giving preference to the most energy efficient products
- › Making use of environmental labels issued through recognising eco-labelling schemes to help identify environmentally preferable products
- › Evaluating as appropriate, the environmental performance of tenderers, when relevant to the contract.

The Procurement Team work with CITB's Estates Team to uphold these requirements and follow policy guidance from central Government.

During the year we improved our environmental information received from our suppliers including:

- › improved monitoring of our CO2 emissions through a new travel booking contract
- › A 'closed loop' paper waste recycling
- › Recently introduced reporting on the environmental impact of our office equipment and computer consumables supplier.

## Biodiversity

As previously reported, the Bircham Newton site, due to its location, is a popular nesting site for oystercatchers. A survey protocol was drawn up and agreed by CITB to carry out baseline surveying of the site with all nests located and marked and chicks would be ringed. The survey located 21 nests with 26 chicks ringed.

The wider species diversity was small, although several unusual species were noted, with three 'Red Listed' species identified. Several interesting species were also recorded including a hoopoe, ring ouzel, avocets and common buzzards.

# OUR STRATEGIC REPORT

Our approach to the structure and content of our Annual Report and Accounts is in line with the objectives and scope of the Government Financial Reporting Manual (FRM). The FRM is the technical accounting guide for the preparation of financial statements and an interpretation of the Companies Act 2006 for the public sector context.

The information presented from page 6 to page 48 of our Annual Report and Accounts (our Strategic Report) has described our strategic information, our business and our performance in a way that I believe to be fair, balanced and understandable.

I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that CITB's auditors are aware of that information. So far as I am aware, there is no relevant audit information of which CITB's auditors are not aware.

I hope you have found this information helpful to your understanding of our high-level aspirations and intentions, and of our performance. More information follows in our Remuneration Report (pages 50 to 54), in our Governance section (pages 56 to 70), and in our detailed Financial Performance section (pages 72 to 98).



**Adrian Belton**  
Chief Executive  
2016

# REMUNERATION



JENNIE LEE BUILDING, OPEN UNIVERSITY, MILTON KEYNES

# REMUNERATION REPORT

## Membership

The Remuneration Committee is a sub-committee of the Board. Its purpose is to determine general policy on remuneration and individual remuneration packages for directors.

Its membership is made up of the Chair, Deputy Chair and three Board members.

The Corporate Performance Director and Head of Human Resources provide information to the committee to inform its decisions.

## Policy on the remuneration of directors and key management personnel

Salaries and benefits are benchmarked against external market comparators on a triennial basis to ensure appropriate remuneration packages are paid to attract and retain capable individuals. This was last carried out in 2015.

Individual remuneration for directors and key management personnel is reviewed annually with regard to external market changes and an assessment of individual performance evidenced by the performance management process.

Individual performance payments, which are not consolidated into annual salaries, range from 0–6% of basic pay.

All employees, including directors, are eligible for membership of the ITB Pension Funds Scheme.

## Policy on contracts, notice periods and termination payments

Directors are permanent employees of the organisation. Notice periods are six months.

Termination payments, if applicable, are paid in accordance with standard CITB staff terms and conditions.

## Non-cash remuneration

Other than the provision of company cars, no non-cash remuneration is made. The provision of company cars are part of the standard terms and conditions of employment for senior grades of staff. As an alternative, a cash option and business mileage allowance are paid.

## Salary and pension entitlements (audited)

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

## Board members' remuneration

The Remuneration Committee is not responsible for considering Board members' remuneration.

Payments to the Chair and Deputy Chair are authorised under Schedule 1(4) of the Industrial Training Act 1982. No other Board members are remunerated. Note 23 (page 94) provides more information about this.

## 2015 Remuneration

	SALARY	BENEFITS IN KIND	BONUS	PENSION BENEFITS	REDUNDANCY	2015 TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Adrian Belton</b> Chief Executive	140 – 145	8.8	11.0	34.2	-	195 – 200
<b>Mike Bialyj –</b> Employer Services Director (resigned with effect from 31 January 2015)	5 – 10	1.9	-	5.8	129.4	145 – 150
<b>Stephen Radley –</b> Policy and Strategic Planning Director	105 – 110	1.5	6.1	6.1	-	120 – 125
<b>Carl Rhymer –</b> Commercial Director	105 – 110	0.6	6.0	5.9	-	115 – 120
<b>Andy Walder –</b> NCC Principal	110 – 115	2.2	6.3	21.2	-	140 – 145
<b>Sarah Beale –</b> Chief Financial Officer and Corporate Performance Director	110 – 115	0.9	6.3	22.2	-	140 – 145

The full time equivalent salary bandings of those staff that left and started during 2015 were:

Mike Bialyj                      £100,000 to £105,000

## REMUNERATION

### 2014 Remuneration (comparative table)

	SALARY	BENEFITS IN KIND	BONUS	PENSION BENEFITS	REDUNDANCY	2014 TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000
<b>William Burton</b> – Interim Chief Executive (contract ended on 7 April 2014)	75 – 80	-	-	4.6	-	80 – 85
<b>Adrian Belton</b> – Chief Executive (appointed with effect from 1 April 2014)	105 – 110	6.5	-	6.4	-	115 – 120
<b>Mike Bialyj</b> – Employer Services Director	100 – 105	9.5	-	9.8	-	120 – 125
<b>Colin Evans</b> – Business Services Director (resigned with effect from 30 June 2014)	55 – 60	1.8	-	6.5	38.1	100 – 105
<b>Steve Geary</b> – Skills Strategy Director (resigned with effect from 30 June 2014)	60 – 65	2.4	-	7.4	29.1	100 – 105
<b>Tony Medawar</b> – Interim Director of Transition (contract ended on 19 December 2014)	80 – 85	-	-	-	-	80 – 85
<b>Stephen Radley</b> – Policy and Strategic Planning Director (appointed with effect from 6 May 2014)	70 – 75	1.3	-	3.9	-	75 – 80
<b>Carl Rhymer</b> – Commercial Director (appointed with effect from 28 July 2014)	40 – 45	0.5	-	2.4	-	45 – 50
<b>Nicola Thompson</b> – Communications and Change Director (resigned with effect from 30 June 2014)	55 – 60	1.3	-	1.0	83.0	140 – 145
<b>Andy Walder</b> – NCC Principal	110 – 115	2.0	-	14.3	-	125 – 130
<b>Sarah Beale</b> – Chief Financial Officer and Corporate Performance Director	105 – 110	0.8	5 – 10	20.5	-	140 – 145

Salary includes gross pay, payments in lieu of car and luncheon allowance.

Benefits in kind include the use of allocated cars, flexible benefits (including critical illness cover and dental insurance) and medical insurance.

For members of defined benefit pension schemes the value of pension benefits accrued in the year is calculated as the real increase in pension multiplied by 20 less the contributions made by the individual. For members who accrue only defined contribution pension benefits the value represents the total of employer contributions paid in respect of the individual.

### Pension benefits

	REAL INCREASE IN PENSION AT NORMAL RETIREMENT DATE	TOTAL ACCRUED PENSION AT NORMAL RETIREMENT DATE AS AT 31 DEC 2015	CASH EQUIVALENT TRANSFER VALUE AS AT 1 JAN 2015	REAL INCREASE IN CASH EQUIVALENT TRANSFER DURING THE YEAR	CASH EQUIVALENT TRANSFER VALUE AS AT 31 DEC 2015
	£'000	£'000	£'000	£'000	£'000
<b>Adrian Belton</b>	-	-	31	41	72
<b>Mike Bialyj</b>	0 – 2.5	25 – 30	483	9	495
<b>Carl Rhymer</b>	-	-	6	8	14
<b>Steve Radley</b>	-	-	7	10	17
<b>Andy Walder</b>	0 – 2.5	20 – 25	368	52	422
<b>Sarah Beale</b>	0 – 2.5	15 – 20	188	41	229

### Comparison of median pay to highest earner's remuneration

CITB is required to disclose the relationship between the remuneration of its highest-paid director and the median remuneration of the organisation's workforce (based on full time equivalents).

	2015	2014
Highest earning executive director's total remuneration (£'000)	145 – 155	145 – 155
Median total remuneration (£'000)	25 – 30	25 – 30
Ratio of median remuneration to remuneration of highest earning executive	5.1	5.2

#### James Wates

Chair  
28 April 2016

#### Adrian Belton

Chief Executive  
28 April 2016





## REMUNERATION



*Individual remuneration for directors and key management personnel is reviewed annually with regard to external market changes and an assessment of individual performance evidenced by the performance management process.*



# GOVERNANCE



HARROGATE INTERNATIONAL CENTRE

# GOVERNANCE STATEMENT

## The role of the Board and its committees

### How we are structured

CITB was established by The Industrial Training Act (1964) and is classified as a NDPB responsible for supporting the construction industry in Great Britain through leadership in training, skills development and standards. The Board, which is wholly non-executive, is ultimately accountable to Ministerial office and is required to comply with directions of a general nature given by BIS. CITB has been a registered charity since 1972 and thus Board members are charitable trustees who are required to put the interests of beneficiaries above themselves and all others. As a NDPB, Board Trustees are appointed for their skills and experience through a process managed by the Department for Business, Innovation and Skills and the Office of the Commissioner for Public Appointments.

2015 was the first year of the new Board, following reform of the Board governance model. A Board of eight members, rather than 21 as previously, was designed for greater efficiency and agility, with the smaller Board meeting more frequently. The Board of non-executives brings a wealth of experience from a range of backgrounds; the majority of Trustees are in-scope employees, while two trustees are from the wider market of non-construction industries, to improve diversity and breadth of perspective.

*“Good governance is not a ‘tick box’ exercise to satisfy regulatory requirements, nor is it confined to the Boardroom. It is at the heart of our decision-making processes, that manage and control our everyday activities, and is integral to how we seek to best serve our stakeholders”.*

*James Wates, Chairman*

The governance arrangements provide a number of inter-related functions:

- › **Strategic** – to ensure input into the strategy, from the perspective of industry, Governments and other major stakeholders
- › **Tactical** – to help manage challenges and support opportunities
- › **Expertise** – to help shape the delivery of strategy and improve performance
- › **Advisory** – to provide significant input to the evidence base; to contribute a UK wide and international perspective on developments; and to provide current knowledge of construction and the wider built environment
- › **Communication and engagement** – to ensure ambassadorial and advocacy engagement, within the wider industry and Governments
- › **Assurance** – providing the CEO, as Accounting Officer, with assurance that risk management, control and governance processes are appropriate and robust.

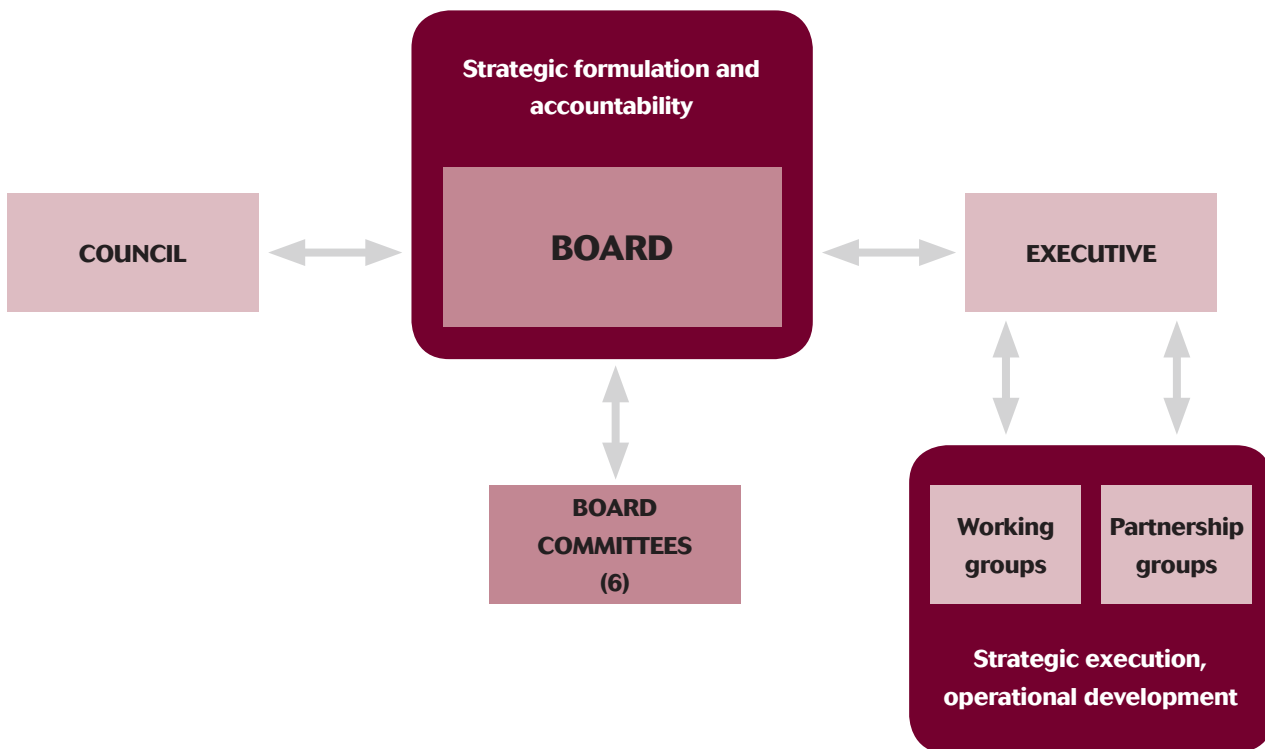
**Matters reserved to the Board and delegated authorities**

The Board has identified certain matters, in relation to policymaking and/or key strategic change, over which only it can approve key decisions. In other matters, responsibilities are delegated to Committees and the CEO. The Committee structure and delegated authorities provides assurance and appropriate challenge to the Board and enables the Executive to undertake effective and transparent decision-making.

**Board Governance**

The Board, in setting strategy and providing leadership and direction, is supported by six committees – Audit and Risk, Appointments and Remuneration, Investment Funding (from January 2016) and three national advisory Committees (England, Scotland and Wales) – and a Council of members drawn from a broad range of industry sectors. The Board does not have a role in day-to-day operational decision-making but it contributes in a meaningful and timely way to strategic management, through good communication with the CEO and Executive Team, and the recognition of differences in role and responsibilities.

**Figure 1: Board Governance**



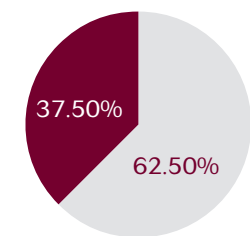
The purpose of the Governance Statement

<b>BOARD</b>	Responsible for shaping CITB's future direction and strategy and accountable for corporate governance. It provides leadership, advice and challenge in the management performance of the organisation.
<b>COUNCIL</b>	Acts as a 'critical' friend to the CITB Board, guiding and supporting by providing insight into industry challenges, across nations, regions and sectors. It furthers CITB's linkages with industry.
<b>AUDIT AND RISK COMMITTEE</b>	Provides assurance to the Board and the Accounting Officer on the risk management and control processes. It is responsible for oversight of financial and reporting processes, including internal and external audit.
<b>APPOINTMENTS AND REMUNERATION COMMITTEE</b>	Responsible for remuneration policy, terms and conditions, Executive pay and packages, and succession planning for appointments to Board, Committees, Council and Executive. It provides assurance to the Board's ability to meet its legislative responsibilities in relation to people.
<b>INVESTMENT FUNDING COMMITTEE (FROM 2016)</b>	Provides assurance to the Board that the Investment Funding Strategy & Policy is applied effectively; it advises on the future direction of funding strategy and oversees an independent appeals system.
<b>ENGLISH COMMITTEE</b>	Acts as a 'think tank' in advising on industry developments and challenges, across regions and sectors in England and with reference to global contexts, as appropriate.
<b>SCOTTISH COMMITTEE</b>	Provides an interface between Scottish Construction stakeholders and CITB, as a means of advising the Board on priorities and developments within Scottish national and regional construction contexts.
<b>CYMRU WELSH COMMITTEE</b>	Advises the Board on the priorities and policies for the construction industry in Wales, as a contribution to the overall CITB Strategic Business Plan.
<b>CEO AND EXECUTIVE</b>	The CEO and Executive team are responsible for the implementation of Board strategy and the management of operational and financial performance, and matters delegated by the Board.

