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# **Engineering Construction Industry Training Board**

**Report of the trustees and  
accounts for the year-ended  
31 December 2020**

**HC 341  
SG/2021/137**

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# **Engineering Construction Industry Training Board**

**Report of the trustees and accounts for the year-ended  
31 December 2020**

Presented to Parliament pursuant to Section 8(4) of the Industrial Training Act 1982 Ordered  
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HC 341  
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# Chair's introduction

This year's annual report covers one of the most challenging years in the history of the ECITB. The Covid-19 pandemic has had a significant impact on the engineering construction industry, the effects of which are likely to last for some time.

The Board took decisive action at the start of the first lockdown to launch the ECITB's crisis response package, investing levy funds in a range of critical initiatives. This includes Train to Retain, which is securing the future of apprentices, graduates and trainees in our industry and the ECITB Scholarship programme, which is helping to bring new entrants into industry. The ECITB also kept training and assessment going through lockdown, by investing in remote learning and directly purchasing training on behalf of employers – enabling workforce development to continue through the pandemic.

We have already seen the economic fallout of Covid-19 and changes in energy sources supply and demand have resulted in a significant number of the oil and gas workforce facing redundancy. However, the transition to net zero carbon emissions by 2050 (2045 in Scotland) is starting to become a reality too. The Government has put in place significant steps to help industry to achieve our carbon targets. This planned transition to a green economy is hugely positive news for the future of our industry. The Engineering Construction Industry will play a leading role in designing, project managing and building the infrastructure required to achieve net zero. The ECITB has a crucial role to ensure the workforce has the requisite skills to support the transfer of skilled workers into new green jobs in Energy Transition projects.

Accelerating the transition to greener energy is not the only change prompted by the pandemic. Across industry, lockdown has accelerated the shift towards remote operations. As well as fast-tracking some of our longer term projects, and there have been some good examples of creativity resulting from the changed circumstances. In particular, training delivery and assessment around blended and virtual learning and assessment, which will only grow in line with digital technologies.



In 2021, the Board and staff remain focused on providing training and development to support both economic recovery and development of future talent for the industry. Our revised three-year Leading Industry Learning has been refocused around new policies and objectives, specifically the net zero transition and on the potential of digital to transform training and assessment. We have also ensured that diversity and inclusion are ingrained in the strategy to make engineering construction careers appealing and accessible to the widest range of talented candidates.

Passage of the 2020 Levy Order through both Houses of Parliament at the end of the Summer provoked stimulating debate around the role of the ECITB and the levy. Many strong arguments were made in support of the levy system, but nothing has demonstrated better the value of the levy to industry both now and in the future than the way it has enabled such a swift and effective response to Covid-19 crisis in 2020. The Board and staff are committed to uphold our high levels support of support throughout the difficult period of recovery and we will continue to deliver for the industry when it needs us most.

A handwritten signature in black ink that reads "Lynda Armstrong". The signature is written in a cursive, flowing style.

**Lynda Armstrong OBE**  
**Chair**

# Chief Executive's review

2020 has been one of the most unprecedented and demanding years of our working lives. Since the start of the first lockdown in March, the ECITB focused its efforts on protecting and developing the industry's skills base. I am immensely proud of our rapid response to the pandemic both in terms of developing programmes to address immediate skills needs and in preparing the workforce for future opportunities, including the transition to a net zero carbon economy.

Before the crisis hit, levy payers voted overwhelmingly in support of the ECITB's levy proposals and our three-year strategic plan. Through our response to the crisis, we hope we have further strengthened the support and confidence the industry has placed in its training board.

Our two-year £14m crisis response package, which continues to support essential learning and development in 2021, has been welcomed by industry. Support measures such as our £9m Train to Retain scheme have already secured the future of more than 500 apprentices, graduates and trainees in our industry and the new £2m ECITB Scholarship programme is underway to maintain the pipeline of fresh talent. We have also kept training and assessment going by investing in remote learning and directly purchasing £500k-worth of training on behalf of employers – enabling the engineering construction workforce to get the skills they need.

Despite the shutdown of large parts of the economy, in-scope employers have drawn down over £22m of training support from the ECITB, giving their workforce vital skills at a time when many companies would otherwise have been shedding in-house training budgets. The levy has ensured there is funding available to train and develop staff during the pandemic. The continued support for learners in the most difficult of environments highlights the value of the levy as an investment in the future of our industry, preparing the workforce in anticipation of the economic upturn.





Learner numbers in 2020 have been predictably lower than anticipated because of the reduction in training. Our most in-demand product, the CCNSG safety passport, reached 64% of our target for the year with ECITB licenced product interventions hitting 61% of our pre-pandemic targets. Despite our initiatives to tackle the drop in new entrants, we are still almost 30% down on the original target of 800 apprentices and 120 ITEC students. The ECITB Scholarship now has 130 scholars on programme and 88 ITECs. On a brighter note, the number of graduates on our graduate support programme in 2020 was 277, which is 20% better than hoped.

There is no doubt 2021 will be another challenging year for the ECITB. From helping for learners in technical and vocation education catch up on practical work to upskill and reskill workers for new roles in the net zero economy, our priority is to support the engineering construction industry and the workforce that is its lifeblood. As we emerge from the crisis, the role of the ECITB is more important than ever to ensure the industry has the skilled workforce it needs to deliver projects and drive economic recovery.

A handwritten signature in black ink that reads "Chris Claydon". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

**Chris Claydon**  
Chief Executive

## ECITB Mission:

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



# About the ECITB

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

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

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

## **Charitable Activity:**

The ECITB is a registered charity in England (Registered Charity No. 264506), with one charitable object to make provision for training persons for employment in the activities of the engineering construction industry. In pursuit of this object the organisation provides grants for training and assessment, graduates and apprentices. The ECITB develops its own standards, assures the quality of training centres and carries out focussed research to inform reports and bulletins on skills in the industry.

# Strategic Report and Performance Review 2020

## Operating Environment

2020 was an unprecedented year in many respects. The General Election in October 2019 lifted the Parliamentary deadlock over Brexit but the coronavirus pandemic quickly became the dominant issue worldwide with the impact of Covid-19 felt across all industries and regions throughout the year. Engineering construction was no exception. The signs of optimism in oil and gas seen at the end of 2019 were replaced by an oil price crash as demand collapsed due to global lockdowns. From the \$64 per barrel average of 2019, prices dropped to \$18 per barrel in April 2020, before stabilising at \$50. This put huge pressures on margins and led to a 35% drop in operations and maintenance spending with notable project delays including the Forties Pipeline Shutdown. These pressures resulted in significant job losses for contractors with OGUK predicting 30,000 overall job losses by mid-2021, 80% of which are expected in the supply chain.

In the nuclear sector, progress at Hinkley Point C continued, despite a reduction in the size of the site workforce due to social distancing restrictions. The project finished the year 3 months behind schedule, concluding with the installation of the liner ring for the first reactor. Elsewhere Sizewell C received a boost in December as the Government committed to discussions on its funding model but the proposed Horizon project at Wylfa Newydd was finally abandoned after Hitachi withdrew funding. Nuclear decommissioning activity remained stable.

The offshore wind sector was little affected by Covid restrictions and installed capacity in the UK increased by 800MW in 2020. Renewable energy accounted for 42% of electricity generation in 2020 compared to 41% from fossil fuels, the first time that renewable sources were larger across a whole year. And whilst other engineering construction sectors were impacted as site operations were restricted, the pharmaceutical and food processing sectors saw an increase in activity in response to the disruption of global supply chains from lockdowns and the consequent demand for UK-based processing.

The Covid crisis has acted as a galvanising moment for transition in terms of energy and digital technology. The forced, rapid switch to remote working and online training delivery accelerated acceptance of digital change by several years with few expecting that the post-Covid world will fully revert to previous approaches. The impact of global lockdowns on emissions increased focus on the opportunity for accelerating the transition to net zero as part of post-Covid recovery.





As a result of the pandemic, the UK Government took the decision to postpone the UN COP26 Climate Change conference to November 2021 where there will be significant pressure to demonstrate progress. Government messaging is now about ‘building back better, faster, greener’, focused around Project Speed. As 2020 drew to a close, the publication of key documents including the 10-Point Plan for a Green Industrial Revolution, the Energy White Paper and the 6th Carbon Budget reinforced the commitment to, and challenge of, achieving net zero by 2050. With Government pledging 40GW offshore wind and 5GW low carbon hydrogen production by 2030 along with 4 low carbon Industrial Clusters by 2030, opportunities for the UK’s skilled engineering construction industry are increasing as long as project investment materialises.

## **Objectives and Achievements in 2020**

2020 was the first of the ECITB’s three year strategy, Leading Industry Learning 2020-22. Published in August 2019, the strategy was developed in close consultation with industry representatives and was endorsed at the 2019 levy consultation. It was accompanied by a three year business plan, which set out delivery plans to achieve the strategic objectives and performance indicators to measure progress.

The strategy identifies four major challenges facing the industry: the need to replace an ageing workforce, growing competition for skills from other sectors, technological change and the importance of maintaining a safe, skilled and productive workforce. It sets out the ECITB’s approach to addressing these challenges, centred on three strategic pillars: Foundations, Meeting the current skills need and Preparing for the future.

The strategy pledges to meet the industry's current skills needs by committing 70% of grant expenditure to support current training requirements over the three year period. In addition, up to 30% of grant funding is being made available to support skills the industry needs for tomorrow, including investing in technology and training innovation.

Since the publication of the strategy, Covid-19 has created significant upheaval in the industry as described above and the effects are set to be felt for years to come. Training activity has been affected by the lockdowns of 2020, although the ECITB finished the year spending £22m on training, only marginally lower than forecasted at the start of the year. Of particular concern has been the impact of the pandemic on new entrant numbers, with 40% fewer apprentice starts and 30% fewer graduates compared to 2019.

As with other organisations, the ECITB adapted its plans in response to the Covid-19. In May 2020, we put in place a package of measures to support industry to navigate the crisis, which focused on:

- **Retaining essential skills:** the centrepiece of this activity is the Train to Retain scheme, which supported the training and retention of 530 apprentices, graduates and trainees working in key engineering and project management disciplines last year. This scheme will continue into 2021.
- **Maintaining the pipeline of new entrants:** in addition to a compressed Introduction to Engineering Construction (ITEC) programme, we introduced the ECITB scholarship, a two year classroom based programme designed to prepare young people for a career in craft or technical trade. 130 scholars started the programme in 2020 with further cohorts planned for 2021.

- **Accelerating transition:** to prepare industry for the post-Covid recovery, the ECITB developed plans to support the delivery of skills for net zero as well as the development of a blended learning strategy to support the move to digital and remote learning.

In addition, a key focus for the ECITB during the lockdowns of 2020 was to keep training and assessment going wherever possible. This included working with training providers to convert courses to online virtual classroom delivery, including supervisory programmes and CCNSG through our Essential Worker scheme. In addition, the ECITB directly purchased over £500k worth of training directly from providers, helping cash-flow constrained companies access training for their staff.

At the end of the year, the Board reviewed the Strategy with a view to assessing its ongoing relevance in light of Covid-19. The Board concluded the strategy remains fit for purpose whilst concluding that the ECITB should do more to address the shift towards digital and remote learning, as well as preparing the workforce for the transition to net zero. The updated strategy was published at the beginning of January 2021 and is available at [www.ecitb.org.uk](http://www.ecitb.org.uk)

## Performance against business plan objectives

In 2020, the ECITB made important progress towards achieving the business plan objectives, whilst simultaneously responding to the Covid-19 crisis. The following table sets out our performance against each objective.

### Key performance indicators

Strategy Pillar	3 Year Business plan objective	Performance in 2020
Foundations	1. Produce high-quality intelligence on labour market, skills and workforce trends	<ul style="list-style-type: none"> <li>• Published reports into the impact of the apprenticeship reforms on the ECI and the barriers and opportunities for skills transferability in the industry.</li> <li>• Delivered monthly Covid-19 briefings on the impact of the pandemic on the industry.</li> <li>• Supported cross-infrastructure workforce intelligence gathering, in collaboration with the IPA, CITB, NSAR, Cogent, NSSG and EU Skills.</li> <li>• Planned for the delivery of the ECI workforce census in early 2021.</li> </ul>
	2. Ensure all employers who should pay the levy do	<ul style="list-style-type: none"> <li>• Conducted 27 establishment reviews in 2020. Covid-19 restrictions inhibited the number of employer visits that could be conducted.</li> <li>• An additional £2m of levy was raised by bringing new establishments onto the register, trebling the target set at the start of the year.</li> <li>• Commissioned a study into ECI footprint to build understanding of potential leviable establishments.</li> </ul>
	3. Ensure National Occupational Standards (NOS), qualifications and training standards reflect industry requirements	<ul style="list-style-type: none"> <li>• The planned 9 NOS suites (86 individual NOS) were reviewed and published, with Diversity &amp; Inclusion and Digital Skills introduced into the common NOS (across all suites).</li> <li>• 2021 qualification requirements scoped and scheduled. No new qualifications launched during pandemic. Several qualifications, however, progressing through development, including L6 Project Controls and L2 ECI Knowledge qualification.</li> <li>• Supported IfATE in the role of External Quality Assurance provider for several ECI apprenticeship standards, including pipefitting, project controls, design and draughting and rigging and erecting.</li> <li>• ECITB panels approved 19 new Training Providers, 57 provider courses (including 12 blended learning and 6 e-learning courses) and 216 trainers/testers.</li> </ul>



Strategy Pillar	3 Year Business plan objective Performance in 2020	
Foundations	4. Enhance data collection and evaluation methods in order to drive continuous improvement	<ul style="list-style-type: none"> <li>• Conducted the Customer Satisfaction Survey and Stakeholder survey in Autumn to gather feedback and identify areas for improvement.</li> <li>• Devised new evaluation tools for projects and programmes to be implemented in 2021.</li> <li>• Focus areas for improvement in 2021 will include greater support and collaboration with the Approved Provider network and improvements to grant processes, including the MSP.</li> </ul>
Meeting current skills needs	5. Address known skills shortages and provide training solutions to tackle skills gaps	<ul style="list-style-type: none"> <li>• Funded £22m of training for and on behalf of employers to close skills gaps and shortages in the industry</li> <li>• Supported the provision of welding training for workers to be deployed in nuclear new build.</li> </ul>
	6. Support the training and recruitment of new entrants into the industry	<ul style="list-style-type: none"> <li>• Supported 1682 apprentices, 277 new graduates and 88 new ITEC learners in 2020</li> <li>• Devised the scholarship programme to stem the decline in new entrant numbers, with 130 learners on programme in 2020.</li> <li>• Train to Retain has supported the retention and ongoing professional development of 530 apprentices, graduates and trainees, ensuring that new entrant talent is kept in the industry.</li> <li>• Developed the Hinkley Support Operative bronze and silver programmes, which are designed to provide training pathways for new entrants initially for the HPC project. 7 learners on the pilot bronze programme in 2020.</li> </ul>
	7. Improve access to quality and cost effective training	<ul style="list-style-type: none"> <li>• Directly purchased training (£500k) from providers on behalf of employers, ensuring employees received the training they required during lockdown.</li> <li>• Worked with providers to transform 9 ECITB Supervisor and Project Controls courses to virtual delivery.</li> <li>• Delivered CCNSG for Essential Workers virtual delivery, enabling critical site access training was maintained during the lockdown. 50 individuals accessed their first card through this route in April and May 2020. In total the ECITB issued 23,000 CCNSG cards in 2020.</li> </ul>



Strategy Pillar	3 Year Business plan objective	Performance in 2020
Meeting current skills needs	8. Provide standardised assurance of the common competencies of the ECI workforce	<ul style="list-style-type: none"> <li>• Developed and began implementation of a revised strategy for the Connected Competence programme post Covid-19 which supports an accessible, standardised and transferable approach to base level technical competence.</li> <li>• Completion of a pilot programme at both offshore and onshore sites for construction and maintenance trades, to evaluate the feasibility of onsite digital technical assessments.</li> <li>• Procurement of online invigilated knowledge tests allowing workers to undertake assessments remotely. Initial trades available are: <ul style="list-style-type: none"> <li>o Pipefitting</li> <li>o Plating</li> <li>o Appointed Persons Moving Loads</li> <li>o Rigging</li> <li>o Industrial Coatings Application</li> <li>o Fabric Maintenance</li> <li>o Scaffolding</li> <li>o Electrical Installation</li> <li>o Electrical Maintenance</li> <li>o Mechanical Maintenance</li> <li>o Instrument &amp; Control Maintenance</li> <li>o Offshore Production Technician</li> <li>o Onshore Production Technician</li> </ul> </li> <li>• Introduction of Standard Industry Role profiles for key trades within Engineering and Construction which sets the base-level expectation of technical competence required. These standardised profiles are directly linked to technical testing activities and will help promote skills transfer from across sectors.</li> </ul>

Strategy Pillar	3 Year Business plan objective	Performance in 2020
Preparing for the future	9. Support the delivery of the Industrial Strategy and help industry prepare for the transition to a net zero carbon economy	<ul style="list-style-type: none"> <li>• Published study by Element Energy into the implications of the net zero transition for the Engineering Construction Industry in January 2020</li> <li>• Developed the ECITB's plan to support net zero skills in industry, which was published in Q1 2021.</li> <li>• Engaged with a wide range of employers, government and other stakeholders, including the Industrial Decarbonisation Research and Innovation Centre and the industrial clusters to build our intelligence on the skills requirements of net zero. We also supported the Green Jobs Taskforce through the participation of ECITB Board member, Jane Cooper.</li> <li>• Supported the delivery of the Nuclear Skills Strategy Group delivery plan, with a focus on skills transferability and participation in the Nuclear Developers Group to identify skills pipeline requirements.</li> <li>• Developed value propositions for the renewables, water treatment and food and drink sectors.</li> </ul>
	10. Enable ECI companies to harness IR4 technologies to improve productivity by having the right skills	<ul style="list-style-type: none"> <li>• Developed an ECITB Digital Passport against the NOS with 44 ITEC learners planned for delivery in Q1 2021</li> <li>• Supported a three day data analytics hackathon with over 100 delegates completing industry set projects.</li> <li>• Started work on a blended learning strategy, which is due to be published in 2021.</li> </ul>
	11. Help the industry develop more inclusive cultures and encourage greater workforce diversity	<ul style="list-style-type: none"> <li>• Grant supported Diversity and Inclusion training for 541 learners in total across the industry</li> <li>• This included directly funding the Engineering a Winning Workforce programme for employers operating in the nuclear industry.</li> <li>• Developed two new ECITB training standards, for launch in early 2021: Introduction to ED&amp;I and unconscious bias training.</li> <li>• Established the Inclusion, Diversity, Equality Action (IDEA) working group to identify opportunities and develop plans to improve diversity and inclusion across the industry, including embedding D&amp;I across ECITB products and services.</li> </ul>