Gender diversity

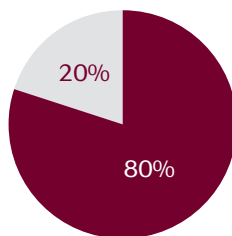
We are making progress in terms of gender diversity, as evident by 62% of women on the Board, but we recognise there is more to do in improving all aspects of diversity.

Board



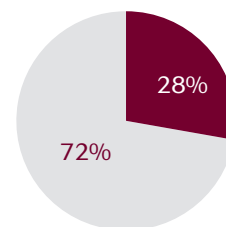
Women 5  
Men 3

Executive



Women 1  
Men 4

Council



Women 5  
Men 13

## BOARD ACTIVITY AND PERFORMANCE

### Board meetings 2015/16

The Board met on seven occasions throughout 2015. Attendance at Board meetings was 95%.

2015

February

March

May

July

September

October

November

### BOARD AND BOARD COMMITTEES

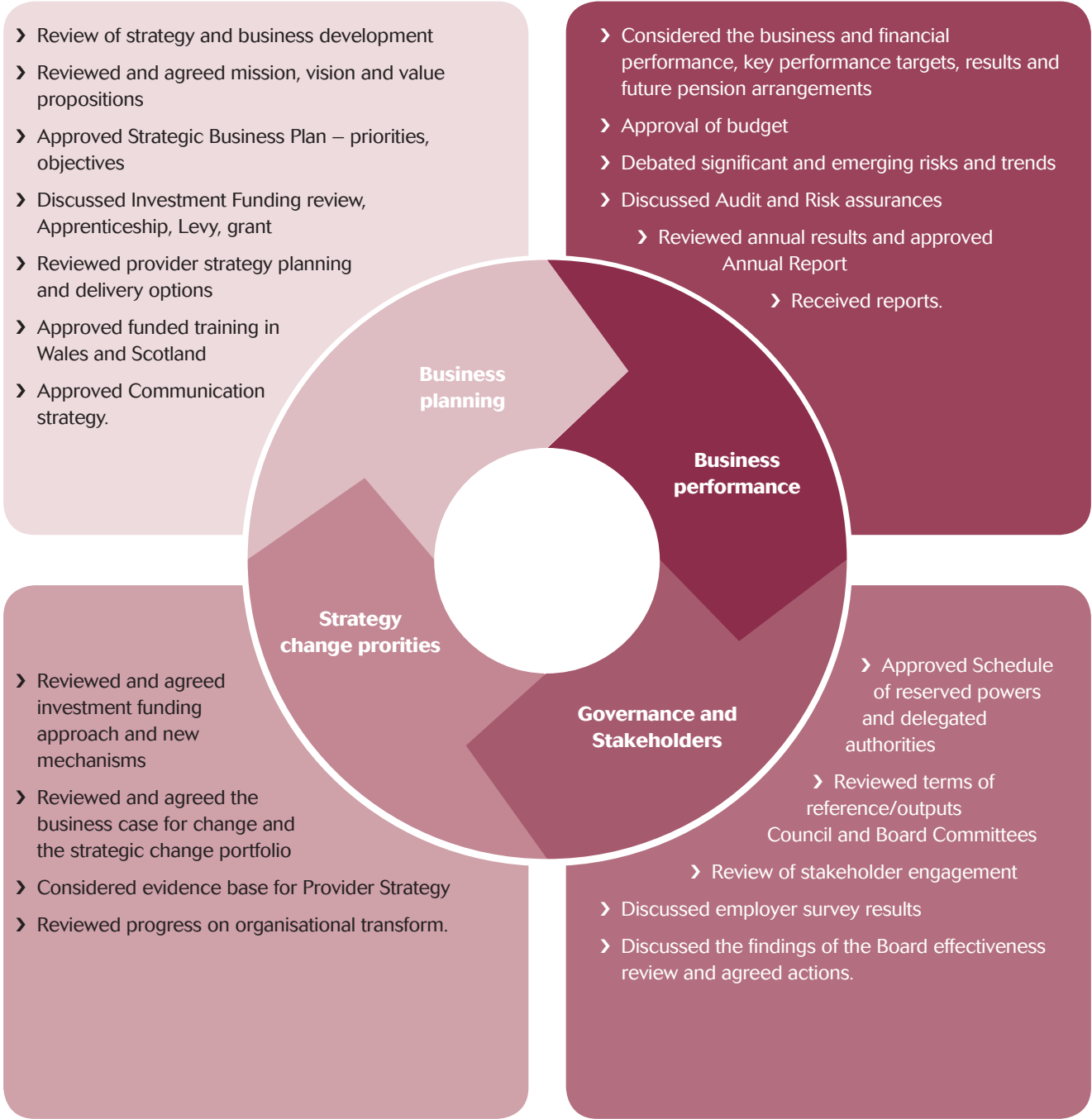
Name	Board ◊	Council ◊	Audit and Risk®	Appointments, Remuneration≠	Investment Funding→	English±	Scottish*	Cymru Welsh∞
James Wates ◊	7/7	3/3						
Maureen Douglas *	7/7	1/3					4/4	1/2
Diana Garnham ®	7/7	1/3	4/4	1/3				
David Harris ∞	7/7	2/3					3/4	2/2
Karen Jones →	7/7			3/3				
Maria Pilfold	7/7	1/3		3/3				
Frances Wadsworth±	5/7	1/3	2/4			2/2		
Ray Wilson ≠	6/7	3/3		3/3		2/2		

Symbols indicate Committee Chair.

As a new Board, there has been some learning and identification of areas for improvement. A survey of Board members' views was carried out at the end of 2015, supplemented by one-to-one interviews carried out by an independent adviser. Overall, there is a high level of confidence in the effectiveness of CITB's governance framework (83%), while members recognise that continuous improvement will help improve the clarity and quality of

communication between Executive and Trustees. The use of a 'buddying system' between Executive members and Trustees, and between Trustees and Council members enables the sharing of expertise and experience, and provides an informal, trusted sounding board outside of formal meetings. Further development of performance and impact measures will help give assurance that CITB is delivering value for money.

**Key areas of Board activity during the year**



### Performance of Board Committees and Council

The Board Committee structure allows for more detailed and specialist examination of issues in more detail for consideration by the Board. Details of the work done by these Committees can be found below.

*2015 Attendance Figures for Board Committees and Council (member details are contained in Appendix A).*

Council	78%
Audit and Risk Committee	87%
Appointments and Remuneration Committee	83%
Investment Funding (from Feb. 2016)	-
English Committee	70%
Scottish Committee	68%
Cymru Welsh Committee	56%

### COUNCIL DISCUSSIONS 2015

MARCH	JUNE	OCTOBER
The 'big picture' – the economic and political landscape	Board and CEO update	CEO presentation, including transform proposals under consultation
Developing and delivering a provider strategy for construction	Customer engagement	Apprenticeship Levy/consultation and strategic planning cycle
	IFR	Council working

### Audit and Risk Committee performance

The Audit and Risk Committee plays a key oversight role for the Board, providing assurance to the Board and the Accounting Officer on systems and effectiveness for governance, risk management, internal controls and financial planning and reporting. The Committee has continued to be busy with an annual cycle of challenge and review, with a focus, during this year of change, on ensuring the independence and effectiveness of the internal and external audit processes, and driving improvements in the organisation's internal control and risk management systems. The Committee has considered a number of new challenges, opportunities and risks arising from both within and outside the business.

#### Committee Chair's commentary

*"The changing business and UK skills environment has caused us to closely align our internal audit to business developments and to monitor the impact on our risk landscape. The pace and scale of the changes required, to ensure the organisation is fit for purpose, are challenging and the committee has worked closely with the executive team to ensure that internal systems and external accountability are appropriate and effective. Macro-economic and political risks, such as the maturing*

*construction cycle, Government proposals and policies, BIS 2020, were considered by the Board as part of its annual review of corporate risk and provide a further layer of uncertainty. More specific and emerging risks were considered by the Committee, including:*

- › *Internal transform of organisation, change governance, cultural shift and resource capacity*
- › *The current judicial review*
- › *Cyber security*
- › *Level of reserves.*

*Committee members bring their own expertise and knowledge from business: the two Trustee members are joined by individuals from the construction sector with financial accounting and audit skills, ensuring the Committee can provide informed oversight and assurance to the Board. Nevertheless, Committee members welcomed additional expertise brought in for detailed discussions, challenge and insight (e.g. legal and financial) as well as the guidance and observations of the NAO."*

**Diana Garnham,**  
Chair of Audit and Risk Committee



**Appointments and Remuneration Committee performance**

The Committee comprises three Trustees and has authorities delegated by the Board. It is responsible for the annual review of employee terms and conditions, pensions, pay awards, and the performance and remuneration of the CEO and Executive team. To support its work, the Committee appointed independent remuneration and pension advisers to inform its decision-making. The focus of activity in 2015 included appointments to Council, annual pay reviews, pension review and developments, people and organisational development, CEO and Executive performance, and review of benchmarking on salary and rewards.

*“Our remuneration policy is matched to strategy and, as part of our overall modernisation agenda, we took the opportunity this year to commence a review of all aspects of our policy, taking account of public and private sector benchmarks. This work will continue through into 2016.”*

**Ray Wilson,**  
Chair of Appointment and Remuneration Committee

**Investment Funding Committee**

This year saw the creation of a new Board Committee to provide assurance to the Board on the delegated matter of funding and grant to industry. The Committee will commence in 2016 and comprise two Trustees and three members with specialist skills and expertise in grant/bid funding and construction skills knowledge. The Committee will provide direction and guidance, within the strategic framework established by the Board, to the team responsible for managing CITB’s Investment Funds. It will review the direction and performance of the Investment Funds established by the Board and ensure that Investment Fund arrangements remain sustainable and affordable.

**Nations’ Advisory Committees**

**English Committee performance**

The Committee, set up in 2015 and chaired by Frances Wadsworth, provides insights and strategic thought on matters relating to industry challenges and opportunities and how industry and CITB might support solutions to address issues. The Committee comprises two trustees and industry members with knowledge and experience of the economic,

political and technological environment that frames future developments for the construction industry across the regions and sectors in England. Discussions covered a wide range of skills and training issues in England considering different priorities in different areas of the country.

**Scottish Committee performance**

The Committee succeeded an existing body (the Scottish Advisory Committee) and in 2015 continued to be chaired by Ed Monaghan who had championed strong linkage across various Scottish stakeholder groups, in order to best serve the training needs of the construction industry in Scotland. He ensured the Advisory Committee was an inclusive group representative of the wider construction industry. CITB would like to thank him for his Chairmanship and commitment.

The new Board Committee, led by Maureen Douglas, Trustee, comprises two Trustees and a range of Scottish stakeholders. The Committee provides an interface between Scottish Construction stakeholders and CITB, as a means to shape and influence national and regional priorities and developments in education (including qualifications), training and skills development, within the Scottish construction and built environment contexts. Discussion included a review of progress on collaborative projects, Apprenticeships, strategic priorities and developments, and skills and training issues in Scotland.

**Cymru Welsh Committee performance**

This committee, chaired by David Harris, met twice in 2015. The Committee succeeded an existing body (the Welsh Construction Skills Group) chaired by Robert Williams, who had built excellent links across the sector in Wales and CITB would like to thank him for his commitment and service as Chair.

The new Board Committee has continued to work within the established framework, which includes regional and sector networks across construction in Wales, and has strong links with the Welsh Assembly and policymakers in Wales. Discussion covered a review of policy and strategic planning in Wales, education careers and qualifications, Government policy and proposals, reports from regional construction forums across Wales and funded training in Wales.

# THE RISKS TO OUR PERFORMANCE: IDENTIFICATION AND MITIGATION

## Risk Management

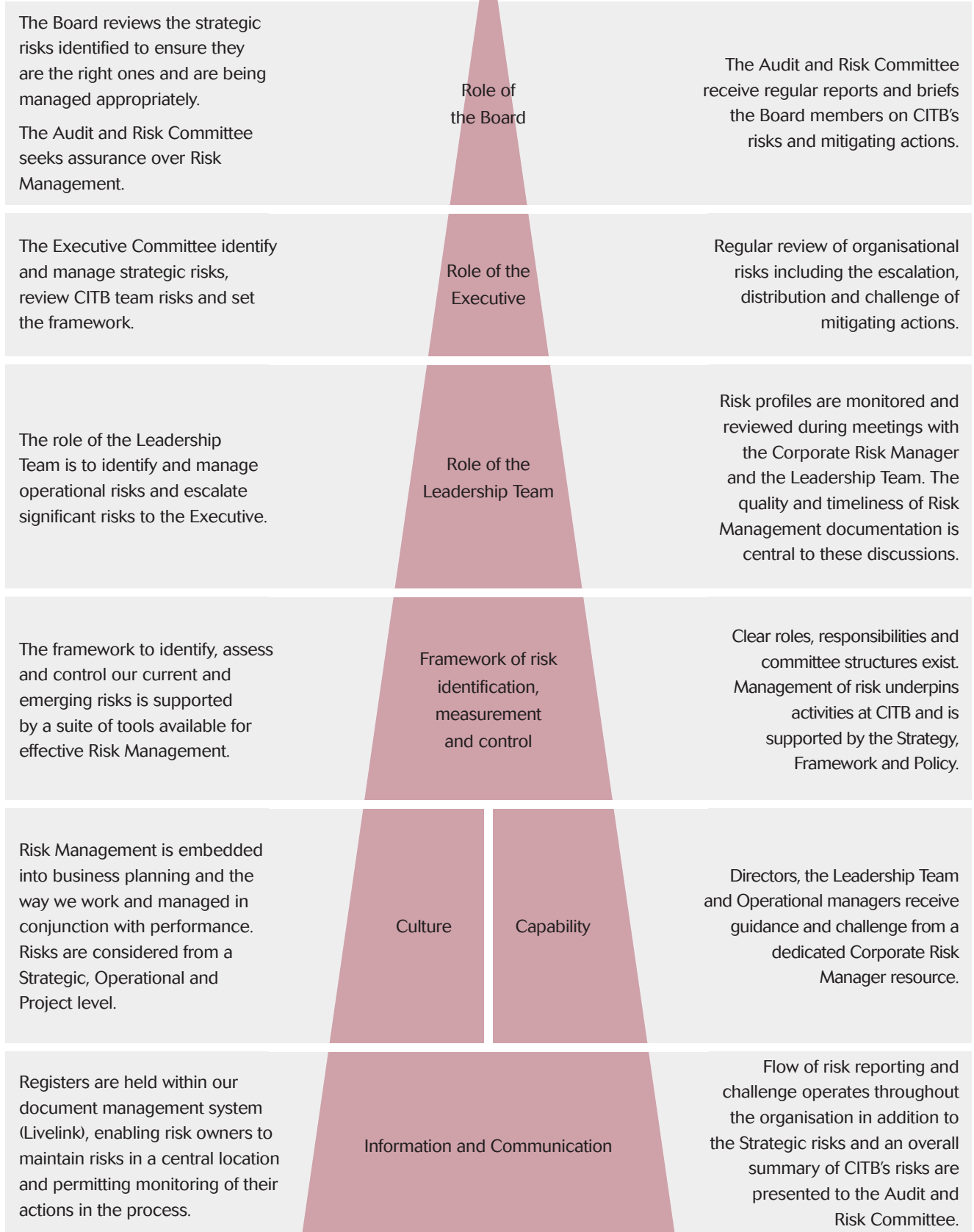
As a registered charity the organisation has a prudent and balanced attitude to risk, placing emphasis on its Risk Management and control framework. The chart below shows the accountability and assurance on the effectiveness of Risk Management at CITB.