Strategy Pillar	3 Year Business plan objective	Performance in 2020
Preparing for the future	12. Work with UK and devolved Governments to shape education and skills policies to meet industry needs	<ul style="list-style-type: none"> <li>Supported the DfE’s apprenticeships programme review, leading to sectoral flexibilities announced in the 2020 Autumn Statement. In particular, the Government is keen to explore the concept of a fast track apprenticeship which was first proposed in our Fire it Up report.</li> <li>Participation in the BEIS/DfE Construction Skills Delivery Group and the Green Jobs Taskforce,</li> <li>Active ongoing engagement with DfE and BEIS on apprenticeships, T levels, Covid interventions such as Kickstart, energy transition and sector-specific support for post-Covid recovery.</li> <li>Responded to 12 consultations on post-16 qualifications, apprenticeships, T levels, strategic occupations for migration, energy transition and the Nuclear Decommissioning Authority’s strategy. Responded to 2 APPG inquiries and 2 Select Committee inquiries on Covid impact and post-pandemic growth.</li> <li>Participated in the development of the Scottish Government’s Climate Emergency Skills Action Plan</li> <li>Held 2 Ministerial meetings with DfE and Scottish Government. Met with Hydrogen APPG and the chair of the Climate Change Committee. Written engagement with a further 9 members across both Houses.</li> </ul>

	2020 Performance indicators	2020 Results
FOUNDATIONS	Percentage of stakeholders who say they value ECITB's labour market intelligence (>60% in 2020)	83%*
	Number of establishment reviews conducted (target of 100 in 2020)	27 due to Covid-19 restrictions >£1m of levy secured from new in-scope establishments
	Percentage of employers who use ECITB products say they meet their needs (>75% in 2020)	86% (average score across all products)*
MEET CURRENT NEEDS	Percentage of employers reporting that ECITB support has helped address skills shortages and gaps (>50% in 2020)	73%*
	Increase the number of new entrants supported by ECITB (by 15% in 2020)	~47% decrease due to the impact of Covid-19** ECITB Scholarship programme set up in response
	Percentage of employers satisfied with the quality, accessibility and affordability of training and assessment (>50% in 2020)	66% satisfied with all three aspects of training and assessment, 95% satisfied with at least one*
PREPARING FOR FUTURE	Increase uptake of ECITB competence assurance products by 25% in 2020.	~31% decrease due to the impact of Covid-19**
	Percentage of stakeholders who believe the ECITB is making a positive contribution to the Industrial Strategy and industry's preparedness for net zero (>60% in 2020)	69% for the Industrial Strategy, 60% for net zero*
	Number of employers, learners and training providers accessing the ECITB's Industry 4.0 products and programmes (>300 in 2020)	179** Development of blended learning strategy in 2021
PREPARING FOR FUTURE	Uptake of ECITB supported diversity and inclusion training interventions (>1000 in 2020)	420 supported to date** Established IDEA taskforce to enhance D&I activity
	Percentage of stakeholders who say the ECITB is positively influencing skills policy (>60% in 2020)	64%*

\* Taken from the ECITB's Customer Satisfaction and Stakeholder Survey produced by IFF Research Ltd. Fieldwork conducted between 14th September and 9th October 2020

\*\* expected as of December 2020



# Commercial Activities 2020

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

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

## Commercial Activities in Great Britain

The main source of income within Great Britain derives from the issuance of Client Contractor National Safety Group (CCNSG) Safety Passports. Income from CCNSG passports decreased during 2020 from £817k to £591k with overall numbers below those in 2019 due to the reduction of face to face training caused by Covid 19.

However, sales of Technical training decreased only slightly, from £221k to £213K. Licence income was also broadly flat, decreasing by only £19k.

## International Commercial Activities

ECITB operates in 3 main areas overseas, namely the Middle East, South East Asia and East Africa. International Commercial Income in 2020 was £450k (25%) below that in 2019, mainly delivered through charges for International Training Provider Licences which increased slightly in the year. The decline against 2019 was due to a fall in delegate fees as training was restricted across the world due to the pandemic.

The international commercial team grew slightly during 2020 and there are plans to recruit in 2021 with a view to significantly growing back sales when training restrictions are lifted.

# Looking Ahead: 2021

2021 marks the second year of an exciting three year strategy period for the ECITB. Full details of the strategy and its KPIs can be found on the ECITB's website, to which we would encourage readers of this annual report to refer.

## Financial Projections 2021

The 2021 operational plan and financial budget are based on the ECITB's strategic priorities and objectives. Given the ambitious 2020-22 strategy and the fact that reserves continue to be higher than reserves policy requires, we expect the ECITB to continue to be able to draw down on its reserves and therefore run at a deficit.

Whilst the 2021 budget does not currently anticipate either a deficit or surplus, the final financial outcome for 2021 is subject to number of factors that may result in the ECITB utilising some of its reserves or recognising a surplus in the year. These include the following:

- The budget assumes the level of demand for training support in addition to a major project will increase by roughly £2.5m against 2020. At time of preparing the budget, continued lockdowns across the UK made it more difficult than usual to plan how much training could and would be accessed during the year, however, if the demand is there, we anticipate reforecasting to use reserves in 2021 to fund training.

- Work will also continue during 2021 to ensure every establishment that should pay a levy, does pay. The budget sets income at a prudent, lower level and there may well be more levy income and therefore more funds may become available during the year.
- Finally, the ECITB is developing plans to improve its technology, systems and blended learning support to industry. Activity in these areas has begun in 2021, with an allocation from available reserves made available to support them.

# 2020 Governance Report

## Scope of Responsibility

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

## The Purpose of the Governance Statement

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

## Governance Framework of the Organisation

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

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

The ECITB is established for exclusively charitable purposes and is a registered charity in England and Wales. It also undertakes its charitable activities in Scotland. The charitable activities of the ECITB are largely funded by the statutory levy established by the Act and confirmed by levy orders passed by both Houses of Parliament. The levy applies to all in-scope establishments operated by industry employers to ensure equity across employers in the industry in the provision of training.

Following a formal consultation with levy-paying employers in 2019 relating to future industrial training levy arrangements, the Industrial Training Levy (Engineering Construction Board) Order 2020 -Statutory Instrument No. 972 (the 'Levy Order') was passed by Parliament on 10th September 2020. Levy income during the financial years 2021 to 2023 inclusive will be collected under the terms of the 2020 Order. This was the first time that the ECITB conducted a consultation based on a rise in the levy.

The Board is responsible for establishing and monitoring appropriate policies to fulfil the objectives of the ECITB as an ITB. The Accounting Officer is responsible for managing the implementation of agreed policies and is accountable to the Board, the principal AO (Permanent Secretary of DfE) and Parliament.



## The Board

The members of the ECITB's Board of Trustees during 2020 and at March 2021, together with changes in membership since 1st January 2020 and 2020 meeting attendance records are shown in Appendix A. Corresponding information relating to the Board's sub-committees are shown in Appendix B.

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

The Board oversees the implementation of business and financial plans and has approved the strategic report within this document.

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

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

During 2020 five trustees were appointed and one trustee's term expired. In 2020 the Board met on six occasions. Average attendance at the Board over the year was 84% (2019 – 82%).

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

A review of all actions coming out of 2020 Board meetings was conducted at the end of the year and the Board confirmed that all actions had been completed or were progressing as planned.

## The Council

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

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



## The Audit & Risk Committee

The Trustees maintain an overview of internal control and risk management issues through the Audit & Risk Committee. The Committee's terms of reference are to promote the highest standards of propriety in the operation of the ECITB by maintaining an overview of its financial and other governance systems to ensure their effectiveness and integrity of operation. The Board appoints members of the Committee. Its Chair is a trustee of the Board.

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

The Committee regularly reviews the ECITB's risk register. The information received during the year enabled the Committee to provide a recommendation to the Accounting Officer and the Board to approve and sign the annual report and accounts.

## The Remuneration & Nomination Committee

The Committee reports to the Board and is responsible for formulating and recommending the policy relating to the remuneration for the ECITB staff.

The Committee is also responsible for identifying candidates to the Secretary of State to fill Board vacancies as and when they arise.

## The Q&A Committee

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

## The CCNSG Committee

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

## The Operations & Grants Committee

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

The Committee reports to the Board to review and formulate the ECITB's training grant policy and schemes. The remit also includes the ECITB's grant systems and decision-making processes to ensure that all aspects relating to grants are clearly defined and fall within the ECITB's statutory remit and discretion.

The committee comprises of the Executive; the Chief Executive, the Board Secretary and directors, as appointed by the Chief Executive following consultation with the Board.

## Regions

The ECITB operates a regional structure to ensure that delivery of training support and services is driven by the demands of industry on a regional basis. In 2020 there were 19 regional forums. Each forum comprises industry employers, and either represents a geographical area, or a significant industry sector. Each forum normally meets three times a year under the chairmanship of a Regional Chair, who has been elected by the members of the forum.

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

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

## ECITB Management and Staff

The Board have delegated responsibility for the implementation of the ECITB's strategic plans, and the management of the organisation to the Chief Executive.

The Chief Executive leads the organisation's executive management team ("the Executive"), which in 2020 comprised the Chief Executive, the Board Secretary, the Director of Finance & Business Services, the Director of Operations, the Director of Strategy & Policy and the Director of Development and Quality (until April 2020). The members of the Executive are

responsible for ensuring that the activities of their departments achieve the ECITB's strategic and operational objectives efficiently, to the highest quality standards, and in compliance with the law. Meetings of the Executive occur weekly, and the members report concerning their areas of responsibility, including measurement of performance against key performance indicators.

## Overview of Board Effectiveness and Performance

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

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

## Conflicts of Interest

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

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

## Whistle Blowing

The ECITB is committed to achieving and maintaining high standards of behaviour at work, service to the public and in all our working practices. The ECITB's whistle blowing policy is designed to enable and encourage ECITB staff to express concern or disclose information at an appropriate level if it is believed there is evidence of malpractice. The ECITB seeks to maintain a culture where people are encouraged to speak out, with confidence that they can do so without adverse consequences, and that appropriate action will be taken. In 2020 no allegations were raised under the ECITB's whistle blowing policy.

## Risk Management

The ECITB's system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is designed to identify and prioritise risks to the achievement

of the ECITB's policies, aims and objectives. It is designed to evaluate the likelihood of risks and their impact, and to manage them efficiently and effectively.

The ECITB's system of internal control has been in place throughout the year-ended 31st December 2020 (and up to the date of approval of the 2020 Trustees' report and accounts), and accords with HM Treasury guidance. A number of specific sources contribute to my annual governance review, including:

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

## The Risk Management Framework

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

The Board is responsible for assessing the organisation's risk appetite and tolerance towards risk – this is regularly reviewed as part of an annual standing agenda.



## Risk overview

The most significant risks faced by ECITB during 2020, which could impact on the delivery of its strategic objectives are shown below:

- Compliance Risk – Failure to implement appropriate cyber data security measures
- Reputational Risk – Impact of C-19 on 2021 levy assessments and implementing the levy rate rise
- Programme Risk – Failure to implement an effective Net Zero development plan
- Project Risk – Failure to deliver Connected Competence
- Compliance Risk - Failure to comply with statutory duties or other legal responsibilities.
- IT Supplier Failure Risk - Commercial failure of a key IT supplier
- Government policy change undermines the basis of the ECITB .

## The ECITB's approach to Data Security and Information Risk

The ECITB's management information systems enable and support business processes and organisational performance. The ECITB's emphasis remains to ensure data handling practices are simple, rigorous and efficient. Information security is of vital importance to the operation and reputation of the ECITB. Its Chief Information Officer has operational responsibility for this. During 2020 no disclosures or reports were submitted to the Information Commissioner's Office (ICO).

To achieve its aims the ECITB collects and makes use of personal information about individuals, such as employers, their learners (including apprentices), employees, applicants for posts and suppliers. The ECITB is committed to protecting the rights and freedoms of individuals relating to the processing of their personal data,

and complies with its obligations and responsibilities under current Data Protection legislation. During 2018 ECITB implemented measures to ensure compliance with the General Data Protection Regulation (GDPR), which took effect in May 2018.

During 2018, ECITB identified and filled the key roles of the Data Protection Officer and of the Data Manager and updated and published new policies and procedures including a Data Protection Policy, an Information Security Policy and Data Retention & Disposal Policy for handling data securely against the new requirements in GDPR and the relevant guidelines issued by the ICO. These policies were reviewed and updated during 2020, as required.

During 2020 there were no major changes to the ECITB's data storage.

## Internal Audit

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

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



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

## Conclusion

As Accounting Officer, I have responsibility for reviewing the effectiveness of the systems of governance and internal control. My review of the effectiveness of these systems is informed by the members of the Executive and senior managers within the organisation (who have responsibility for the development and maintenance of the internal control framework), the work of the GIAA, comments made by the National Audit Office in its management letter and other reports. I am also advised on the effectiveness of

the system of internal control by the Board and the Audit & Risk Committee. When weaknesses are identified, plans to address them and ensure continuous improvement of the system are put in place.

This Governance Statement represents the conclusions of my review of the effectiveness of the ECITB's governance framework, risk management and internal controls in 2020. I am satisfied that the governance arrangements and the risk and control framework used in 2020 were sufficient to continue managing risks effectively, and ensure that the operating and financial risks were fully understood by the Board. I have concluded that the ECITB's system of governance, risk management and internal control supports the achievement of the ECITB's aims and objectives.



C J Claydon  
Chief Executive and Accounting Officer  
23<sup>rd</sup> June 2021

The background is a solid purple color with several large, overlapping, rounded rectangular shapes in a lighter shade of purple, creating a modern, abstract design.

# **Engineering Construction Industry Training Board**

**Report of the Trustees and  
Accounts for the Year-Ended  
31 December 2020**

# Financial Report

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

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

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

- Observe the accounts direction issued by the Secretary of State, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- Make judgements and estimates on a reasonable basis;
- State whether applicable accounting standards as set out in the Government Financial Reporting Manual and in the Statement of Recommended Practice: Accounting and Reporting for Charities (Charities SORP (FRS 102)) have been followed and disclose and explain any material departures in the financial statements; and
- Prepare the financial statements on a going concern basis, unless it is inappropriate to do so.

The Accounting Officer and Board of Trustees confirm:

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

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



**L A Armstrong**  
Chairman  
23<sup>rd</sup> June 2021



**C J Claydon**  
Chief Executive and Accounting Officer  
23<sup>rd</sup> June 2021

# Results for the Year

A Summary Statement of Financial Activities for the period 1 January 2020 to 31 December 2020 (with comparative information for 2019) is shown immediately below. This has been extracted from the audited financial statements which appear in full later in this report.

## Statement of Financial Activities for Year ended 31 December 2020

<b>Income</b>	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Levy	27,805	23,732
Investment Income	300	428
Non Levy Income	1,704	2,256
<b>Total Income</b>	<b>29,809</b>	<b>26,416</b>

<b>Expenditure</b>		
Investment management costs, Bad debt provision, levy collection costs and provision against appealed levies	324	370
Charitable activities	28,549	27,736
<b>Total expenditure before other gains and losses</b>	<b>28,873</b>	<b>28,106</b>
Net income / (expenditure) before other gains and losses	936	(1,690)
Gains / (Losses) on revaluation of fixed assets	393	113
Gains / (losses) on investment assets	(91)	(99)
<b>Net Movement in Funds Surplus / (Deficit)</b>	<b>1,238</b>	<b>(1,676)</b>

<b>Reconciliation of Funds</b>		
Total funds brought forward at 1 January	15,639	17,315
Total funds carried forward at 31 December	16,877	15,639

<b>Balance Sheet</b>		
<b>Fixed Assets</b>		
Tangible Assets	1,701	1,324
Investments maturing in more than one year	5,862	8,855
	<b>7,563</b>	<b>10,179</b>
<b>Current Assets</b>	17,562	12,447
Creditors: amounts falling due within one year	(8,248)	(6,987)
<b>Net current assets</b>	<b>9,314</b>	<b>5,460</b>
Net assets less liabilities	16,877	15,639

<b>Fund</b>		
Unrestricted fund	16,877	15,639



## Incoming Resources

Levy income in 2020 amounted to £27.8m (2019: £23.7m). This represents the gross levy assessed during the year, together with any adjustments for levies assessed in earlier years. Levy rates on costs of on-site workers remained at 1.2% and, on costs of all other workers remained at 0.14%. Levy exemption levels remained unchanged from 2018 for both site based and other workers at £1,000,000 and £275,000 respectively.

Gross levy income was £4.1m or 17% higher than in 2019 due to more establishments being brought onto the books.

Other incoming resources totalled £1.7m (2019: £2.3m) mainly comprised of income from sales and sponsorships.

Investment income, from quoted investments and interest on cash deposits, amounted to £300k (2019: £428k). Investment performance has reduced compared to 2019 due to ongoing low investment yields, which, as noted last year, are expected to prevail into the foreseeable future.

## Expenditure

Expenditure on the charitable activity amounted to £28.5m which was £813k (2.9%) higher than 2019.

Total costs of delivery of the service, comprising direct and support costs were £8.8m (2019: £7.8m).

Levy collection costs saw a slight decrease to £268k (2019: £282k), £14k lower than 2019.

## Net Movement in Funds

The revaluation of the ECITB's land and buildings, based on the 2021 sales price, resulted in a gain of £393k (2019: gain of £113k)

The net increase in resources for the year after recognised gains and losses amounted to £1.2m (2019: outgoing resources £1.7m).

## Balance Sheet at 31 December 2020

### Assets

Current assets increased by £5,115k, as a result of holding more cash and cash equivalents and short term investments at year end than in the previous year. This was to maintain liquid funds for potential use in the first half of 2021 and because low bond yields married with ECITB's strict risk criteria result in less benefit than previous years in investing in long term gilts when compared to comparable returns and the flexibility of shorter term investments.