### **There are several ways that CITB manages risks, specifically during 2015:**

- › The approach to Risk Management was revised to ensure risks were considered from a strategic, operational and project level and accountability of the risks was appropriate during the transformational changes undertaken at CITB
- › The Risk Management strategy, framework and policy were reviewed by the Executive and the Leadership Team, including existing risks and identification of new risks aligned to strategic objectives
- › The Risk Management framework categorises risks as financial, reputational, strategic, compliance and trading income and is used to set the acceptable tolerance thresholds for risks across the organisation.
- › Risk guidance and definitions of the various business risk appetites are available to colleagues in our document management system
- › Internal Audit reviews the effectiveness of Risk Management.

**Accountability of Risk Management**

**Assurance of the effectiveness of Risk Management**



## RISK OVERVIEW

The most significant risks faced by CITB are those that could impact on the delivery of our strategic objectives, together with the key mitigating actions, are shown below:

STRATEGIC RISK	MITIGATING ACTIONS IN PLACE
<b>Delivery of required changes</b>	
There is a risk to the size, complexity and pace of change through CITB, which could lead to damage to our reputation, Strategic Objectives and priorities missed or not achievable.	<ul style="list-style-type: none"> <li>› Creation of PMO Level governance to manage the programme and resource effectively.</li> </ul>
<b>Level of reserves and inappropriate use of funds</b>	
There is a risk we are challenged on ineffective and inappropriate use of reserves/funds, impacting on a planned and managed process to deliver best results for Industry.	<ul style="list-style-type: none"> <li>› Instruments to measure and predict levels of reserves</li> <li>› Greater control analysis of funding</li> <li>› Investment Funding Review to re-prioritise spending and future-proof reserves.</li> </ul>
<b>Fraud</b>	
Weak automated controls, increased scrutiny and charity requirements could impact on CITB being exposed to fraudulent activities, severely damaging the reputation of the organisation.	<ul style="list-style-type: none"> <li>› Monitor impact on quality assurance, fraud exposure, and financial controls, through external and internal input</li> <li>› Dedicated fraud investigator and a third party to identify and prevent potential fraud</li> <li>› Dedicated helpline.</li> </ul>
<b>Trading activity</b>	
A lack of clarity on charitable-commercial policy, could impact on achieving a balance of Levy-charitable trading and the retention strategy for the delivery of the strategic plan.	<ul style="list-style-type: none"> <li>› Maintenance of trading activities through a business model with clearer transparency and intent on Levy-charitable trading.</li> </ul>
<b>Challenges to Levy Order</b>	
Following Levy simplification there is a risk employers could raise a legal challenge of the Levy Order.	<ul style="list-style-type: none"> <li>› Significant consultation and research carried out prior to Levy</li> </ul>
INB – Any challenge would actually be to the Department of BIS	<ul style="list-style-type: none"> <li>› Changes have the support of industry and consensus federations</li> <li>› Experienced Levy teams around the Business, Appeals and Legal Team reporting into the Head of Business Support</li> <li>› Ongoing regular communication with employers and federations.</li> </ul>
<b>Large Firm Apprenticeship Levy</b>	
There is a risk to CITB's operating model and reputation because of the proposal by Government to introduce a 'Large Firm Apprenticeship Levy'.	<ul style="list-style-type: none"> <li>› Engaging at ministerial level</li> <li>› Developed and gained support for a hybrid Levy</li> <li>› Head of Apprenticeships is supporting BIS with 'future thinking' on Apprenticeships</li> <li>› Review alongside IFR to understand future effect on grant.</li> </ul>
<b>State Aid</b>	
There is a risk of challenge on the independence to the way funding (including Grant) is provided on the basis CITB is seen as an extension of a State Aid Body and is unable to operate without mandate or intervention from state.	<ul style="list-style-type: none"> <li>› Provision for specialist legal resource to provide advice and guidance on State Aid legislation.</li> </ul>

**Internal Audit Opinion**

The Internal Audit team, working to Public Sector Internal Audit Standards, focused on areas of control and risk considered 'core' to the system of internal control; areas of known development needs and areas of low assurance and high risk. An Annual Report, summarising the work undertaken and containing the Head of Internal Audit Opinion was presented to the Committee, which stated that the quality of internal control, governance and Risk Management at the end of 2015 was 'Satisfactory' – in that 'isolated areas of control weaknesses were identified which, whilst not systematic, put some business objectives at risk'. This is based on delivery of the 2015 plan of work across activities, and inputs from Risk Management activity and governance arrangements.

Statement by Accounting Officer,

**Adrian Belton**

**Current Control Challenges**

Risk Management is integral to business planning and performance monitoring, and building Risk Management and wider assurance capability, is part of our governance. Our system of internal control is designed to manage risk to a reasonable level, to evaluate the likelihood of those risks being realised, the impact should they be realised, and to manage them efficiently, effectively and economically. We seek to manage risk by regular oversight and scrutiny, at corporate and team level, and with effective assurance from the Audit and Risk Committee. The system of internal control has been in place for the year ended 31 December 2015 and, working to Public Sector Internal Audit Standards, accords with Treasury guidance.

A number of specific sources contribute to my annual review of these risks, including:

- Annual Accountability Statements from each member of the executive and senior managers, outlining the governance, risk and control arrangements in their business areas
- Reports and recommendations from the Audit and Risk Committee
- The Head of Internal Audit's annual opinion to me, as Accounting Officer
- National Audit Office/External auditor reports and recommendations
- External reports on CITB, produced by organisations, for example Triennial Review, OFSTED, OFQUAL
- Legislative and regulatory guidelines, including those relating to charitable status, state aid, tax arrangements.

**Organisational Transformation**

We recognised that we needed to more effectively manage our people, linking our immediate needs to our longer-term vision. The Board has also been alerted throughout the year to the potential risks stemming from the delivery of the organisational restructure at the senior and middle levels within CITB, in particular ensuring engagement of staff throughout this period of change.

During the year, systems development focused on key strategic change projects to enhance the capability to support the business in the future. The large number of projects threatened resource capacity for business continuity and re-prioritisation took place. Management of project risks are reported through the Risk Management framework. In addition, the operational issues with the finance system, implemented in 2012, remained but are not considered to be significant; a focus on action planning and progress monitoring led to significant progress being made.

The Triennial Review, undertaken in 2014, sets out the Government's view of CITB and how it should operate. We engaged closely with BIS throughout the process to ensure that the Review team consulted appropriately with the industry and gained a balanced understanding of current working arrangements. Publication of the report in December 2015, allows us to integrate the findings into our business planning and transform.

**Our approach to data security**

Being transparent in our work is vital to ensure the fairness and accountability of CITB. To achieve our aims effectively and efficiently, CITB collects and makes use of personal information about individuals, such as employers, employees and applicants for posts, suppliers and apprentices.

We are committed to protecting the rights and freedoms of individuals in respect of the processing of their personal data, and undertake to comply with our obligations and responsibilities under the Data Protection Act 1998 at all times.

We routinely review systems and processes for handling data securely against revised Government guidelines and to ensure we continue to meet best practice. We follow Cabinet Office guidance in relation to incidents involving protected personal data, and as such are required to publish information about any serious data-related incidents, which have to be reported to the Information Commissioner. There were none in 2015.

Incidents that did not require reporting to the Information Commissioner were recorded internally and are set out in the table below. Small, localised incidents are not included in these figures.

NATURE OF INCIDENT	TOTAL
Incorrect transmission of personal data	3
Disclosure of personal data on their Twitter account	1
Theft of protected electronic equipment in household burglary	1
Postal loss of paper documents containing personal documents	1

#### Our approach to whistle-blowing

We are committed to achieving and maintaining high standards of behaviour at work, in service to the public, and in all our working practices, and to maintaining a culture where people are encouraged to speak out, confident that they can do so without adverse consequences and be confident that appropriate action will be taken. Our arrangements for managing whistle-blowers have been reviewed by the Audit and Risk Committee. There were no whistle-blowing incidents in 2015.

#### Register of interests

As a Non-Departmental Public Body (NDPB), CITB is accountable to the Secretary of State for Business, Innovation and Skills and must abide by principles of regularity and propriety, ensuring that its work is not adversely impacted by a conflict of interest.

Board Trustees, Council and Board Committee members and Executives are required to complete a declaration of any interests. No significant company directorships or other interests were held by members that conflicted with their role and responsibilities.

#### Maintaining stakeholder support

To continue to meet industry expectations CITB must maintain support from a range of stakeholders. We liaise with industry at all levels and link with federations, trades unions and educational bodies in order to gauge industry support for the Levy and to inform business planning and longer-term strategies. Working with Government (for example, BIS, Scottish and Welsh Governments) ensures mutual understanding and alignment of policies and goals.

In 2015, customer engagement involved a range of stakeholder events, consultative groups and forums, stakeholder surveys and an independent survey of employers' attitudes.

We are required to seek consensus from industry for our role as an Industrial Training Board in collecting the Levy for use in incentivising and supporting industry in training. (Information on how the Levy is used to fund training and skills development can be found in the Finance section of the report on page 77). The Levy order is for three years and was passed by Parliament in 2014. Government proposals on the Apprenticeship Levy and Apprenticeship reform has created many uncertainties with concerns expressed from industry. In 2016 we will be increasing our engagement with employers and Governments in England, Scotland and Wales on the potential impact of these changes.

#### Conclusion

As Accounting Officer, I am satisfied that the governance arrangements that I have put in place are sufficient to continue managing these risks effectively. This is informed by the work of executive managers and internal auditors within the organisation, who are responsible for developing and maintaining the governance structures and internal control framework, and comments made by the external auditors in their management letter and other reports. The Governance Statement represents the end product of the review of the effectiveness of the governance framework, risk management and internal control.

Based on the review I have outlined above, I conclude that CITB has a satisfactory system of governance, Risk Management and internal control that supports the aims and objectives of the organisation.

#### Adrian Belton

Accounting Officer  
28 April 2016

Acknowledged on behalf of the Board

#### Diana Garnham

Chair of the Audit and Risk Committee  
28 April 2016

# BOARD COMMITTEES AND COUNCIL MEMBER ATTENDANCE

## APPOINTMENTS AND REMUNERATION COMMITTEE 83%

Ray Wilson	3/3
Diana Garnham	1/3
Karen Jones	3/3
Maria Pilfold	3/3
<b>Total</b>	<b>10/12</b>

## AUDIT AND RISK COMMITTEE 88%

Diana Garnham	4/4
Hugh Hunter	4/4
Chris Richardson	3/3
Frances Wadsworth	2/4
Kevin Fitzpatrick	1/1
<b>Total</b>	<b>14/16</b>

## COUNCIL 75%

James Wates	4/4
John Allott	2/4
Carole Bailey	4/4
John Bailey	3/4
Kevin Bennett	4/4
Gary Bishop	2/4
Sarah Bowers	3/4
Bob Collins	3/4
Gareth Davies	4/4
Ian Dickerson	4/4
Phillip Hall	3/4
Rebecca Hartshorn	3/4
Malcolm Horner	3/4
Huw Jones	4/4
John Lorimer	3/4
Ed Monaghan	0/3
Jo Pottinger	3/4
Rob Tansey	3/4
Alison Watson	4/4
Robert Williams	1/4
Mark Wusthoff	3/4
<b>Total</b>	<b>63/84</b>

## ENGLISH COMMITTEE 70%

Frances Wadsworth	2/2
Ray Wilson	2/2
Debbie Akehurst	1/2
Debbie Aplin	2/2
Caroline Blackman	1/2
Ian Dickerson	2/2
Stuart Green	2/2
Richard Hardy	1/2
Steve Hindley	0/2
Richard Hulland	2/2
Chris Jones	2/2
Lucy Jones	0/2
Hannah O'Sullivan	2/2
Liz Stokes	1/2
Andrew Wall	1/2
<b>Total</b>	<b>21/30</b>

## SCOTTISH COMMITTEE 68%

Maureen Douglas	4/4
Gordon Nelson	4/4
Vaughan Hart/Paul Mitchell	4/4
Philip Hogg	3/4
Grahame Barn	4/4
Douglas Anderson	3/4
John McKinney	4/4
Stewart Lyon	0/4
Donald McDonald	2/4
Ian Rogers	2/4
Neil Baxter	0/3
Malcolm Horner	3/4
Colin Tennant	2/2
Stewart McKillop	3/4
Iain Morrison	0/4
Harry Frew	1/4
Billy Scott	3/4
Sharon Drysdale	1/1
Ed Monaghan	4/4
David Harris	3/3
<b>Total</b>	<b>50/73</b>

**WELSH COMMITTEE 45%**

David Harris	3/3
Maureen Douglas	1/3
Nick Blundell	3/3
Chris Chapman	3/3
Gareth Davies	3/3
Anthony Davies	3/3
Andrew Evans	2/3
Martyn Evans	0/3
Trevor Francis	1/3
Lisa Garfield	0/3
Ifan Glyn	3/3
Mark Harris	0/3
Richard Heaton	0/3
Dafydd Hughes	2/3
Jon James	1/3
Keith Jones	1/1
Owain Jones	2/3
Rhodri-Gwynn Jones	1/3
Richard Price	0/3
Paul Senior	2/3
Ann-Marie Smale	1/3
Anthony Thomas	1/3
Iwan Thomas	0/3
Joanne Thomas	0/3
Clive Webb	1/3
Ffrancon Williams	1/3
Robert Williams	1/3
Mark Wusthoff	2/3
Chris Wynne	0/3
<b>Total</b>	<b>38/85</b>



# STATEMENT OF THE BOARD AND ACCOUNTING OFFICER'S RESPONSIBILITIES

Under section 8(1) of the Industrial Training Act 1982, the Board is required to prepare for each financial year a statement of accounts in the form and on the basis determined by the Secretary of State for Business, Innovation and Skills (BIS) with the consent of the Treasury.

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

In preparing that statement of account, the Board is required to comply with the relevant requirements of the Government financial reporting manual and in particular to:

- a) Observe the accounts direction issued by the Secretary of State for BIS, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis.
- b) Make judgements and estimates on a reasonable basis.
- c) State whether applicable accounting standards as set out in the Government FReM have been followed, and disclose and explain any material departures in the Financial Statements.
- d) Prepare the Financial Statements on a going concern basis unless it is inappropriate to presume that CITB will continue in operation.