At 31 December, investments and cash amounted to £22.9m (2019:£20.2m).

Debtors at the end of both 2020 and 2019 comprised levy and trade debtors, prepayments and accrued income. Levy debtors in 2020 saw a significant decrease as 2019 saw two late assessments, raised in autumn 2019, that remained unpaid at the year end.

### Creditors

Year-end creditors amounted to £8.2m (2019: £7.0m). The increase largely comprises grant accruals as, to help the administrative burden on Employers during COVID-19, we allowed a longer period than the prior year in early 2021 during which they could submit grant claims for 2020 training activity. The result was that a higher value of 2020 claims were paid after the year end than in the previous year.

### The Funds of the Charity

The year-end balance sheet shows total charity funds of £16.9m (2019: £15.6m).

### Reserves Policy

The Reserves Requirement at the end of 2020 remained the same as at 2019. The minimum level of reserves the Trustees consider necessary is £7m in order to accord with its policy to hold reserves to cover the full costs of winding up the ECITB estimated to be around £3m and a further fund to support the costs of apprentices taken on under ECITB funding arrangements, set at £4m.

The ECITB does not hold any restricted funds and all reserves are reported as unrestricted. Of the £16.9m funds held at the end of the reporting period, £1.3m can only be realised by disposing of tangible fixed assets and a further £10.2m are already committed, resulting in £5.4m available reserves.

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

## Investment Policy and Performance

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

Investment performance is measured against a benchmark, namely the FTSE UK Government Bond Fixed Up to 5 Year Index. In the period from 14th September 2004 (when the investment manager took over the portfolio) to 31st December 2020, the performance of the long-term portfolio, after the deduction of management fees, was 62.1% compared to the benchmark 59.2%, giving an annual portfolio return of 1.2% (benchmark return 1.5%) for the year to 31st December 2020.

## Auditors

The ECITB's external auditor is the Comptroller and Auditor General who is appointed under Section 8 of the Industrial Training Act 1982.

# Remuneration Report

## Unaudited Information Staff Appointments

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

Four employees were engaged under fixed term contracts of employment.

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

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

## Staff Sickness Absence

The ECITB monitors levels of staff sickness absence. In 2020, the sickness absence rate was 1.6% (2019 – 2.1%), equivalent to 3.6 working days per employee (2019 – 4.6 working days).

## Off payroll arrangements

During the year, the ECITB had no 'off-payroll' engagements.

## Audited Information Senior Staff Costs and Pensions

Decisions on remuneration are delegated to the Management Board, which determines general policy on remuneration and the individual remuneration package for the the Chief Executive.

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

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

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

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



2020					2019					Date of appointment to position
Salary £'000	Pension Benefit £'000	Benefit in kind (to nearest £100) £	Performance Pay £'000	Total Salary £'000	Salary £'000	Pension Benefit £'000	Benefit in kind (to nearest £100) £	Performance Pay £'000	Total Salary £'000	
<b>C J Claydon, Chief Executive</b>										
150-155	10-15	1,700	0-5	165-170	140-145	10-15	1700	5-10	165-170	24.08.15
<b>A Brown, Director of Operations</b>										
110-115	5-10	1,900	0-5	125-130	100-105	5-10	1,900	5-10	115-120	01.04.13
<b>N Spencer, Director of Development &amp; Quality</b>										
25-30	0-5	1,400	0	25-30 (FYE 105-110)	95-100	5-10	1,400	0-5	110-115	01.11.03
<b>R Blyth, Director of Finance and Administration</b>										
95-100	5-10	500	0-5	105-110	65-70	5-10	0	0	70-75 (FYE 85- 90)	16.03.19
<b>H M Blackwood, Director of Finance &amp; Administration</b>										
0	0	0	0	0	40-45	0-5	200	0	40-45 (FYE 100-105)	06.11.17
<b>David Nash, Director of Strategy &amp; Policy</b>										
95-100	5-10	0	0-5	105-110	0	0	0	0	0	01.01.20

N Spencer resigned as a director on 3 April 2020 but remains as a consultant to the ECITB on a contracted day basis. D Nash became a director on 1 January 2020.

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

ECITB is required to disclose the relationship between the remuneration of its highest-paid director and the median remuneration of the organisation's workforce. The banded remuneration of the highest paid director in ECITB in the financial year 2020 was £155,000 – £160,000 (2019 - £155,000 - £160,000). This was 3.4 times (2019 - 3.5 times) higher than the median remuneration

(excluding employer pension contributions) of the remainder of the workforce, which was £46,468 (2019 - £45,579). In 2020 no employees received remuneration in excess of the highest-paid director (2019 - none), however, in 2020 an individual's full time equivalent salary (excluding employer pension contributions) exceeded the highest paid director (2019 – 1). Full time equivalent remuneration ranged from £23,000 to £166,000 (2019 - £18,000-£166,000).

Total remuneration includes salary, non-consolidated performance-related pay, benefits-in-kind plus severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

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

## Senior Staff Pensions Entitlements

### Defined Benefit Pension

On 5th April 2016 the accrual of pension benefits in the Defined Benefits Section of ITB Pension Funds (ITB) ceased for all senior staff and other employees. From 6th April 2016, pension benefits accrued in the Defined Contribution Section of ITB. There is, therefore, no defined benefit increase to be reported on in 2020 (2019 Nil).

### Defined Contribution pension

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

Name	Normal contribution 2020 £'000	Normal contribution 2019 £'000
C J Claydon	13	13
A Brown	10	9
R Blyth	8	5
D Nash	6	0
N Spencer	1	9
H M Blackwood	0	2

## Trustees' Costs

In accordance with her appointment by the Secretary of State, the Chairman of the Board is entitled to remuneration. During the year, the Chair, Ms L Armstrong, received a salary of £31,600 (2019 - £29,200). 1 other trustee received compensation for the performance of their duties in the year of £400 (2019 : £0).

In 2020, 9 trustees (2019 - 10) incurred travel, accommodation and subsistence expenses, which were reimbursed by the ECITB. In 2020, these expenses amounted to £12,119 (2019 - £13,693).

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

Appendix A of this report contains a list of current trustees and former trustees who held office during 2020.

### Trade Union Time – Unaudited information

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

## Relevant Union Officials

Name	Full Time Equivalent Number
Number of employees who were relevant union officials during the relevant period	1
Percentage of time spend on facility time	
Percentage of time	Number of employees
0%	-
1-50%	1
51-99%	-
100%	-
Percentage of pay bill spent on facility time	
Total cost of facility time £'000	1
Total pay bill £'000	4,771
Percentage of total pay bill spent on facility time	0
Paid trade union activities	
Time spent on paid trade union activities as a percentage of total paid facility time hours	-



**L A Armstrong**  
Chairman  
23<sup>rd</sup> June 2021



**C J Claydon**  
Chief Executive and Accounting Officer  
23<sup>rd</sup> June 2021

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

## Opinion on financial statements

I certify that I have audited the financial statements of Engineering Construction Industry Training Board (ECITB) for the year ended 31 December 2020 under Industrial Training Act 1982. The financial statements comprise: the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom accounting standards including FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

I have also audited the information in the Remuneration Report that is described in that report as having been audited.

In my opinion, the financial statements:

- give a true and fair view of the state of ECITB's affairs as at 31 December 2020 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Industrial Training Act 1982 and Secretary of State directions issued thereunder.

## Opinion on regularity

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

## Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK), applicable law and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2019. I have also elected to apply the ethical standards relevant to listed entities I am independent of the ECITB in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.



## Conclusions relating to going concern

In auditing the financial statements, I have concluded that the ECITB's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the ECITB's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Trustees and Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

## Other Information

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

## Opinion on other matters

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Remuneration Report to be audited have been properly prepared in accordance with Secretary of State directions made under the Industrial Training Act 1982;
- the information given in the Report of the trustees for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Matters on which I report by exception

In the light of the knowledge and understanding of the ECITB and its environment obtained in the course of the audit, I have not identified material misstatements in the Report of the trustees.

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

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts 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.

## Responsibilities of the Trustees and Accounting Officer

As explained more fully in the Statement of the ECITB's and the Accounting Officer's Responsibilities, the Trustees and the Accounting Officer are responsible for:

- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- internal controls as Trustees and the Accounting Officer determines is necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error.
- assessing the ECITB's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees and the Accounting Officer either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Industrial Training Act 1982, section 144 of the Charities Act 2011.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulation, including fraud.

My procedures included the following:

- inquiring of management, the ECITB's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the ECITB's policies and procedures relating to:
  - o identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - o detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  - o the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the ECITB's controls relating to the Industrial Training Act 1982;
- discussing among the engagement team and involving relevant internal specialists, including IT auditors, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition and posting of unusual journals;
- obtaining an understanding of ECITB's framework of authority as well as other legal and regulatory frameworks that the ECITB operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the ECITB. The key laws and regulations I considered in this context included the Industrial Training Act 1982, HM Treasury's Managing Public Money, Coronavirus Act 2020 and other relevant employment, pensions and tax legislation and regulations; and

- engaging with IT auditors to assess the impact of changes to IT systems during the period on my risk assessment.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance and the Board;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- testing the completeness and accuracy of financial data migrated to new IT systems during the period through data reconciliations.

I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my certificate.

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

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

## Report

I have no observations to make on these financial statements.

Gareth Davies  
24<sup>th</sup> June 2021  
Comptroller and Auditor General

National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP



## Financial Accounts for the year ended 31 December 2020

### Statement of Financial Activities for the year ended 31 December 2020

<b>Income</b>		<b>2020</b>	<b>2019</b>
		<b>£'000</b>	<b>£'000</b>
<b>Income from other trading activities</b>			
Income from investments	Note 4	300	428
<b>Income from charitables activities</b>			
<b>Total non-levy income</b>	Note 3	1,704	2,256
<b>Levy</b>	Note 2	27,805	23,732
<b>Total Income</b>		29,809	26,416

<b>Expenditure</b>		<b>2020</b>	<b>2019</b>
		<b>£'000</b>	<b>£'000</b>
<b>Expenditure on Raising funds</b>			
Investment management costs		57	47
Provision for bad debts and against appealed levies	Note 5	(1)	41
Levy collection costs		268	282
<b>Total costs of raising funds</b>		324	370
<b>Expenditure on charitables activities</b>			
<b>Total costs of charitable activities</b>	Note 6	28,549	27,736
<b>Total expenditure</b>		28,873	28,106
Net gains / (loses) on investments	Note 15	(91)	(99)
<b>Net income / (expenditure)</b>		845	(1,789)

<b>Other recognised gains /(loses)</b>		<b>2020</b>	<b>2019</b>
		<b>£'000</b>	<b>£'000</b>
<b>Other recognised gains / (loses)</b>			
Gains / (loses) on revaluation of fixed assets	Note 13	393	113
<b>Net movement in funds</b>	Note 21	1,238	(1,676)

<b>Reconciliation of funds</b>		<b>2020</b>	<b>2019</b>
		<b>£'000</b>	<b>£'000</b>
<b>Total funds brought forward at 1 January</b>		15,639	17,315
<b>Total funds carried forward at 31 December</b>	Note 21	16,877	15,639

The statement of financial activities reflects all gains and losses during the year to 31 December 2020. All activities are continuing. All funds are unrestricted.

The notes on pages 46 to 72 and the appendices on pages 74 to 78 form part of these financial statements.



## Balance Sheet as at 31 December 2020

		2020 £'000	2019 £'000
<b>Fixed assets</b>			
Tangible assets	Note 13	1,701	1,324
Investments maturing in more than one year	Note 15	5,862	8,855
<b>Total fixed assets</b>		<b>7,563</b>	<b>10,179</b>
<b>Current assets</b>			
Debtors	Note 16	497	1,092
Investments maturing in less than one year	Note 15	2,918	1,266
Cash and cash equivalents in hand	Note 23	14,147	10,089
<b>Total current assets</b>		<b>17,562</b>	<b>12,447</b>
<b>Creditors</b>			
Amounts falling due within one year	Note 17	(8,248)	(6,987)
<b>Net current assets</b>		<b>9,314</b>	<b>5,460</b>
<b>Total assets less liabilities</b>		<b>16,877</b>	<b>15,639</b>
<b>The funds of the charity</b>			
Unrestricted fund	Note 21	16,877	15,639
<b>Total charity funds</b>		<b>16,877</b>	<b>15,639</b>

The accounts were approved by the Board on 23<sup>rd</sup> June 2021

The notes on pages 46 to 72 and the appendices on pages 74 to 78 form part of these financial statements



L A Armstrong  
Chairman  
23<sup>rd</sup> June 2021



C J Claydon  
Chief Executive and Accounting Officer  
23<sup>rd</sup> June 2021

## Statement of cash flows for the year-ended 31 December 2020

<b>Cash flows from operating activities</b>		<b>2020</b>	<b>2019</b>
		<b>£'000</b>	<b>£'000</b>
Net cash provided by operating activities	Note 22	2,670	(301)

<b>Cash flows from investing activities</b>			
Investment income	Note 4	300	428
Purchase of property, plant and equipment	Note 13	(163)	(171)
Proceeds from sale of property, plant and equipment		1	64
Proceeds from sale of investments	Note 15	1,250	2,650
Purchase of investments	Note 15	-	-
<b>Net cash provided by (used in) investing activities</b>		<b>1,388</b>	<b>2,971</b>
Change in cash and cash equivalents in the reporting period	Note 23	4,058	2,670

<b>Reconciliation of changes in cash, cash equivalents and in hand</b>		<b>2020</b>	<b>2019</b>
		<b>£'000</b>	<b>£'000</b>
Balance at 1 January	Note 23	10,089	7,419
Change in cash and cash equivalents in the reporting period	Note 23	4,058	2,670
<b>Balance at 31 December</b>		<b>14,147</b>	<b>10,089</b>

The notes on pages 46 to 72 and the appendices on pages 74 to 78 form part of these financial statements.

# Notes forming part of the Accounts for the year ended 31 December 2020

## 1 Accounting policies

### Going Concern

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

Management's view is that the impacts from the coronavirus do not affect ECITB as a going concern – the ITB is established by statute and has a legal right and obligation to collect levy from qualifying employers. This was renewed until 2023. In terms of liquidity, ECITB holds £17m of reserves at the end of 2021 and levy income in the year has been assessed on the basis of pre-virus employment levels in the industry. ECITB's going concern assumption would therefore be threatened if more than half of billed 2021 levy income were not collected in year. However, if this were to be the case, training expenditure would be reduced as it is unlikely to be paid to Employers who do not pay their 2021 levy demand. This scenario is extremely unlikely and is not deemed a strategic risk. However, ECITB would mitigate it by adapting its charitable activities to match its financial resources.

In terms of ECITB's strategy and business plan, these were reviewed during 2020 in light of Covid-19. With levy income expected to be higher in 2021 than 2020 and the long term requirements of Engineering Construction Industry training remaining the same or accelerated by events in 2020, the review exercise reconfirmed much of the strategy and plan and ECITB has the resources to meet both.

### Accounting Convention

These accounts have been prepared in accordance with the Industrial Training Act 1982 and the Charities SORP (FRS 102) ("the SORP"), adopted in 2019. The main impact of adopting SORP 2019 is additional disclosure in regards to prior year comparatives. There has been no financial impact on the adoption of SORP 19. An accounts direction issued by the Secretary of State requires that the ECITB prepares accounts in accordance with Treasury guidance. Consequently, these accounts follow the principles in the 2020/21 Government Reporting Manual (FReM) where it goes beyond the requirements of the SORP.

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

The ECITB is a public benefit entity.

## Levy Income

Levy income is recognised on an annual cycle in the year in which it is raised, together with adjustments in respect of previous levies raised. The levy receivable relating to the base period ended 5 April 2019 was raised in January 2020 and recognised as income in 2020.

## Other Categories of Income

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

## Investment Management Costs

Investment management costs are recognised on an accruals basis.

## Charitable Expenditure

Charitable expenditure includes all expenditure attributable to the charitable activity.

## Grants Payable

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

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

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

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

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



## Direct and Support Costs

Direct costs (Note 8) are all costs, including staff costs that are directly related and attributable to the pursuance of the organisation's charitable activity.

Support costs (Note 9) largely relate to the organisation's central functions. Included within support costs are Governance costs.

## Land and Buildings

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

In the intervening years between full external valuations the last revalued existing use value is adjusted (where material) having regard to relevant commercial property indices published by financial and professional services firms specialising in real estate services and investment management. In the period between the end of the reporting period and signing these accounts, the Blue Court freehold was sold, therefore this was revalued at the less price less selling costs.

## Other Assets

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

## Capitalisation

Fixed assets costing below £500 are not capitalised.

## Depreciation

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

Furniture & equipment	10 years
Plant and machinery	3 years
Other tools and equipment	3 years
Computer equipment and It software	4 years

No depreciation is provided on freehold land.

Depreciation on freehold buildings is provided on the last revalued existing use value over the remaining useful life of the asset. The annual depreciation provision is calculated by dividing the latest revalued amount by the number of years of remaining useful life. Under this policy, at the year-end date, the remaining useful life of the buildings is 10 years 3 months.

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

## **Investments**

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

## **Cash and cash equivalents**

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

## **Debtors**

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

## **Debt Provision**

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

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

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

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

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

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

## Creditors

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

## Pensions

The ECITB is a participating employer in the ITB Pension Funds, which is constituted a multi-employer defined benefit and contribution scheme. The Fund became a Master Trust during 2019. The Defined Benefit scheme comprises an Open Fund and Closed Fund. It is not possible to identify separately the proportion of assets and funding level in these funds attributable to the ECITB. Therefore, in accordance with the provisions of FRS 102 relating to multi- employer schemes, the Open Fund and Closed Fund have been accounted for as a defined contribution scheme. In accordance with FRS 102, the ECITB recognises any liabilities in respect of its obligation to pay any deficit contributions to the ITB Pension Funds relating to members' accrued benefits in the Defined Benefit scheme.

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

## Corporation Tax

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

## Value Added Tax

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

## Fund

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

## 2. Levy receivable

In 2020 1 employer formally appealed levy assessments raised in the year (2019 no employers).