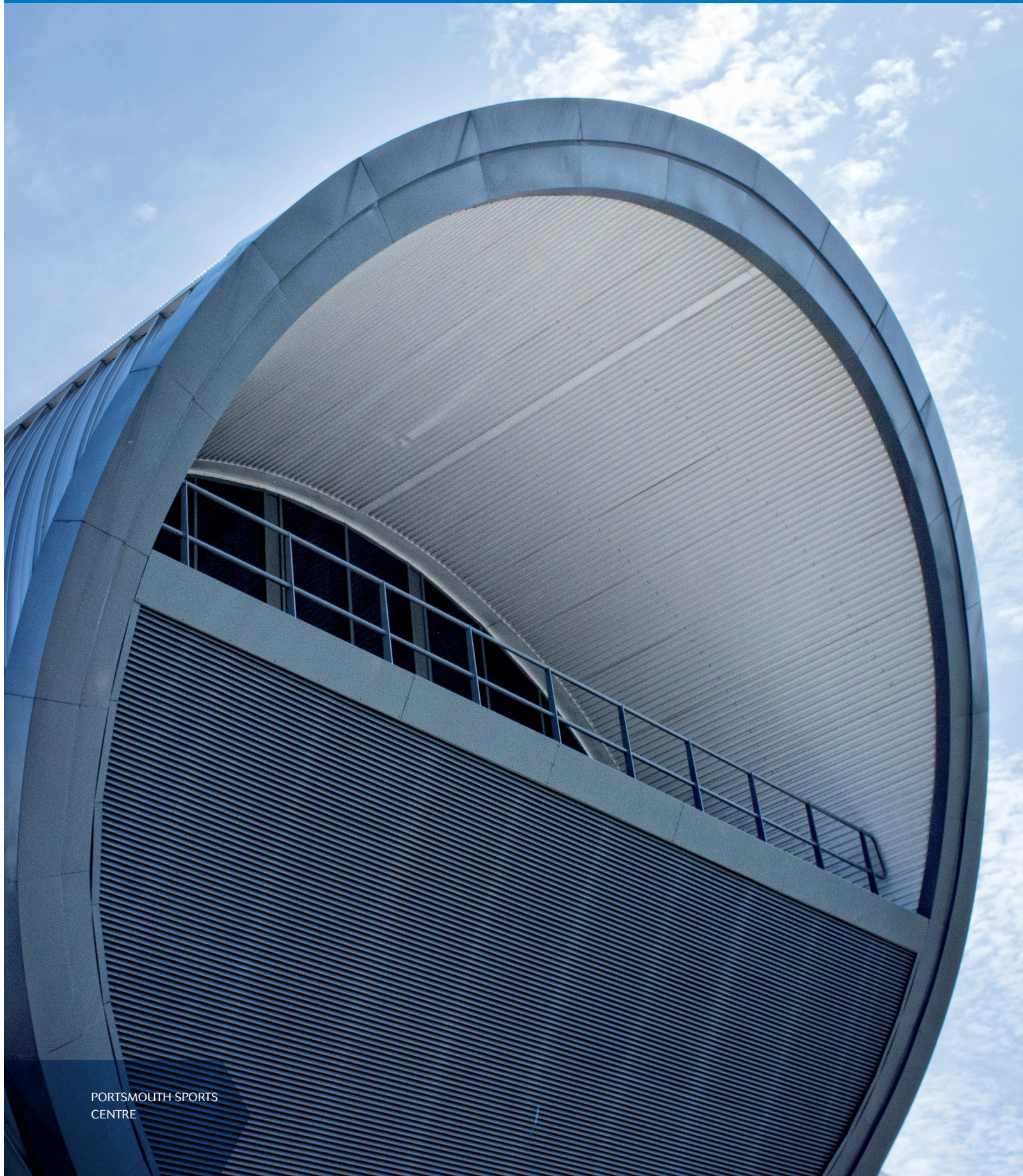
The Accounting Officer for the Department of BIS has designated the Chief Executive of CITB as Accounting Officer for CITB. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding CITB assets, are set out in Managing Public Money published by the HM Treasury.

Approved by the Board on 26 April 2016 and signed on its behalf by:

**James Wates, CBE** Chairman  
28 April 2016

**Adrian Belton** Chief Executive  
28 April 2016

# FINANCIAL PERFORMANCE



PORTSMOUTH SPORTS  
CENTRE

# CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT

I certify that I have audited the financial statements of CITB for the year ended 31 December 2015 under the Industrial Training Act 1982. The financial statements comprise the Statement of Financial Activities, the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

## Respective responsibilities of the Board, Accounting Officer and auditor

As explained more fully in the Statement of the Board and Accounting Officer's Responsibilities, the Board 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. My responsibility is to audit, certify and report on the financial statements in accordance with the Industrial Training Act 1982. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

## Scope of the audit of the financial statements

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.

This includes an assessment of whether the accounting policies are appropriate to CITB's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by CITB, and the overall presentation of the financial statements.

In addition, I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

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

## Opinion on regularity

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

## Opinion on financial statements

In my opinion:

- The financial statements give a true and fair view of the state of CITB's affairs as at 31 December 2015 and of its incoming resources and resources expended 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 other matters

In my opinion:

- The part of the Remuneration Report to be audited has been properly prepared in accordance with the Secretary of State directions made under the Industrial Training Act 1982; and
- The information given in the sections headed Our Leadership, Measuring Performance, Financial Performance and Appendix B: Register of Interests of Board Members 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 part of the Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- › I have not received all of the information and explanations I require for my audit; or
- › The Governance Statement does not reflect compliance with HM Treasury's guidance.

### Report

I have no observations to make on these financial statements.

#### **Sir Amyas C E Morse**

Comptroller and Auditor General  
11 May 2016

#### **National Audit Office**

157–197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP

## FINANCIAL STATEMENTS

## Statement of Financial Activities for the Year Ended 31 December 2015

	Notes	2015	2014
[UNRESTRICTED FUND]			(restated)
INCOME		£'000	£'000
Income from charitable activities			
Non-Levy income			
Charitable Trading		106,787	94,601
Training and Development		37	39
Strategic Leadership		539	265
Industry Engagement		6	29
Image and Recruitment		87	110
Running the Business		101	160
Government and other public authorities	3	6,082	5,360
Total non-Levy income		113,639	100,564
Levy income	4	182,810	161,126
Income from other trading activities			
Income from Investments		1,754	2,158
Other Income	5	116	116
		298,319	263,964
EXPENDITURE			
Expenditure on raising funds		49	43
Charitable activities			
Grants	6, 7	137,606	130,851
Charitable Trading		92,759	83,017
Training and Development		1,321	1,906
Strategic Leadership		19,926	15,925
Industry Engagement		4,832	6,393
Image and Recruitment		3,013	3,512
Running the Business		35,812	33,121
Levy collection and grant processing costs		5,701	5,053
Expenditure on charitable activities	8	300,970	279,778
Non charitable activities	5	99	112
Realised loss on Investments		476	225
Unrealised loss/(gain) on investments	14	616	(339)
<b>Total expenditure</b>		<b>302,210</b>	<b>279,819</b>
<b>Net (expenditure)</b>	18	<b>(3,891)</b>	<b>(15,855)</b>
<b>Other gains and losses</b>			
Realised gain on sale of freehold property		38	-
Gain/(loss) on revaluation of freehold property	11	52	(29)
Transfer from restricted funds		-	(119)
<b>Net movement in unrestricted funds</b>	18	<b>(3,801)</b>	<b>(16,003)</b>
Accumulated unrestricted fund at 01 January	18	97,331	113,334
<b>Accumulated unrestricted fund at 31 December</b>	18	<b>93,530</b>	<b>97,331</b>
[RESTRICTED FUND]			
Incoming resource – NCC East development fund		-	(119)
<b>Accumulated restricted fund at 01 January</b>		-	-
<b>Net movement in restricted funds</b> – transfer to unrestricted funds	18	-	119
<b>Accumulated restricted fund at 31 December</b>		-	-
<b>Accumulated funds at 31 December</b>	18	<b>93,530</b>	<b>97,331</b>

The above results include all recognised gains and losses and are derived from continuing activities. The notes 1–29 on pages 77 to 98 form an integral part of these accounts. The 2014 comparatives have been reclassified as detailed in note 2 to these accounts.

**Balance Sheet as at 31 December 2015**

	Notes	<b>2015</b>		<b>2014</b>	
		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>FIXED ASSETS</b>					
Tangible assets	11		<b>13,136</b>		14,994
<b>CURRENT ASSETS</b>					
Debtors	12, 16	<b>59,838</b>		31,070	
Properties held for sale	13	-		400	
Investments	14, 16, 20	<b>85,333</b>		107,072	
Cash at bank	16, 20	<b>6,070</b>		5,755	
		<b>151,241</b>		<b>144,297</b>	
<b>CREDITORS</b>					
Amounts falling due within one year	15, 16	<b>(66,896)</b>		(61,738)	
Net current assets			<b>84,345</b>		82,559
Total assets less current liabilities			<b>97,481</b>		97,553
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>					
	17		<b>(3,951)</b>		(222)
<b>NET ASSETS</b>					
			<b>93,530</b>		97,331
<b>FINANCED BY</b>					
<b>Accumulated fund</b>	18		<b>93,530</b>		97,331

The notes 1–29 on pages 77 to 98 form an integral part of these accounts.

Approved by the Board on 26 April 2016  
and signed on its behalf by:

Chief Executive  
**Adrian Belton**

## Statement of Cash Flows for the Year Ended 31 December 2015

	Notes	2015	2014
		£'000	£'000
<b>Cash flows from operating activities</b>			
Net expenditure		(3,891)	(15,855)
Income from investments		(1,754)	(2,158)
Depreciation charges	10, 11	1,750	1,350
Profit on sale of tangible fixed assets		(5)	(162)
Realised loss on disposal of fixed assets	11	1,881	1,223
Realised loss/(gain) on investments	14, 16	616	(339)
Impairment of assets	11	(52)	29
(Increase)/decrease in debtors		(28,667)	18,924
Increase in creditors and provisions		9,050	1,787
<b>Net cash (outflow)/inflow from operating activities</b>		<b>(21,072)</b>	<b>4,799</b>
<b>Cash flows from investing activities</b>			
Interest received on investments	19	2,144	2,845
Payments to acquire tangible fixed assets	19	(1,893)	(1,432)
Receipts from sales of tangible fixed assets	19	13	219
Capital grant receipts	19	-	(119)
Proceeds from sale of investments	19	114,024	228,333
Purchase of investments	19	(92,901)	(224,458)
<b>Net cash inflow from investing activities</b>		<b>21,387</b>	<b>5,388</b>
<b>Increase in cash and cash equivalents</b>	20	<b>315</b>	<b>10,187</b>
<b>Cash and cash equivalents at 01 January</b>	20	<b>5,755</b>	<b>(4,432)</b>
<b>Cash and cash equivalents at 31 December</b>	20	<b>6,070</b>	<b>5,755</b>

The notes 1–29 on pages 77 to 98 form an integral part of these accounts.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

## 1. ACCOUNTING POLICIES

### Going concern

These accounts are prepared on a going concern basis due to the fact that net current assets are in excess of the minimum level set by UK Government.

### Accounting convention

The Financial Statements are prepared in accordance with the Industrial Training Act 1982 and directions made thereunder by the Secretary of State for BIS. This is the first year that the accounts have had to comply with the requirements of Accounting and Reporting by Charities: Charities SORP (FRS 102). It has resulted in amendments to the format and disclosure of the Statement of Financial Activities (SoFA) and Statement of Cash Flows. This has also resulted in changes in the accounting treatment of certain expenditure that has meant a restatement of prior year charitable income and expenditure.

The accounts also follow the disclosure requirements of the 2014–15 Government Financial Reporting Manual (FReM) and also provide additional disclosure going beyond the requirements of the Charities SORP (FRS 102).

These accounts are prepared under the historical cost convention as modified to reflect the revaluation of fixed assets and investments. Debtors and creditors are shown at face value as any impairment is covered by provisions.

## Income

### Levy

Levy income is that receivable from assessments based on the employment details returned by employers, with an estimate for those from which employment details have not been received. Estimated assessment income is reduced by a provision for reassessments, based on historical trends, to allow for their normal write down in value following the receipt of a Levy Return declaring actual direct employment and labour-only subcontract payments. A provision for bad debts, based on identified doubtful debts, prior years' experience and the economic state of the industry, is also applied against Levy debts and both the movement in the provision between 1 January and 31 December and the actual bad debts written off in the year are set off against Levy income. Levy Assessments are recognised in the SoFA in the period in which they are raised.

### Government and other public authorities

Government grants received are recognised in the SoFA so as to match them with the expenditure towards which they are intended to contribute, which may give rise to deferred income for grants received in advance of expenditure incurred.

### Activities

Income is allocated to the activities either directly or apportioned by staff time spent. Income in respect of all activities is accounted for on an accruals basis except for Image and Recruitment where income from output-related funding is included in the period in which the trainee attains the specified achievements. Income may also be received in advance of goods and services being delivered, which is treated as deferred income.

### Investment income

Income from investments is included in the SoFA on an accruals basis.

## Expenditure

### Grants

The charge in the SoFA consists of the training grants paid during the year together with an estimate of the liability for unpaid grants for the period and any adjustments to accruals made in earlier years. Grants are considered to be legally binding when the terms have been agreed by both parties.

### Activities

The costs of activities are allocated to each activity either directly or apportioned by staff time spent. The charges in the SoFA are recognised on an accruals basis. The Image and Recruitment activity includes payments in relation to New Entrant Training made during the year together with an estimate of the liability for unpaid course fees for the period.

### Leasing

Rentals paid under operating leases are charged in the SoFA on a straight line basis over the lease term.

### Allocation of expenditure

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

- › Cost of generating funds – direct
- › Charitable and non-charitable activities – direct and by staff time
- › Governance costs – direct and by staff time, including the costs of Board and committees, Internal Audit, Business Planning, Legal, Finance and Audit fees.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

**Other recognised gains and losses****Realised on investments**

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

**Unrealised on investments**

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

**Assets****Estimation techniques**

Levy debtors represent the estimated recoverable amounts of unpaid Levy Assessments having taken account of provisions for bad debts and for reassessing estimated assessments following the late receipt of Levy Returns. CITB only writes off Levy debts when it has evidence that an employer has become insolvent, ceased to trade, is dissolved or, CITB having made all reasonable efforts to locate the debtor, is untraceable.

**Tangible fixed assets**

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

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

## Freehold buildings

- 50 years (permanent buildings)
- 20 years (improvements and temporary buildings)
- Nil (buildings under construction)

Leasehold land and buildings – The lease term

Plant and machinery – 5 to 10 years

Office equipment – 4 to 10 years

Computer equipment – 4 years

Freehold properties are fully revalued every five years and reviewed annually. All tangible fixed assets are subject to an annual impairment review.

**Properties held for sale and investments**

Properties held for sale and investments are stated at market value at the balance sheet date. Investments are considered to be liquid resources as they are all redeemable on demand. Bonds, equities and cash are held at market value. Managed funds are valued at a price provided by the third party investment manager.

**Liabilities****Estimation techniques**

Grant creditors: Amounts payable in relation to the Grants Scheme are performance-related and are therefore recognised as resources expended to the extent that the recipients of the grants have provided the specified services as at year-end. Training Plan grant claims not yet received are accrued for on the basis of historical payment patterns adjusted for any known changes in circumstances. Accruals for apprentice grant claims are based on the number of new entrant trainees known to have been enrolled on the scheme. As the Grants Scheme runs from 1 August to 31 July, all other grant claims for the period from 1 August to 31 December each year are accrued at the year-end on the basis of 5/12ths of the annual forecast expenditure for the Grants Scheme year, less payments made, as this is considered to best reflect the recipients' delivery of the specified services.

College fee creditors: Amounts payable in relation to college fee invoices are calculated on the basis of known learners' records. College fees relating to students whose details have not yet been received are accrued for on the basis of historical payment patterns adjusted for any known changes in circumstances.

**Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments are classified in the following categories: loans and receivables, available-for-sale and other financial liabilities. CITB's financial instruments are not considered to be held-to-maturity investments, nor does CITB hold financial assets or liabilities expressly for trading purposes. Material classes of financial instruments are separately identified under these categories in the notes to the accounts.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

### Loans and receivables

Loans and receivables' financial instruments are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, for example trade debtors and deposits held in banks. Subsequent to initial recognition, these assets are carried at cost less impairment where material.

### Available-for-sale

'Available-for-sale' financial instruments are non-derivatives that are either designated in this category or not classified in any of the other categories. CITB's investments are considered to fall within this category. Subsequent to initial recognition these assets are recorded at fair value, with any realised and unrealised gains or losses reflected in the SoFA.

### Provisions

Provisions are made for dilapidations on leasehold properties to represent a provision for estimated settlements with landlords on the expiry of leases over the next seven years. The estimations are based on previous financial experience.

### Other financial liabilities

Other financial liabilities' financial instruments are short-term creditors.

### Other

#### VAT

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

#### Pensions

CITB is a participating employer in the ITB Pension Funds, a multi-employer defined benefit scheme. In accordance with the provisions of FRS 102 relating to multi-employer schemes, the scheme has been accounted for as a defined contribution scheme, as the proportion of assets and funding level attributable to CITB are not separately identified. Costs related to the pension scheme are shown within the SoFA in the period to which they relate.

### Reserves

Reserves are required to cover exposure to delays in income receipts and acceleration of grants and costs that are outside the control of CITB and to ensure continuity of funding to the construction industry.

A risk-based formula, as agreed with the UK Government, is used to calculate an appropriate year-end target level of reserves, which is measured against net current assets. Actual net current assets should fall within the range of plus or minus 5% of the agreed target. A variety of other factors are also considered when agreeing the target level of reserves, including but not limited to, agreements with the ITB Pension Funds, capital requirements and working capital requirements.

The unrestricted fund is available for use at the discretion of the Board in furtherance of the general objectives of the charity. Restricted funds are those funds that have been received for a particular purpose and may not be used for any other.

NOTES TO THE FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)**2. RESTATEMENT OF PRIOR YEARS' NON-LEVY INCOME AND EXPENDITURE ON CHARITABLE ACTIVITIES**

The activities that CITB undertakes in support of the industry have been re-defined during 2015 in order to realign our strategic priorities. The revised activities are explained in detail on pages 12 and 13 of the Financial Report. The table below shows the reconciliation from the 2014 audited SoFA to the restated comparatives in the SoFA on page 74.

INCOME (PREVIOUS ACTIVITY)	TOTAL	GRANTS	CHARITABLE TRADING	TRAINING AND DEVELOPMENT	STRATEGIC LEADERSHIP	INDUSTRY ENGAGEMENT	IMAGE AND RECRUITMENT	RUNNING THE BUSINESS	GOVERNMENT AND OTHER PUBLIC AUTHORITIES	LEVY COLLECTION AND GRANT PROCESSING COSTS
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Charitable Trading	82,392	-	82,392	-	-	-	-	-	-	-
Training and Development	12,185	-	12,183	-	2	-	-	-	-	-
Strategic Leadership	302	-	-	39	263	-	-	-	-	-
Industry Engagement	55	-	26	-	-	29	-	-	-	-
Image and Recruitment	110	-	-	-	-	-	110	-	-	-
Running the Business	160	-	-	-	-	-	-	160	-	-
Government and other public authorities	5,360	-	-	-	-	-	-	-	5,360	-
<b>Total non-Levy income</b>	<b>100,564</b>	<b>-</b>	<b>94,601</b>	<b>39</b>	<b>265</b>	<b>29</b>	<b>110</b>	<b>160</b>	<b>5,360</b>	<b>-</b>
<b>Expenditure (previous allocation)</b>										
Grants	130,851	130,851	-	-	-	-	-	-	-	-
Charitable Trading	56,180	-	55,428	-	-	-	-	752	-	-
Training and Development	22,821	-	16,809	672	4,636	-	-	704	-	-
Strategic Leadership	9,669	-	-	1,234	7,901	-	-	534	-	-
Industry Engagement	11,238	-	740	-	3,161	6,393	300	644	-	-
Image and Recruitment	4,102	-	-	-	-	-	3,212	890	-	-
Running the Business	56,537	-	10,040	-	227	-	-	46,270	-	-
Levy collection and grant processing costs	5,053	-	-	-	-	-	-	-	-	5,053
<b>2014 total charitable activities</b>	<b>296,451</b>	<b>130,851</b>	<b>83,017</b>	<b>1,906</b>	<b>15,925</b>	<b>6,393</b>	<b>3,512</b>	<b>49,794</b>	<b>-</b>	<b>5,053</b>
<b>Governance costs</b>	<b>1,152</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,152</b>	<b>-</b>	<b>-</b>
<b>FRS 102 Adjustment</b>	<b>(17,825)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(17,825)</b>	<b>-</b>	<b>-</b>
<b>Expenditure on charitable activities</b>	<b>279,778</b>	<b>130,851</b>	<b>83,017</b>	<b>1,906</b>	<b>15,925</b>	<b>6,393</b>	<b>3,512</b>	<b>33,121</b>	<b>-</b>	<b>5,053</b>

NOTES TO THE FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

**3. INCOME FROM GOVERNMENT AND OTHER PUBLIC AUTHORITIES**

	2015	2014
	£'000	£'000
UK Government departments and Skills Development Scotland (SDS)	5,361	3,141
UK Commission for Employment and Skills (UKCES)	721	2,219
	<u>6,082</u>	<u>5,360</u>

No grant-in-aid is receivable by CITB.

**4. LEVY**

	2015	2014
	£'000	£'000
Current year's Levy Assessment receivable	185,233	165,333
Less: provision for bad debts	(4,673)	(4,979)
Net value current year's Levy Assessments	<u>180,560</u>	<u>160,354</u>
Reassessment of previous years' Levy	2,250	772
Net Levy income for the year	<u>182,810</u>	<u>161,126</u>

**5. NON-CHARITABLE ACTIVITIES**

Non-charitable activities represent the income generated from the use of CITB's social and leisure facilities and its related expenditure.

**6. TRAINING GRANTS**

	2015	2014
	£'000	£'000
Paid or offset during the year	133,125	128,916
Less: Accruals brought forward	(34,244)	(32,309)
Add: Accruals for further payments	38,725	34,244
	<u>137,606</u>	<u>130,851</u>
<b>Apprenticeship grants</b>		
Attendance grants	32,402	27,778
Achievement grants	18,289	19,987
	<u>50,691</u>	<u>47,765</u>
Exceptional training grant	1,645	10,828
Other grants	85,270	72,258
<b>Total grants (all claimed as institutional grants)</b>	<u>137,606</u>	<u>130,851</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

### 7. MATERIAL CASH SUPPORT PAYMENTS IN RESPECT OF TRAINING

Accounting and Reporting by Charities: Statement of Recommended Practice FRS 102 requires material grants made to be disclosed. Disclosure must include the name of the recipient and the aggregate amount of grants made to that recipient. The definition of grants includes grants, trainee allowances and college fee payments, and these are reconciled below. Training grants make a contribution towards an employer's training costs. Aggregate payments/offsets over £201,000 made during the year:

Recipient	£'000	Recipient	£'000
Carillion Plc*		The Clancy Group Plc	413
- CITC £4,629		Gap Holdings Ltd	411
- Other £864	5,493	Dyer & Butler Holdings Ltd	400
Royal BAM Group	2,492	Carey Group Plc	400
Mears Group Plc	2,338	Black & Veatch Holding Co	375
Barratt Developments Plc	2,301	Crest Nicholson Plc	367
Kier Group Plc	2,181	Ian Williams (Holdings) Ltd	364
Balfour Beatty Plc	2,090	R G Carter Group Ltd	354
Vinci	2,049	South West Highways Ltd	349
O'Rourke Investments Plc	1,919	Byrne Group Plc	341
Morgan Sindall Group Plc	1,567	Bell Group UK Ltd	333
Hero Topco Ltd	1,374	Geoffrey Osborne Ltd	333
Keepmoat Ltd	1,294	ISG Plc	314
Skanska UK	1,087	Keltbray Group (Holdings) Ltd	306
Persimmon Plc	1,014	Lakehouse Holdings Ltd	305
Galliford Try Plc	957	British Gas Trading Ltd	299
Willmott Dixon Group	945	Bellway Plc	295
Costain Group Plc	917	Ainscough Crane Hire Ltd	287
Amey UK Plc	876	Bloor Holdings Ltd	283
J Murphy & Sons Ltd	803	Bovis Homes Group Plc	278
Mitie Group Plc	786	Ringway Jacobs Ltd	264
Taylor Wimpey Plc	768	Brand Energy & Infrastructure Services UK Ltd	247
Redrow Plc	666	F M Conway Ltd	238
Bouygues	619	Garbol Ltd	227
Newarthill Ltd	606	North Midland Construction Plc	225
Interserve Plc	569	Alfred Bagnall & Sons Ltd	216
Ashtead Group Plc	563	Forrest Corporate Ltd	216
Speedy Hire Plc	547	Champion International Ltd	215
Cape Intermediate Holdings Plc	534	Seddon Construction Ltd	205
Volkerwessels UK Ltd	532	Jones Bros Ruthin Co Ltd	205
Renew Holdings Plc	476	Dawnus Holdings Ltd	204
Wates Group Plc	452		49,368
VP Plc	448		
Bentley Holdings Ltd	422	Other recipients	83,757
E S H Holdings Ltd	414	<b>Total payments</b>	<b>133,125</b>

\*This employer operates a managing agency (providing training opportunities for more than its own needs) and so could claim a greater number of New Entrant Training grants.

The number of employers claiming grant decreased from 15,725 in 2014 to 15,374 in 2015 (2.2%).

NOTES TO THE FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

Reconciliation with charges:	Accruals B/F	Payments	Accruals C/F	Charges
	£'000	£'000	£'000	£'000
Training grants (note 6)	(34,244)	133,125	38,725	137,606
Trainee allowances	-	5,237	-	5,237
College fees	(7,637)	23,438	7,951	23,752
	<b>(41,881)</b>	<b>161,800</b>	<b>46,676</b>	<b>166,595</b>

College fees and trainee allowances are included within expenditure attributed to Charitable Trading and Training and Development in the SoFA (page 74).

#### 8. EXPENDITURE ON CHARITABLE ACTIVITIES

	Activities undertaken directly	Support costs (note 10)	2015 Total including grants	2014 Total including grants (restated)
	£'000	£'000	£'000	£'000
Grants	137,606	-	<b>137,606</b>	130,851
Charitable Trading	92,759	-	<b>92,759</b>	83,017
Training and Development	1,321	-	<b>1,321</b>	1,906
Strategic Leadership	19,926	-	<b>19,926</b>	15,925
Industry Engagement	4,832	-	<b>4,832</b>	6,393
Image and Recruitment	3,013	-	<b>3,013</b>	3,512
Running the Business	21,805	14,007	<b>35,812</b>	33,121
Levy collection and grant processing costs	-	5,701	<b>5,701</b>	5,053
	<u>281,262</u>	<u>19,708</u>	<b><u>300,970</u></b>	<u>279,778</u>

Activities undertaken under the Activity headings: Grants, Charitable Trading, Training and Development, Strategic Leadership, Industry Engagement, Image and Recruitment and Running the Business are described in more detail on pages 12 and 13.

#### 9. GOVERNANCE COSTS

	2015	2014
	£'000	£'000
Board and committee costs	<b>224</b>	249
Corporate Assurance	<b>357</b>	335
Business Planning	<b>46</b>	28
Legal	<b>121</b>	90
Finance	<b>216</b>	76
External audit	<b>75</b>	75
Chairman and Chief Executive	<b>93</b>	226
Other	<b>13</b>	73
	<b><u>1,145</u></b>	<u>1,152</u>



NOTES TO THE FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

**11. TANGIBLE FIXED ASSETS**

	Freehold property	Plant and machinery	Motor vehicles	Office and computer equipment	Assets under development	Total
<b>(a) Summary</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost or valuation</b>						
01 January 2015	9,500	5,270	1,264	11,792	1,867	29,693
Additions	547	554	-	443	186	1,730
Disposals	(600)	(56)	(68)	(549)	(1,556)	(2,829)
Transfers	-	-	-	311	(311)	-
Revaluation	52	-	-	-	-	52
<b>31 December 2015</b>	<b>9,499</b>	<b>5,768</b>	<b>1,196</b>	<b>11,997</b>	<b>186</b>	<b>28,646</b>
Valuation 2015	8,975	-	-	-	-	8,975
Cost	524	5,768	1,196	11,997	186	19,671
	9,499	5,768	1,196	11,997	186	28,646
<b>Depreciation</b>						
01 January 2015	196	4,881	923	8,699	-	14,699
Charges for the year	151	220	101	1,278	-	1,750
Disposals	(343)	(55)	(59)	(482)	-	(939)
<b>31 December 2015</b>	<b>4</b>	<b>5,046</b>	<b>965</b>	<b>9,495</b>	<b>-</b>	<b>15,510</b>
<b>Net Book Value</b>						
<b>31st December 2015</b>	<b>9,495</b>	<b>722</b>	<b>231</b>	<b>2,502</b>	<b>186</b>	<b>13,136</b>
31st December 2014	9,304	389	341	3,093	1,867	14,994

At 31 December 2015, CITB received professional, external valuations of its freehold property. Montagu Evans undertook the valuations of the property at Bircham Newton, valuing the training centre and head office on an existing use basis and the agricultural land at market value, the freehold property held at Glasgow, Birmingham and Erith on an existing use basis. These valuations were made in accordance with the Practice Statements in the Royal Institution of Chartered Surveyors Appraisal and Valuation Manual, which resulted in an increase in value of £52,000.

	2015	2014
<b>(b) Historical cost information</b>	<b>£'000</b>	<b>£'000</b>
If the valuations had not been included then freehold property would have been included at the following amounts:		
Cost	20,556	20,563
Accumulated depreciation	(4,429)	(4,278)
	<b>16,127</b>	<b>16,285</b>
<b>(c) Freehold property</b>		
Freehold land cost	4,000	3,850
Freehold property cost	5,499	5,650
Accumulated depreciation freehold property only	(4)	(196)
	<b>9,495</b>	<b>9,304</b>



NOTES TO THE FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)**(d) Modified historic cost accounting**

Apart from freehold property; fixed assets are included at cost less accumulative depreciation. No adjustment has been made in respect of modified historical cost accounting as the amount is not considered to be material.

**(e) Capital commitments**

There were capital commitments of £876,000 at 31 December 2015 (2014 £133,000) for the purchase of plant and equipment.

**(f) Plant equipment on loan**

The NCC has the use of equipment on loan, free of charge, from plant equipment suppliers equivalent to a purchase value of approximately £1,748,000 (2014 £1,840,000).