Levy Receivable	2020	2019
Number of establishments wholly or mainly engaged in engineering construction activities (leviable establishment)	319	320
Number of employers operating leviable establishments	295	293
Number of leviable employers subject to payment of levy	238	239
Number of employers operating leviable establishments subject to payment of levy (levy-paying in-scope employers)	220	217
Number of leviable establishments exempt from payment of levy	81	81
Number of employers operating leviable establishments exempt from payment of levy (non-levy paying in-scope employers)	81	81
	<b>£'000</b>	<b>£'000</b>
Levy receivable	27,805	23,732



### 3. Non levy income

Non Levy Income	2020 £'000	2019 £'000
From sales	1,704	2,256
	1,704	2,256

The following streams of income were received from sales:-

Sources of Sales Income	Income Stream	2020 Income £'000	2019 Income £'000
UK employers	ECITB Project Management Conference	58	58
	VQ registration and certification	56	78
	ECI Training & Development Awards Event	42	34
	Apprentice Certification	1	4
UK Training Providers	Technical training & test licence fees and course & test income	321	453
	Supervisory and PMSC licence fees and training course income	32	46
	CCNSG licence fees and safety passport income	742	986
Overseas Training Providers	Apprenticeship Learner Income	118	30
	Technical training & test licence fees and course & test income	312	267
	Supervisory and PMSC licence fees and training course income	-	14
	IHSP licence fees and safety passport income	-	196
	Consultancy Services	21	90
		1,704	2,256

No grant in aid is receivable by the ECITB.

### 4. Investment income

Investment Income	2020 £'000	2019 £'000
Income from quoted investments	236	320
Income from cash deposits	64	108
	300	428

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

Charge / (Credit) for provisions for bad debts and against appealed levies	2020 £'000	2019 £'000
Levy bad debts due to insolvency or non-payment	39	23
Levy Assessments under appeal	23	-
Reversal of previous year's levy bad debt provision	(23)	(55)
Trade bad debts	(40)	73
	(1)	41

## 6. Charitable activity

Charitable Activities		2020 £'000	2019 £'000
Grant Funding	Note 7	19,723	19,927
Direct Costs	Note 8	5,974	5,118
Support Costs	Note 9	2,852	2,691
		28,549	27,736

Notes 8 and 9 give the split of costs by category. Both direct costs and support costs above exclude any costs related to collection of levy income.

## 7. Grant funding

Of the £19.7m of grants made to employers in 2020, grants amounting to £16.4m were paid to the employers in the following list. In many cases, grants have been awarded to more than one employer in the same group of companies. When this occurred, the grants paid to such employers have been aggregated in the following list, which identifies that 50 largest employers or employer groups in terms of grant values.

Employer	£	Employer	£
Sellafield Ltd	1,465,932	Redhall Nuclear Ltd	130,559
Worley Group UK Ltd	1,273,480	Boulting Group Ltd	130,061
Bilfinger Salamis UK Ltd	1,164,748	On Line Design & Engineering Ltd	128,700
Magnox Ltd	1,070,610	Shepley Engineers Ltd	127,720
* Petrofac Facilities Management Ltd	1,044,490	Peter J Douglas Engineering Ltd	108,050
* Wood Group UK Ltd	936,454	Costain Oil Gas & Process Ltd	105,870
* Stork Technical Services Ltd	695,288	Laker Vent Engineering Ltd	96,920
* Jacobs UK Ltd	655,769	ENGIE Fabricom UK Ltd	96,772
Cape Industrial Services Ltd	559,599	WSP UK Ltd	90,225
* Doosan Babcock Ltd	553,154	P.P.S Electrical Ltd	87,700
Aker Solutions Ltd	486,295	Technip UK Ltd	85,898
Dounreay Site Restoration Ltd	425,775	Rhyal Engineering Ltd	85,601
NNB Generation Company Ltd	403,014	MII Engineering Limited	83,613
Kellogg Brown & Root Ltd	402,240	Engenda Group Ltd	82,550
Cavendish Nuclear Ltd	373,845	Intellect Ltd	81,678
Atkins Ltd	356,710	Semco Maritime Ltd	80,435
Amec Foster Wheeler Group Ltd	341,396	Motherwell Bridge Ltd	78,642
Oceaneering International Services Ltd	261,394	Ponticelli UK Ltd	78,600
FieldCore Service Solutions International LLC	257,166	DP Services Holdings Ltd	76,870
* NUZIA Limited	237,907	Sonomatic Limited	74,060
Hertel UK Ltd	226,181	Studley Engineering Ltd	73,360
Fluor Ltd	201,971	Pipex Ltd	71,020
Siemens plc	190,340	Techno Engineering Ltd	70,590
Applus UK Ltd	190,131	<b>Sub Total</b>	<b>16,354,680</b>
Granherne Ltd	181,870	<b>Other Grants</b>	<b>3,368,153</b>
Trillium Flow Services UK Limited	139,540	<b>Total</b>	<b>19,722,833</b>
Xodus Group Ltd	133,887		

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

For comparative purposes the top 50 largest employers or employer groups in terms of grant values for 2019 were:

Employer	£	Employer	£
* Wood Group UK Ltd (OMS)	1,555,045	WSP UK Ltd (Energy)	119,867
Worleyparsons Services UK Ltd	1,293,180	Peter J Douglas Engineering Ltd	113,583
Sellafield Ltd	1,252,138	Saipem Ltd (Surrey)	109,127
Magnox Limited	1,106,363	On Line Design & Engineering Ltd	107,132
Stork Technical Services (RGB) Ltd	1,058,146	Constain Oil & Gas Process Ltd	97,287
Petrofac Facilities Management Ltd	1,051,415	Doman Engineering Services Ltd	93,671
Bilfinger Salamis UK Ltd	944,716	Intelect (UK) Ltd	88,802
** Doosan Power Systems Ltd	791,921	Rayfern Ltd	86,591
Aker Solutions Ltd (Aberdeen)	769,776	Engenda Group Ltd	79,416
Dounreay Site Restoration Ltd	766,219	Studley Engineering Ltd	71,623
Jacobs UK Ltd	763,150	MII Engineering Limited	68,710
Cape Industrial Services	689,715	P.P.S Electrical Ltd	64,579
Oceaneering International Services Ltd	434,626	Aquaterra Energy Ltd	62,981
AMEC Foster Wheeler Energy Ltd	408,444	DP Services Holdings Ltd	62,290
Siemens plc	328,950	VWS td	61,422
NNB Generation Company (HPC) Ltd	289,610	Vogal Group Ltd	59,000
Cavendish Nuclear Ltd	275,630	Emerson Process Management Ltd	58,945
Trillium Flow Services Uk Limited	225,794	MB Engineering Services Ltd	58,945
Kellogg Brown & Root (UK) Ltd	219,018	Horbill Engineering Ltd	58,667
Fluor Ltd	203,311	IRISNDT Ltd	56,858
Applus UK Ltd	190,254	C & P Engineering Services Ltd	54,829
NUVIA Limited	186,000	Pruce Newman Pipework Ltd	53,963
Technip UK Limited	171,903	Specialised Management Services Ltd	52,631
Subsea 7 (UK Service Company) Ltd (NSC)	163,456	<b>Sub Total</b>	<b>17,316,170</b>
Shepley Engineers Ltd	146,704	<b>Other Grants</b>	<b>2,610,959</b>
ENGIE Fabricom UK Ltd	145,779	<b>Total</b>	<b>19,927,129</b>
Boulting Group Ltd	143,988		

\* 2 Trustees - Ms L Birse and Ms D James are employed by this employer or an associated company.

\*\* 1 Trustee - Mr M Fletcher is employed by this employer or an associated company.



## 8. Direct costs

Direct costs comprise costs which have been directly incurred in fulfilling the charitable activity of the organisation.

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

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

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

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

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

Activity	2020 Total £'000	2019 Total £'000
Apprentice allowances, travel and subsistence	427	241
Apprentice training and assessment costs	1,601	979
Apprenticeship recruitment costs	49	104
Awarding Organisation administration	22	11
Depreciation on assets in staff possession	6	30
ECITB Active Cup	88	119
ECITB Awarding Body External Verification	30	23
Professional, administrative & commission fees incurred in international commercial activities	90	184
Product development	140	43
(Profit) / Loss on disposal of Fixed Assets	-	(12)
Regional costs	112	47
Safety Passport issue and administration	61	69
Staff costs (salary, NI and pensions) (Note 10)	3,140	2,730
Staff travel and subsistence	151	456
Talent Retention Solution services	57	91
Training Provider Account Management	-	3
	<b>5,974</b>	<b>5,118</b>

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

Charitable Activity	2020 %	2019 %
Proportion of direct costs allocated to Charitable Activities	99	99
Proportion of direct costs allocated to Levy Collection Costs	1	1
	<b>100</b>	<b>100</b>

Levy collection cost comprise staff costs directly responsible for Levy collection (including salaries and expenses) and also costs in relation to debt collection and appeals.

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

## 9. Support costs

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

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

Function	Activity	2020 £'000	2019 £'000
Corporate Affairs	Policy, marketing & communications	202	216
Finance & Legal	Professional charges	3	-
	Depreciation categorised as a support cost	149	123
	(Profit) / Loss on disposal of fixed assets	24	10
Human Resources	Support staff costs (including salary, NI and pensions)	1,561	1,513
	Support staff travel and subsistence	70	33
	Agency costs	12	0
	Professional pension fees	-	1
	Other professional fees	59	3
	Staff recruitment and training	83	122
	Information Technology project costs	70	54
	Information technology and communications	382	446
	Head Office infrastructure (includes buildings and office consumables costs)	121	128
	Governance	116	138
		<b>2,852</b>	<b>2,787</b>

Support costs are 2% higher than 2019.