**(g) Tangible fixed assets 2014 (comparative table)**

	Freehold property	Plant and machinery	Motor vehicles	Office and computer equipment	Assets under development	Total
Summary	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>						
01 January 2014	9,510	5,665	1,757	9,627	4,271	30,830
Additions	19	186	-	501	650	1,356
Disposals	-	(581)	(493)	(168)	(1,222)	(2,464)
Transfers	-	-	-	1,832	(1,832)	-
Impairments	(29)	-	-	-	-	(29)
<b>31 December 2014</b>	<b>9,500</b>	<b>5,270</b>	<b>1,264</b>	<b>11,792</b>	<b>1,867</b>	<b>29,693</b>
Valuation 2014	8,900	-	-	-	-	8,900
Cost	600	5,270	1,264	11,792	1,867	20,793
	9,500	5,270	1,264	11,792	1,867	29,693
<b>Depreciation</b>						
01 January 2014	166	5,261	1,204	7,904	-	14,535
Charges for the year	30	201	156	963	-	1,350
Disposals	-	(581)	(437)	(168)	-	(1,186)
<b>31 December 2014</b>	<b>196</b>	<b>4,881</b>	<b>923</b>	<b>8,699</b>	<b>-</b>	<b>14,699</b>
<b>Net Book Value</b>						
<b>31st December 2014</b>	<b>9,304</b>	<b>389</b>	<b>341</b>	<b>3,093</b>	<b>1,867</b>	<b>14,994</b>
31st December 2013	9,344	404	553	1,723	4,271	16,295

NOTES TO THE FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

**12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2015	2015	2014	2014
	£'000	£'000	£'000	£'000
Levy debtors	<b>60,451</b>		28,804	
Less: provision for bad debts (see below)	<b>(14,771)</b>		(14,269)	
Total Levy debtors		<b>45,680</b>		14,535
Trade and other debtors	<b>9,970</b>		12,905	
Less: provision for bad debts	<b>(427)</b>		(447)	
Total trade and other debtors		<b>9,543</b>		12,458
Accrued Income		<b>2,619</b>		2,614
Prepayments		<b>1,996</b>		1,463
Total Debtors		<b>59,838</b>		31,070
Balances with Intra-Government bodies				
Central Government bodies		<b>6,867</b>		8,531
Public corporations		<b>3</b>		76
Local authorities		<b>50</b>		54
		<b>6,920</b>		8,661
Balances with non-Governmental bodies				
Other debtors (see note 16)		<b>4,523</b>		5,393
Balances with other bodies		<b>48,395</b>		17,016
<b>Total Debtors</b>		<b>59,838</b>		31,070

As stated in the Accounting Policies (see note 1 on page 77), CITB only writes off Levy debts when it has evidence that an Employer has become insolvent, has ceased to trade, has been dissolved or, having made all reasonable efforts to locate the debtor, is untraceable. As a consequence, there is a high proportion of prior years' assessments for which full provision is required. At 31 December 2015, £15,380,000 was outstanding for 2014 and prior Levy Assessments (2014 £12,399,000 for 2011 and prior assessments), against which a provision for bad debts of £10,141,000 – 65.9% (2014 £10,158,000 – 81.9%) has been made.

The increase in Levy debtors is explained by the Levy Assessment being processed in April 2015 rather than February 2015, which resulted in later collection of Levy through direct debits into 2016.

**13. PROPERTY HELD FOR SALE**

The Scottish property valued at £400,000 at the end of 2014 was sold during 2015. There are no other freehold properties held for sale (2014:1).

NOTES TO THE FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)**14. INVESTMENTS**

	2015	2014 restated
<b>Analysis of movement of investments</b>	<b>£'000</b>	<b>£'000</b>
Market value at beginning of year	107,072	110,608
Additions to investments at cost	92,901	224,458
Disposals at carrying value	(113,548)	(228,108)
Realised loss on investments	(476)	(225)
Unrealised (loss)/gain on investments	(616)	339
Market value at end of year	<u>85,333</u>	<u>107,072</u>
Listed securities in UK	20,963	25,050
Listed securities outside UK	8,889	5,802
Deposits with banks and building societies in UK	15,488	50,438
Deposits with banks and building societies outside UK	20,000	25,000
Managed funds outside UK	19,993	782
	<u>85,333</u>	<u>107,072</u>
Balances held within the Government Banking Service	10,473	10,412
Balances held outside of the Government Banking Service	74,860	96,660
	<u>85,333</u>	<u>107,072</u>

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

	2015	2014
<b>Investments</b>	<b>£'000</b>	<b>£'000</b>
<b>Term deposits</b>		
BNP Paribas	10,000	-
National Bank of Abu Dhabi	5,000	-
Lloyds – HBOS Treasury	5,000	-
Svenska Handelsbanken	5,000	-
Bank of Scotland	-	10,000
Nationwide	-	10,000
<b>Money market funds</b>		
Nat West liquidity Select 95 day	10,015	9,956
Goldman Sachs	9,998	-
Aviva Investors Liquidity Funds PLC	9,995	-

The investment balances were adjusted during 2015 to include some balances as cash with 2014 comparatives adjusted accordingly. This amendment also affects notes 16, 19 and 20. The balance as at 31 December 2015 £8,798,000 (2014 £1,960,000).

NOTES TO THE FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

**15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2015	2014
	£'000	£'000
Trade creditors	3,059	4,267
Taxation and social security	2,349	2,615
Deferred Income	1,456	1,567
Accruals:		
Training grants and allowances payable to 31 December	38,724	34,244
College Fees	7,951	7,637
Other	13,357	11,408
<b>Total Creditors</b>	<b>66,896</b>	<b>61,738</b>
Balances with intra-Government bodies		
Central Government bodies	2,386	2,966
Public corporations	-	25
Local authorities	32	83
	<b>2,418</b>	<b>3,074</b>
Balances with other bodies	64,478	58,664
<b>Total Creditors</b>	<b>66,896</b>	<b>61,738</b>

**16. FINANCIAL INSTRUMENTS**

FRS 102 requires the disclosure of information to enable users to evaluate the significance of financial instruments for CITB's financial position, the nature and extent of risks arising from financial instruments to which it was exposed during the period and at the reporting date and how these are managed.

**Financial assets and liabilities by category**

Set out below are the accounting classifications of each class of financial assets and liabilities as at 31 December 2015, together with any associated gains and losses. Due to the nature of the investments held, all are considered to be Level 1 investments in the fair value hierarchy in line with the requirements of FRS 102.

Their carrying value less impairment provision of trade debtors (see Credit Risk) are assumed to be approximate to their fair value.

NOTES TO THE FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

	Loans and receivables	Available for sale	Other Financial liabilities	<b>Total 2015</b>	Total 2014
	£'000	£'000	£'000	£'000	£'000
Debtors excluding prepayments	57,842	-	-	<b>57,842</b>	29,607
Investments	-	85,333	-	<b>85,333</b>	107,072
Cash at bank	6,070	-	-	<b>6,070</b>	5,755
Creditors	-	-	(66,896)	<b>(66,896)</b>	(61,738)
<b>2015</b>	<b>63,912</b>	<b>85,333</b>	<b>(66,896)</b>	<b>82,349</b>	<b>80,696</b>
2014	35,362	107,072	(61,738)	<b>80,696</b>	
<b>Investment losses</b>				<b>£'000</b>	<b>£'000</b>
Loss on disposal of investments				<b>(476)</b>	(225)
Net movement in fair value of available-for-sale investments				<b>(616)</b>	339
				<b>(1,092)</b>	114

**Financial risk management**

Qualitative information on CITB's approach to financial Risk Management is disclosed in the 'Investments' and 'Reserves' sections of the Annual Report above, and in the Governance Statement. Quantitative disclosures are included here. All investments are reported at market value at 31 December 2015.

**Credit risk**

CITB is exposed to credit risk of £4,523,000 (2014 £5,393,000) in other trade debtors (see note 12 on page 87), which are stated at fair value, after making an impairment provision of £427,000 (2014 £447,000) for bad debts. 97% of non-Levy debts have been recovered over the past year and it is expected that the majority of the current outstanding figure will be settled within normal payment terms. Any amounts that are overdue or impaired are adequately provided for. No collateral is held in respect of any debtors. Levy debtors arise as a consequence of raising statutory assessments on in-scope employers and are not perceived to be a credit risk.

As at 31 December 2015, term deposits and cash holdings are placed with approved banks, both within and outside the UK and are spread across several institutions. CITB has not suffered any loss during 2015 (2014 nil) in relation to cash held by bankers.

**Liquidity risk**

61.3% of CITB's income in 2015 was derived from the statutory Levy (2014 61.0%), and the right to raise this Levy was confirmed for the three years 2015 to 2017.

The reserves policy is set out under accounting policies (note 1 on pages 77 to 79). CITB believes that the level of unrestricted reserves at the end of 2015, combined with secure matching of expenditure to funding income for the year ahead and the continuation of Levy receipts, is such that CITB is not exposed to unacceptably high liquidity risks.

**Market risks****Interest rate**

CITB's financial assets, excluding short-term debtors and creditors, are made up of investments and cash. Information about material investments is disclosed at note 14 on page 88.

Cash is held in a variety of non-interest bearing bank accounts.

Interest income for the year made up 0.6% (2014 0.8%) of CITB incoming resources and no loans are held, so exposure to interest rate risk is minimal. The effect of a 1% movement in interest rates in 2015 would have been approximately £911,000.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

### Foreign currency

All of CITB's financial assets are denominated in pounds sterling; therefore, there is no exposure to any foreign currency risk.

### Other price

Exposure to wider price risks is reduced by appropriate procurement controls coupled with competitive tendering and the securing of longer-term fixed price contracts where possible. Whilst some contracts have an element of variability based on the Retail Price Index, any risks arising from these are not deemed to be material.

### 17. PROVISIONS FOR LIABILITIES AND CHARGES

	Redundancy costs 2015	Leasehold property dilapidations 2015	Total provisions 2015	Total provisions 2014
	£'000	£'000	£'000	£'000
Balance as at 01 January 2015	-	222	222	267
Utilised	-	-	-	(42)
Released provisions	-	(29)	(29)	(59)
Additional provisions	3,565	193	3,758	56
<b>Balance as at 31 December 2015</b>	<b>3,565</b>	<b>386</b>	<b>3,951</b>	<b>222</b>

Leasehold property dilapidations represent a provision for estimated settlements with landlords on the expiry of the leases over the next seven years based on past experience; £237,200 of this provision is in respect of leases that expire in 2016 and the remainder relates to future years.

Redundancy costs represent estimates of the costs of the restructure of our middle management teams.

### 18. ACCUMULATED FUNDS

	General reserve	Fixed asset revaluation reserve	Total unrestricted funds at 31/12/2015	Total unrestricted funds at 31/12/2014
	£'000	£'000	£'000	£'000
Balance at 01 January 2015	97,331	-	97,331	113,334
Net movement in funds	(3,853)	52	(3,801)	(16,003)
<b>Balance at 31 December 2015</b>	<b>93,478</b>	<b>52</b>	<b>93,530</b>	<b>97,331</b>

The accumulated unrestricted fund is available for use at the discretion of the Board in furtherance of the general objectives of the charity. NCC East development fund represents receipts of grant from the Skills Funding Agency towards the cost of constructing new student accommodation at the NCC East.

NOTES TO THE FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

## Accumulated funds 2014 (comparative table)

	Unrestricted Fund			Restricted Fund	Total funds at 31/12/2014
	General reserve	Fixed asset revaluation reserve	Total unrestricted fund	NCC East development fund	
	£'000	£'000	£'000	£'000	£'000
Balance at 01 January 2014 (as originally stated)	131,159	-	131,159	-	131,159
Prior Year FRS 102 Adjustment	(17,825)	-	(17,825)	-	(17,825)
Balance at 01 January 2014 (restated)	113,334	-	113,334	-	<b>113,334</b>
Transfer	(119)	-	(119)	119	-
Net movement in funds	(15,884)	-	(15,884)	(119)	<b>(16,003)</b>
<b>Balance at 31 December 2014</b>	<b>97,331</b>	<b>-</b>	<b>97,331</b>	<b>-</b>	<b>97,331</b>

## 19. GROSS CASH FLOWS

	2015	2014
	£'000	£'000
<b>Returns on investments and servicing of finance</b>		
Interest received on investments	<u>2,144</u>	<u>2,845</u>
<b>Capital expenditure</b>		
Payments to acquire tangible fixed assets	<u>(1,893)</u>	<u>(1,432)</u>
Receipts from sales of tangible fixed assets	<u>13</u>	<u>219</u>
Capital grant receipts	<u>-</u>	<u>(119)</u>
	<u>(1,880)</u>	<u>(1,332)</u>
<b>Management of liquid resources</b>		
Placed on deposit and purchase of externally managed investments	<u>(92,901)</u>	<u>(224,458)</u>
Deposit withdrawals and sale of externally managed investments	<u>114,024</u>	<u>228,333</u>
	<u>21,123</u>	<u>3,875</u>

## 20. ANALYSIS OF CHANGES IN NET FUNDS

	At 01/01/2015	Cash flows	Other non-cash movements	At 31/12/2015
	£'000	£'000	£'000	£'000
Current asset investments on call	11,197	(724)	-	<b>10,473</b>
Other current asset investments	95,875	(20,399)	(616)	<b>74,860</b>
	<u>107,072</u>	<u>(21,123)</u>	<u>(616)</u>	<b>85,333</b>
Cash at bank	5,755	315	-	<b>6,070</b>
	<u>112,827</u>	<u>(20,808)</u>	<u>(616)</u>	<b>91,403</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

### 21. ITB PENSION FUND

CITB is a participating employer in the ITB Pension Funds, a multi-employer defined benefit scheme. In accordance with the provisions of FRS 102 relating to multi-employer schemes, the scheme has been accounted for as a defined contribution scheme, as the proportion of assets and funding level attributable to CITB are not separately identified.

#### The scheme comprises:

1. The '2007 Section', is a defined benefits scheme for staff who joined before 1 January 2013. Employee contributions were 7.55% (2014 6 % to 30 June and 7.55% thereafter) and employer contributions were 9.15% (2014 10.7% to 30 June and 9.15% thereafter).

The pension cost charge for the year was £3.5m (2014 £3.8m), including employer contributions.

The most recent triennial valuation of the scheme was performed as at 31 March 2013.

#### The principal future assumptions used are:

- › Real rate of return (net of pension increases) would be 0.8% p.a.
- › Nominal rate of investment return on assets would be 4.25% p.a.
- › Rate of future pension increases would be in line with the Retail Prices Index (RPI) changes (assumed to be 3.4% p.a.)
- › 'Real' salary inflation would be 1.1% p.a.

The 2013 triennial valuation indicated that the actuarial value of the assets held by the scheme in total showed a deficit of £24m against the scheme liabilities on a statutory funding basis.

2. The 'DC Section', is a defined contribution scheme for staff who joined on or after 1 January 2013. Employee contributions are 4% (2014 4%) and employer contributions are 6% (staff) and 24% (Chief Executive) (2014 6%). CITB's contribution to the scheme amounted to £0.8m (2014 £0.6m).

Total payments made in 2015 are shown in note 24 on pages 94 and 95.

### 22. LEASE COMMITMENTS

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

	2015			2014 restated		
	Land and buildings	Plant and machinery	Other	Land and buildings	Plant and machinery	Other
<b>Operating leases</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Leases expiring within 1 year	25	42	9	121	-	65
Leases expiring within 2 to 5 years	1,038	26	2,090	380	-	2,223
Leases expiring after 5 years	-	-	-	-	-	-
	<b>1,063</b>	<b>68</b>	<b>2,099</b>	<b>501</b>	<b>-</b>	<b>2,288</b>

2014 numbers are restated to comply with FRS 102, which requires the full value of leases to be disclosed.



NOTES TO THE FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)**23. BOARD MEMBERS' REMUNERATION**

Remuneration of the Board members was as follows:

	2015	2014
	£	£
Chairman – James Wates	<b>24,800</b>	24,000
Deputy Chairman – Judy Lowe	-	27,600

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

James Wates elected to gift aid his earned remuneration back to CITB. No other Board members received any emoluments from CITB during the year. No Board member had pension entitlements under any pension schemes funded by CITB.

Expenses paid to Board members during the year amounted to £25,454 (£35,941 in 2014) in respect of accommodation, travel and subsistence. The total number of recipients was 10 (15 in 2014).

**24. PARTICULARS OF STAFF**

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

	Directly employed	Temporary	2015 number	2014 number
Training	885	54	<b>939</b>	918
Other activities	527	30	<b>557</b>	539
	<b>1,412</b>	<b>84</b>	<b>1,496</b>	<b>1,457</b>

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

	2015	2014 restated
	£'000	£'000
Salaries of directly employed staff	<b>45,662</b>	45,488
Temporary staff costs	<b>5,506</b>	4,869
Redundancy costs	<b>7,739</b>	1,865
Social security costs	<b>3,779</b>	3,655
Other pension costs (see note 21)	<b>3,476</b>	3,781
	<b>66,162</b>	59,658

The remuneration, pension entitlements and pension transfer values of the most senior members of CITB's staff can be found in the Remuneration Report on pages 50 to 53.

The emoluments, including benefits in kind but excluding pension contributions and redundancy payments, of employees earning more than £60,000, other than those stated in the Remuneration Report (pages 50 to 53), are outlined within the ranges shown opposite.

NOTES TO THE FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

**NUMBER OF EMPLOYEES**

	2015				2014
	Accruing under the DB section of the ITB Pension Funds	Accruing under the DC section of the ITB Pension Funds	Other	Total	
£60,001 – £70,000	20	6	-	<b>26</b>	22
£70,001 – £80,000	7	2	-	<b>9</b>	9
£80,001 – £90,000	4	1	-	<b>5</b>	7

The total employer contributions paid in 2015 to the defined contribution section of the ITB Pension Funds in respect of those employees earning over £60,000 was £178,440 (2014 £198,904).

Details of staff leaving the organisation during 2015 for whom exit packages were payable, are:

Exit package cost band	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band	
	2015	2014	2015	2014	2015	2014
<£10,000	-	-	<b>1</b>	-	<b>1</b>	-
£10,001 – £25,000	<b>1</b>	2	<b>1</b>	1	<b>2</b>	3
£25,001 – £50,000	<b>2</b>	5	-	-	<b>2</b>	5
£50,001 – £100,000	<b>1</b>	9	-	-	<b>1</b>	9
£100,001 – £200,000	<b>1</b>	2	-	-	<b>1</b>	2
Total number of exit packages	<b>5</b>	18	<b>2</b>	1	<b>7</b>	19
Total cost £	<b>270,452</b>	1,080,159	<b>30,850</b>	11,922	<b>301,302</b>	1,092,081

**25. TAXATION**

As a registered charity, CITB is exempt from corporation tax on its charitable activities under section 505 of the Income and Corporation Taxes Act 1988. However, incoming resources includes income which is deemed to be of a non-charitable nature, resulting in a taxable profit of £17,294 (2014 £4,568). This has given rise to a potential corporation tax liability of £3,459 (2014 £914).

NOTES TO THE FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)**26. RELATED PARTY TRANSACTIONS**

CITB is sponsored by BIS which is regarded as a related party. During 2015, there were some material transactions with other entities for which BIS is regarded as the parent department (namely Skills Funding Agency (SFA)).

In addition, CITB has had various material transactions with other Government departments and various central Government bodies. Most of these have been with Skills Development Scotland, Welsh Assembly Government, DECC and HM Revenue and Customs.

At 31 December 2015 there were material debtor and creditor balances for the following related parties:

	Debtors		Creditors	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Skills Funding Agency	<b>4,966</b>	6,890	<b>33</b>	1,243
Welsh Assembly Government	<b>991</b>	724	-	-
Skills Development Scotland	<b>778</b>	918	-	-
UK Commission for Employment and Skills	<b>103</b>	-	-	20
Department for the Environment and Climate Change	<b>3</b>	-	-	-
HM Revenue & Customs	-	-	<b>2,349</b>	2,822
SQA	-	-	<b>3</b>	4
Historic Scotland	-	-	-	13
Learning And Skills Improvement Service	-	-	-	30

In addition to this, some members of the Board hold positions with, and/or are employees of, organisations with which CITB has transacted during the year. Details of such positions and employments are declared in the following Appendices to this report:

- Appendix A (on pages 108 and 109) lists the members of the Board and its committees, also giving the names of their employers
- Appendix B (page 110) shows the Register of interests of Board members.

On this basis, in the normal course of business, most Board members are likely to have commercial interests as Levy payers and grant claimers which, as they are transacted at arm's length, are not considered to be material for either party.

Material cash support payments paid during 2015, including those paid to employers of Board members, are set out in note 7 (page 82). All of the transactions were under normal terms and carried out at arm's length.

The transactions in the following tables comprised the receipt of Levy and income from the sale of training-related products and services and the payment of grants and payments for the purchase of materials and services to the organisations classified as Board member related employers.

NOTES TO THE FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

	Amounts received by CITB		Amounts owing to CITB as at 31 December	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Levy	4,067	5,781	562	528
Sale of training-related products and services	214	819	75	106
<b>Total</b>	<b>4,281</b>	<b>6,600</b>	<b>637</b>	<b>634</b>

	Amounts paid by CITB		Amounts owed by CITB as at 31 December	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Payment of grants	7,416	10,388	–	–
Purchase of materials and services	638	1,509	–	–
<b>Total</b>	<b>8,054</b>	<b>11,897</b>	<b>–</b>	<b>–</b>

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

## 27. LOSSES AND SPECIAL PAYMENTS

During the year, no special payments were made and there were no reportable losses over £300,000. Total bad debts written off during the year amounted to £408,329 (2014 £2,365,708).

## 28. EVENTS AFTER THE BALANCE SHEET DATE

There have been no events after the balance sheet date requiring an adjustment to the Financial Statements. The Financial Statements were authorised for issue on the date the Comptroller and Auditor General signed. Events after this date have not been considered.

**29. TRANSITION TO FRS 102**

CITB moved to adopt FRS 102 from the previous UK GAAP with effect from 1 January 2015.

The impact from the transition to FRS 102 is as follows:

Reconciliation of expenditure on charitable activities and net movement in unrestricted funds as at 31 December 2014.

	2014
	<b>£'000</b>
Expenditure on charitable activities	296,451
Governance costs (incorporated into charitable activities)	1,152
Pension payment recognised in previous years	(17,825)
Revised expenditure on charitable activities	<u>279,778</u>
Net movement in unrestricted funds	(33,828)
Pension payment recognised in previous years	17,825
Revised net movement in unrestricted funds	<u>(16,003)</u>
Revised Accumulated unrestricted fund at 01 January 2014	113,334

Under previous UK GAAP, past pension payments were recognised in the SoFA in the period in which the payments were made. FRS 102 requires that all pension payments are recognised immediately. As a result, the pension payments made and recognised in 2014 had to be recognised in earlier periods on transition to FRS 102.

# STATISTICAL INFORMATION



BRACKNELL AND  
WOKINGHAM COLLEGE

# STATISTICAL INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2015

**TABLE 1: DISTRIBUTION OF EMPLOYERS BY 2015 LEVY ASSESSMENT BAND AND MAIN ACTIVITY**

Main activity	Levy value						Total
	Not assessed	£ Zero	£ 1–499	£ 500–4,999	£ 5,000–24,499	£ 25,000+	
Alteration to a building/ part of a building	203	408	14	187	44	5	861
Architectural steelwork installation	16	23	4	28	11	2	84
Asbestos removal	33	16	2	58	10	1	120
Asphalt and tar spraying	19	124	18	138	43	11	353
Bricklaying	196	831	20	122	15	3	1,187
Building and civil engineering	326	1,546	79	943	328	175	3,397
Building repair and maintenance	432	2,075	121	1,019	234	46	3,927
Cavity wall insulation or draught proofing	16	9	3	35	10	3	76
Civil engineering	243	557	37	566	276	113	1,792
Construction labour agencies	54	105	8	30	8	4	209
Curtain walling/ structural glazing	13	17	1	17	9	2	59
Damp-proofing	18	69	11	72	4	-	174
Demolition	107	135	13	156	55	14	480
Developers	176	590	18	206	37	6	1,033
Diamond drilling	18	43	3	68	10	1	143
Dry lining or partitioning specialist	85	263	6	131	94	38	617
Erecting/dismantling exhibition stands	1	6	2	15	1	-	25
Felt roofing	17	99	11	48	14	4	193
Fire protection	11	15	-	28	15	3	72
Fitted Kitchen/bedroom/ bathroom installation	165	528	25	225	19	4	966
Flat glass glazing	14	89	6	53	6	1	169
Floor covering	9	87	3	77	6	1	183
Flooring	79	214	18	162	35	1	509
General building	3,213	13,241	553	5,726	1,041	197	23,971
Hard landscaping	31	124	4	46	4	1	210
House building	367	1,054	50	656	191	130	2,448
Interior fit-out	145	150	9	218	109	14	645
Joinery and carpentry (mainly site work)	845	4,118	95	920	91	10	6,079
Joinery manufacture	186	797	97	617	71	4	1,772
Mastic asphaltting	5	29	3	21	5	-	63
Mastic sealant application	8	24	4	43	-	-	79
Painting and decorating	486	2,503	88	886	174	24	4,161

Main activity	Levy value						Total
	Not assessed	£ Zero	£ 1–499	£ 500–4,999	£ 5,000–24,499	£ 25,000+	
Paving	24	109	5	21	4	1	164
Piling	8	8	1	24	13	3	57
Plant hire/repair and/or tool hire	200	824	86	713	173	33	2,029
Plastering and/or artexing	365	1,582	35	629	111	23	2,745
Preparing/fixing stone for building including stonemasonry	54	179	12	115	28	2	390
Reinforced concrete specialist	17	47	1	32	7	13	117
Roof sheeting and cladding	74	182	5	187	94	17	559
Roofing including slating and tiling	536	1,837	97	941	153	18	3,582
Scaffolding	377	548	69	759	159	29	1,941
Shopfitting	103	149	17	221	134	32	656
Site preparation and groundworks	226	575	43	392	118	31	1,385
Steeplejack/lightning conductor engineering	7	27	2	41	10	1	88
Suspended ceiling installation	45	162	9	127	56	20	419
Swimming pool construction	2	15	4	18	5	-	44
Utilities	35	39	3	38	17	15	147
Wall and floor tiling	96	328	8	135	30	2	599
Other activities	143	254	21	248	72	18	756
<b>Total</b>	<b>9,849</b>	<b>36,754</b>	<b>1,744</b>	<b>18,158</b>	<b>4,154</b>	<b>1,076</b>	<b>71,735</b>

**Notes:**

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

Zero – employers whose payroll and labour-only payments fall below the £80,000 threshold



**TABLE 2: LEVY INCOME BY EMPLOYER SIZE**

Employer size	Number of employers	Number of employees	Levy £'000
Large	211	174,531	50,832
Medium	1,304	127,016	42,839
Small	7,599	150,836	44,087
Micro	52,772	132,501	42,796
Other	9,849	Not Known	Nil
<b>Total</b>	<b>71,735</b>	<b>584,884</b>	<b>180,554</b>

**TABLE 3: NUMBER OF EMPLOYERS ASSESSABLE TO LEVY**

	Number of employers	Number of employees
Assessable to positive Levy	25,132	509,820
Assessable to zero Levy	36,754	75,064
Not assessed	9,849	Not known
<b>Total</b>	<b>71,735</b>	<b>584,884</b>

**TABLE 4: GRANT AND SUPPORT BY SIZE AND EMPLOYER**

	Number of employers receiving grant and other support	Value of grant and other support payments £'000	Percentage of total grant and other support
Large	223	46,939	35%
Medium	1,210	35,176	26%
Small	4,859	26,843	20%
Micro	8,890	22,366	17%
Other	192	1,800	1%
<b>Total</b>	<b>15,374</b>	<b>133,125</b>	<b>100%</b>

**Key to size of employer**

- Large: 250+ employees
- Medium: 50–249 employees
- Small: 10–49 employees
- Micro: 0–9 employees
- Other: includes new registrations

**TABLE 5: NUMBER OF EMPLOYERS WITH NEW ENTRANT TRAINEES**

Number of trainees	Employer size				Total
	Large	Medium	Small	Micro	
1	26	204	1,360	8,675	<b>10,265</b>
2–5	344	344	1,597	3,210	<b>5,495</b>
6–10	47	47	350	-	<b>444</b>
11–15	17	17	-	-	<b>34</b>
16–20	7	7	-	-	<b>14</b>
21–50	5	6	-	-	<b>11</b>
51–100	1	-	-	-	<b>1</b>
101+	-	-	-	-	-
<b>Total</b>	<b>447</b>	<b>625</b>	<b>3,307</b>	<b>11,885</b>	<b>16,264</b>

**TABLE 6: EMPLOYERS RECEIVING GRANT BY LEVY BAND**

Levy banding	Employers receiving grant		Employers not receiving grant	
Assessable to positive Levy	8,929	12%	16,203	23%
Assessable to zero Levy	5,488	8%	31,266	44%
Other	957	1%	8,892	12%
<b>Total</b>	<b>15,374</b>	<b>21%</b>	<b>56,361</b>	<b>79%</b>

**Key to size of employer**

Large: 250+ employees

Medium: 50–249 employees

Small: 10–49 employees

Micro: 0–9 employees

Other: includes new registrations

**TABLE 7: NUMBER OF TRAINEES BY SIZE OF EMPLOYER AND MAIN ACTIVITY**

Main activity	Employer size				Total
	Large	Medium	Small	Micro	
Alteration to a building/part of a building	-	8	209	52	269
Architectural steelwork installation	-	-	6	10	16
Asbestos removal	-	-	-	4	4
Asphalt and tar spraying	-	21	9	24	54
Bricklaying	-	29	832	95	956
Building and civil engineering	1,329	4,246	596	742	6,913
Building repair and maintenance	1,220	482	763	563	3,028
Cavity wall insulation or draught proofing	-	5	6	3	14
Civil engineering	455	291	122	160	1,028
Construction labour agencies	-	-	14	15	29
Curtain walling/Structural glazing	-	2	6	-	8
Damp-proofing	-	-	15	15	30
Demolition	1	58	11	45	115
Developers	-	10	69	32	111
Diamond drilling	-	4	5	3	12
Dry lining or partitioning specialist	3	22	41	195	261
Erecting/dismantling exhibition stands	-	-	5	3	8
Felt roofing	-	24	10	12	46
Fire protection	-	1	-	2	3
Fitted Kitchen/bedroom/bathroom installation	-	13	275	51	339
Flat glass glazing	-	9	12	14	35
Floor covering	11	4	23	33	71
Flooring	-	2	83	40	125
General builder	895	1,527	6,477	2,762	11,661
Hard landscaping	-	-	29	21	50
House building	555	861	675	302	2,393
Interior fit-out	15	27	48	73	163
Joinery and carpentry (mainly site work)	13	56	3,245	800	4,114
Joinery manufacture	-	104	771	604	1,479
Mastic asphaltting	-	-	4	3	7
Mastic sealant application	-	-	1	1	2
Painting and decorating	148	173	1,506	801	2,628
Paving	-	-	13	3	16
Piling	9	1	1	2	13
Plant hire/repair and/or tool hire	378	236	227	173	1,014
Plastering and/or artexing	-	11	824	174	1,009

Main activity	Employer size				Total
	Large	Medium	Small	Micro	
Preparing/fixing stone for building including stonemasonry	-	3	100	60	163
Reinforced concrete specialist	-	8	2	21	31
Roof sheeting and cladding	1	19	31	33	84
Roofing including slating and tiling	-	121	431	401	953
Scaffolding	38	493	481	611	1,623
Shopfitting	23	109	96	176	404
Site preparation and groundworks	5	94	73	121	293
Steeplejack/lightning conductor engineering	-	31	4	42	77
Suspended ceiling installation	-	-	37	78	115
Swimming pool construction	-	-	1	1	2
Utilities	93	11	3	3	110
Wall and floor tiling	-	3	187	41	231
Other activities	136	37	85	69	327
Other (out of scope)	46	24	1,226	34	1,330
<b>Total</b>	<b>5,374</b>	<b>9,180</b>	<b>19,690</b>	<b>9,523</b>	<b>43,767</b>

#### Key to size of employer

Large: 250+ employees

Medium: 50–249 employees

Small: 10–49 employees

Micro: 0–9 employees

Other: includes new registrations



*This leaner, more responsive approach is essential to ensure CITB can thrive in what is an increasingly challenging environment.*



# APPENDICES



OPEN ACADEMY,  
NORWICH

# APPENDIX A: MEMBERSHIP OF THE BOARD AND ITS COMMITTEES

	Board	Council	Audit	Appts	England	Scotland	Wales
Debbie AKEHURST, Land Securities					▼		
John ALLOTT, Unite the Union		▼					
Douglas ANDERSON, Gap Group						▼	
Debbie APLIN					▼		
Carole BAILEY, Dulley Ceilings and Partitions		▼					
John BAILEY, Benbow Group		▼					
Grahame BARN, CECA						▼	
Neil BAXTER, The Royal Incorporation of Architects in Scotland (RIAS)						▼	
Kevin BENNETT, BAM Nuttall		▼					
Gary BISHOP, Bromley Demolition		▼					
Caroline BLACKMAN, Laing O'Rourke					▼		
Nick BLUNDELL, UCATT							▼
Sarah BOWERS, National Trust		▼					
Chris CHAPMAN, Welsh Local Government Association							
Bob COLLINS, Stokey Plant Hire		▼					
Anthony DAVIES, Anthony Davies Construction Ltd							▼
Gareth DAVIES, Knox and Wells Limited		▼					▼
Ian DICKERSON, Kier Group Services		▼			▼		
Maureen DOUGLAS, Forster Group Ltd	■					●	■
Sharon DRYSDALE, Scottish Funding Council						▼	
Andrew DUNCAN, BIS	○	○					
Andrew EVANS, NFB							▼
Martyn EVANS, Alun Griffiths (Contractors) Ltd							▼
Trevor FRANCIS, Building Surveying Wales							▼
Harry FREW, UCATT						▼	
Lisa GARFIELD, Willmott Dixon Construction Limited							▼
Diana GARNHAM, RDB Insight	▲		●				
Jim GILMOUR, ODC Ltd						★	
Ifan GLYN, FMB							▼
Stuart GREEN, Reading University					▼		
Phillip HALL, Hall Construction		▼					
Richard HARDY, BRE Global Limited					▼		
David HARRIS, Via Developments plc	■					■	●
Mark HARRIS, Home Builders Federation							▼
Vaughan HART, Scottish Building Federation						▼	
Rebecca HARTSHORN, Bowmer & Kirkland Ltd							
Gavin HAY, Scottish Building Apprenticeship and Training Council (SBATC)						★	
Richard HEATON, Read Construction Holdings Ltd							▼
Steve HINDLEY, Midas Group					▼		
Philip HOGG, Homes for Scotland						▼	
Malcolm HORNER, University of Dundee		▼				▼	
Dafydd HUGHES, WG	○	○					○
Richard HULLAND, Atkins Global					▼		
Hugh HUNTER, Balfour Beatty			■				
Jon JAMES, ISG Pearce South Wales Regional Construction							▼
Chris JONES, BAM Construct UK					▼		
Huw JONES, Jones Bros		▼					

	Board	Council	Audit	Appts	England	Scotland	Wales
Karen JONES, Redrow plc	■			■			
Lucy JONES, Skanska					▼		
Owain JONES, T Richard Jones (Betws) Ltd							▼
Rhodri-Gwynn JONES, Civil Engineering Contractors Association (Wales) Limited							▼
Brendan KEENAN, Dumbreck Decorators Ltd						★	
Billy KIRKWOOD, RDK Construction Ltd						★	
John LORIMER, JLO Innovation Ltd		▼					
Hilary LOWER, NAO			○				
Stuart LYON, SEC Group, Scotland						▼	
Donald McDONALD, D McDonald Decorators Ltd						▼	
Newell McGUINNESS, SELECT						★	
Stewart McKILLOP, South Lanarkshire College						▼	
John McKINNEY, BUILD UK						▼	
Ed MONAGHAN, MacTaggart & Mickel Group Ltd		▼					
Ian MORRISON, Forth Valley College						▼	
Gordon NELSON, FMB Scotland						▼	
Hannah O'Sullivan, Volkerwessels					▼		
Maria PILFOLD, Aquinna Homes plc	■			■			
Jo POTTINGER, BAM Construct UK Ltd		▼					
Richard PRICE, Barratt Homes South Wales							▼
Chris RICHARDSON, Wates Group Ltd							
Ian ROGERS, Scottish Decorators Federation						▼	
Billy SCOTT, SDS						▼	
Paul SENIOR, Keepmoat							▼
Ann Marie SMALE, Powell Dobson Architects							▼
Ian STIRRAT, SELECT						▼	
Liz STOKES, The Clancy Group					▼		
Rob TANSEY, Barratt Developments Plc							
Colin Tennant, Historic Scotland						▼	
Anthony THOMAS, ASW Property Services Limited							▼
Joanne THOMAS, Welsh Government Employability & Skills Division							▼
Frances WADSWORTH, Croydon College	▲		▲		●		
Andy WALL, Interserve					▼		
James WATES, Wates Group Ltd	●	●					
Alison WATSON, Class Of Your Own		▼					
Clive WEBB, Boyes Rees Architects							▼
Francon WILLIAMS, Cartrefi Cymunedol Gwynedd							▼
Robert WILLIAMS, WRW Construction Limited		▼					▼
Ray WILSON, Carillion Training Services	■			●	▼		
Mark WUSTHOFF, Bouygues UK		▼					▼
Chris WYNNE, C. Wynne & Sons Ltd							▼

(This table shows the position as at 31 December 2015)

- |   |                    |   |                     |
|---|--------------------|---|---------------------|
| ● | Chairman           | ○ | Government Observer |
| ■ | Employer Member    | ▼ | Member              |
| ▲ | Independent Member | ★ | Co-optee            |



## APPENDIX B: REGISTER OF INTERESTS OF BOARD MEMBERS

### Related party transactions

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

The following Board members who served for the year ended 31 December 2015 have in addition declared other personal or business interests.

#### Maureen Douglas

Group HR Director, the Forster Group

Maureen is a member of the Chartered Institute of Personnel and Development, the Institute of Directors. Forster Group administers Angus Construction Independent Training Group and operates a Skills Academy that delivers qualifications and training.

#### Diana Garnham

Director and 90% shareholder of RDB Insight

Diana is a Trustee of Sense about Science, a Corporation Board Member of Sussex Coast College, Hastings, and Chairs the King's College London Alumni Giving Committee.

#### David Harris

Non-executive Director, Via Developments plc

David is Construction Director of Via Developments plc. He sits in the WG's Construction Sector Panel and on its Construction Procurement Group. He is a Community Councillor for Mathern Village.

#### Karen Jones

Group HR Director, Redrow plc

No conflicting interests declared.

#### Maria Pilfold

Consultant, Aquinna Homes

Maria has declared a shareholding with Taylor Wimpey plc, and financial interests in Aquinna Homes plc and Barrington Estates. She also sits as an employer member of the Employment Tribunal Service.

#### Frances Wadsworth

Principal and CEO, Croydon College

Frances is a Trustee of the GASP Motor Project and Croydon MENCAP. She is a Governor of the Royal Alexandra and Albert School, and a Board member of the Croydon Business Improvement District (BID).

#### James Wates

Chairman, Wates Group Ltd

James is patron of the Wates Family Enterprise Trust and serves on a number of public and private corporations. He is the Chairman of the Building Research Establishment (BRE) Trust, Co-Chairman of BuildUK, a member of CBI, a Trustee of the College of Estate Management, a Non-Executive Director of Argent Services LLP, Chairman of the Prince's Trust Built Environment Leadership Group, and Vice Chairman of Queen Elizabeth's Foundation for Disabled People. He is also Governor of the Emanuel School and the University of Westminster.

#### Ray Wilson

Director and General Manager, Carillion Training Services

Ray is a member of the BuildUK Training Committee.

## APPENDIX C: EMPLOYER ORGANISATIONS

**During 2015, CITB maintained close contact with the following major employer organisations:**

The British Woodworking Federation

BuildUK

The Civil Engineering Contractors Association

The Construction Plant-hire Association

The Federation of Master Builders

Hire Association Europe

The Home Builders Federation

The National Association of Shopfitters

The National Federation of Builders

The National Federation of Demolition Contractors

The Scottish Building Federation

The Scottish Decorators Federation

The Scottish Plant Owners' Association

Build UK was created as a result of a merger between the National Specialist Contractors' Council (NSCC) and UK Contractors Group (UKCG) in 2015.

**CITB also maintains regular contact with the following trade unions over skills and training issues:**

Unite the Union (formerly TGWU)

Union of Construction, Allied Trades and Technicians (UCATT).

# APPENDIX D: LOCATION OF CITB OFFICES AND NATIONAL CONSTRUCTION COLLEGE CENTRES

## Head Office

Bircham Newton  
King's Lynn  
Norfolk  
PE31 6RH  
Tel: 0300 456 7577

## England

### London

Carthusian Court  
12 Carthusian Street  
London  
EC1M 6EZ  
Tel: 0300 456 7700

### Thurmaston

Suites 1, 2 and 3  
1st Floor, Bridge Business Park  
674 Melton Road  
Thurmaston  
Leicestershire  
LE4 8BB

### East

Compass House  
Cambridge Vision Park  
Chivers Way  
Histon  
Cambridge  
CB24 9AD

### West Midlands

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

### Yorkshire Hub

Ground Floor  
Unit 1  
Deanhurst Park  
Gelder Road  
Leeds  
LS27 7LG

## Scotland

### Scottish Office

4 Fountain Avenue  
Inchinnan Business Park  
Inchinnan  
Renfrewshire  
PA4 9RQ  
Tel: 0344 994 8800

### Scotland (North)

Alder House  
Cradlehall Business Park  
Inverness  
IV2 5GH

## Wales

### Welsh Office

Units 4 and 5  
Bridgend Business Centre  
David Street  
Bridgend Industrial Estate  
Bridgend  
CF31 3SH  
Tel: 01656 655226

## National Construction Colleges

### NCC East

Bircham Newton  
King's Lynn  
Norfolk  
PE31 6RH  
Tel: 0344 994 4433

### NCC Midlands

83 Lifford Lane  
Kings Norton  
Birmingham  
B30 3JH  
Tel: 0300 456 5620

### NCC Central with JCB

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

**NCC Waltham Forest/Cathall Road/Leytonstone**

Waltham Forest Construction Training Centre  
 Hollydown Way  
 Leytonstone  
 London  
 E11 4DD  
 Tel: 0208 539 8729

**NCC South**

Manor Road  
 Erith  
 Kent  
 DA8 2AD  
 Tel: 0300 456 5333

**NCC Scotland**

4 Fountain Avenue  
 Inchinnan Business Park  
 Inchinnan  
 Renfrewshire  
 PA4 9RQ  
 Tel: 0344 994 8800

**TUCA (The Tunnelling and Underground Construction Academy)**

Lugg Approach  
 Ilford  
 Essex  
 E12 5LN  
 Tel: 0203 197 5002

**NCC course enquiries**

Tel: 0844 844 0466

**Other****CITB's bankers**

Barclays Bank plc  
 17 Market Place  
 Fakenham  
 Norfolk  
 NR21 9BE

**CITB's investment advisers**

Investec Wealth & Investment Limited  
 2 Gresham Street  
 London  
 EC2V 7QN

**CITB's auditors**

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

**CITB's legal adviser**

Claire Shopland  
 Head of Business Support  
 Bircham Newton  
 King's Lynn  
 Norfolk  
 PE31 6RH

# APPENDIX E: GLOSSARY

AM	Assembly Member	NNB	Nuclear New Build
BACH	British Association of Construction Heads	NOS	National Occupational Standards
BIM	Business Information Modelling	NSAC	National Specialists Accreditation Centre
BIS	Department for Business, Innovation and Skills	NSAfC	National Skills Academy for Construction
BME	Black and Minority Ethnic	NSCC	National Specialist Contractors Council
BRE	Building Research Establishment	NVQ	National Vocational Qualification
BSC	British Safety Council	OSAT	On-Site Assessment and Training
BSR	Business and Skills Review	OSCR	Office of the Scottish Charities Regulator
C&AG	Comptroller and Auditor General	PLA	Programme Led Apprenticeship
CBI	Confederation of British Industry	R&M	Repair and Maintenance
CCATF	Cross Industry Construction Apprenticeship Taskforce	RIA	Roofing Industry Alliance
CIOB	Chartered Institute of Building	RTPI	Royal Town Planning Institute
COBRA	Complete Business Reference Adviser	SAPs	Specialist Apprenticeship Programmes
CPCS	Construction Plant Competence Scheme	SASW	Specification of Apprenticeship Standards for Wales
CPD	Continuing Professional Development	SDS	Skills Development Scotland
CQS	Construction Qualification Strategy	SEWSCAP	South East Wales Schools and Capital Projects
CSCS	Construction Skills Certification Scheme	SFA	Skills Funding Agency
CSN	Construction Skills Network	SME	Small and Medium-sized Enterprises
DECC	Department of Energy and Climate Change	SMSTS	Site Management Safety Training Scheme
DWP	Department of Work and Pensions	SPRA	Single Ply Roofing Association
ECP	Experience Construction Programme	SQA	Scottish Qualifications Authority
ESS	Employer and Stakeholder Survey	SSA	Sector Skills Agreement
EST	Economy, Science and Transport	SSC	Sector Skills Council
FE	Further Education	STEM	Science, Technology, Engineering and Mathematics
FMB	Federation of Master Builders	SUPs	Specialist Upskilling Programmes
FIR	Fairness, Inclusion and Respect	SVQ	Scottish Vocational Qualification
FRA	Flat Roofing Alliance	TGWU	Transport and General Workers Union
GDP	Gross Domestic Product	TUCA	Tunnelling and Underground Construction Academy
HE	Higher Education	UCATT	Union of Construction, Allied Trades and Technicians
HRD	Human Resource Development	UKCES	United Kingdom Commission for Employment and Skills
ICE	Institution of Civil Engineers	UKCG	UK Contractors Group
IiP	Investors in People	WCSG	Wales Construction Skills Group
ITB	Industrial Training Board	WG	Welsh Government
LFS	Labour Force Survey	WLGA	Welsh Local Government Association
MA	Managing Agency	WMCLUTC	West Midlands Construction University Technical College
MSP	Member of the Scottish Parliament		
NAO	National Audit Office		
NAS	National Apprenticeship Service		
NCC	National Construction College		
NDPB	Non-departmental Public Body		
NFRC	National Federation of Roofing Contractors		





**APPENDICES**

NOTES





# NOTES







**APPENDICES**

NOTES