The cost of the statutory audit for 2019 is included within Governance costs. The quoted cost of the 2020 audit was £50k (2019 - £45k).

## 10. Staff costs

Staff Costs	2020 £'000	2019 £'000
Salaries	4,089	3,636
Social security costs	430	400
Pension costs (standard contributions)	251	222
Agency costs	171	153
Other personnel costs	27	23
	<b>4,968</b>	<b>4,434</b>

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

Salaries include gross salaries, performance-related pay or bonuses, overtime, and allowances (such as car and private or home office allowances) to the extent that they are subject to UK taxation. The ECITB operates a performance-related incentive scheme in which all employees are eligible to participate (after completing initial periods of employment in their roles). In 2020, the total incentive award amounted to an average 1.9% of the total basic salary (2019 – 2.0%).

No employees received termination costs in 2020 (2019 - 0).

Between May and August 2020 2 staff were placed on furlough by reason of circumstances arising as a result of coronavirus and ECITB claimed £11,209 in grant under the Coronavirus Job Retention Scheme.

## 11. Staff numbers

	Directly Employed	Temporary	2020 Number	2019 Number
Total	70	4	74	68



Employees earning over £60,000 per annum including benefits in kind, excluding pension contributions	2020 Number	2019 Number
£60,001 - £70,000	10	8
£70,001 - £80,000	3	2
£80,001 - £90,000	-	1
£90,001 - £100,000	2	-
£100,001 - £110,000	-	1
£110,001 - £120,000	2	1
£120,001 - £130,000	-	1
£130,001 - £140,000	-	-
£140,001 - £150,000	-	-
£150,001 - £160,000	1	1
	<b>18</b>	<b>15</b>

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

Category	2020			2019		
	Female	Male	Total	Female	Male	Total
Directors	-	4	4	-	4	4
Other Employees	31	44	75	28	37	65
<b>Total</b>	<b>31</b>	<b>48</b>	<b>79</b>	<b>28</b>	<b>41</b>	<b>69</b>

## 12. Industry training board pension funds

ECITB is a participating employer in the ITB Pension Fund Scheme, which has two sections. Firstly, a multi-employer defined benefit (DB) section (closed to future accrual 5 April 2016) and, secondly, a defined contribution (DC) section for all staff who joined after 1 April 2012.

Being a multi-employer scheme, FRS 102 states that the DB scheme must be accounted for as a DC scheme, as the proportion of assets and funding level attributable to ECITB cannot be separately identified.

### The two sections are:

1. The '2007 Section' was a defined benefits scheme for staff who joined before 5 April 2016. As at 5 April 2016 all current members of the DB scheme became deferred members of the Scheme and were transferred across to the 'DC Section' as at 6 April 2016, and the Scheme closed to future accrual. The most recent triennial valuation of the Scheme was performed as at 31 March 2018.

The principal future assumptions used are as follows.

- Real rate of return (net of pension increases) would be -1.7% p.a.
- Nominal rate of investment return on assets would be 1.3% p.a.
- Rate of future pension increases for the 2007 section would be in line with Consumer Prices Index (CPI) changes (assumed to be 3.1% p.a.)
- Rate of future pension increases for the New and 2007 sections would be in line with the Retail Prices Index (RPI) changes (assumed to be 3.1% p.a.)
- 'Real' salary inflation would be 1.1% p.a. The 2018 triennial valuation indicated that the actuarial value of the assets held by the Scheme in total showed a surplus of £39m against the Scheme liabilities on a statutory funding basis. There were no deficit funding contributions paid to the Scheme in the 12-month period (2019 nil).

2. The 'DC Section' is a defined contribution scheme for staff who joined on or after 1 April 2012. From 6 April 2016, employee and employer contribution rates changed as a result of the closure of the DB Section and staff now being part of the DC Section. The range for employee contributions is 4.5%–8.5%, and the employer contributions will match the employee contribution plus 1%, but are capped at 9.5% (2017/18 9%). The pension cost charge for 2020 was £251k (2019 £222k).

### 13. Tangible Fixed Assets

2020 Tangible Fixed Assets	Freehold Land & Buildings £'000	Machinery Plant & £'000	Computer Equipment £'000	Software IT £'000	Furniture & Equipment £'000	Total £'000
<b>Cost or valuation</b>						
At 1 January 2020	1,074	57	349	131	80	1,691
Revaluation	317					317
Additions	-	-	48	115	-	163
Disposals	-	-	(140)	-	-	(140)
At 31 December 2020	1,391	57	257	246	80	2,031
<b>Depreciation</b>						
At 1 January 2020	-	42	232	39	54	367
Charge for year	76	6	48	18	6	154
Revaluation	(76)					(76)
Disposals	-	-	(115)	-	-	(115)
At 31 December 2020	-	48	165	57	60	330
<b>Net Book Value</b>						
At 1 January 2020	1,074	15	117	92	26	1,324
At 31 December 2020	1,391	9	92	189	20	1,701

2019 Tangible Fixed Assets	Freehold Land & Buildings £'000	Machinery & Plant £'000	Computer Equipment £'000	Software IT £'000	Furniture & Equipment £'000	Total £'000
<b>Cost or valuation</b>						
At 1 January 2019	1,027	259	320	39	69	1,714
Revaluation	47	-	-	-	-	47
Additions	-	-	68	92	11	171
Disposals	-	(202)	(39)	-	-	(241)
At December 2019	1,074	57	349	131	80	1,691
<b>Depreciation</b>						
At 1 January 2019	-	161	214	35	47	457
Charge for the year	67	30	45	4	7	153
Revaluation	(67)	-	-	-	-	(67)
Disposals	-	(149)	(27)	-	-	(176)
At 31 December 2019	-	42	232	39	54	367
<b>Net Book Value</b>						
At 1 January 2019	1,027	98	106	4	22	1,257
At 31 December 2019	1,074	15	117	92	26	1,324

## Land and Buildings

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

The freehold land and buildings were last valued on the basis of existing use value on 31 December 2017 by Bidwells, Chartered Surveyors. The valuation was prepared in accordance with the Royal Institution of Chartered Surveyors Professional Valuation Standards (March 2012). The ECITB's usual practice between professional valuations is to adjust the value of the land and buildings by reference to movements in published commercial property indices where material. In February 2021 the freehold property in Kings Langley was sold. The 2020 valuation was therefore set at the 2021 selling price less costs to sell. After adjustment for depreciation the net book (existing use) value has been increased to £1,391k. The effective date of revaluation is at 31st December 2020. This revaluation appears as a recognised gain in the accounts of £393k (2019: £113k).

The existing use value of the land has been apportioned at £272K (2019 - £210K). The land is not depreciated because it is deemed to have an indefinite useful life.

Had the freehold property been held under the historic cost model, its carrying value would have been £483k at December 2020 (December 2019 - £510k)

The cost and accumulated depreciation at 31 December 2020 includes fully depreciated assets at a historical cost of £260K (31 December 2019 - £220K).

During 2020 the freehold land and buildings of the ECITB were made available for sale and the Blue Court property was sold in 2021.

## 14. Capital commitments

At the end of 2020 there were no capital commitments (2019 - £70k).



## 15. Investments

Investments	2020 £'000	2019 £'000
<b>Listed investments</b>		
Market value at 1 January	10,121	12,870
Purchases	-	-
Sales	(1,250)	(2,650)
Net Gain / (Loss)	(91)	(99)
Market value at 31 December	8,780	10,121
Investments maturing in more than one year	5,862	8,855
Investments maturing in less than one year	2,918	1,266
Total market value of listed investments	8,780	10,121
<b>Cash and cash equivalents and in hand</b>		
Cash at bank and in hand	3,499	363
Cash equivalents	10,648	9,726
Total cash and cash equivalents and in hand	14,147	10,089

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

Details of material investments are as follows:-

	2020 % Value of portfolio	2019 % Value of portfolio
Cash Equivalent held by the investment portfolio manager	54.9%	49.0%
United Kingdom Treasury Stock 7.9.22 (1.75%)	15.4%	15.1%
United Kingdom Treasury Stock 22.1.21 (1.5%)	7.7%	7.6%
Barclays Bank 12.1.22 (4.25%)	7.2%	7.3%
Wellcome Trust 28.5.21 (4.75%)	2.9%	2.9%
Friends Life 21.4.22 (8.25%)	2.8%	2.9%
European investment bank EIB 15.12.23 (.875%)	2.6%	2.5%
EIB 7.9.21 EMTN (1.125%)	2.6%	2.5%
Coventry Building Society 13.11.23 (Variable%)	2.1%	2.0%
National Grid Gas Finance PLC 22.9.21 (1.125%)	1.8%	1.8%
Network Rail 21.7.20 (4.625%)	0.0%	3.9%
Abbey National 17.2.20 Reg. S (1.875%)	0.0%	2.5%

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

## 16. Debtors

<b>Debtors</b>	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Levy debtors	507	943
Provision for bad levy debts	(488)	(472)
Net levy debtors	19	471
Non-levy debtors	350	512
Non-levy bad debt provision	(114)	(154)
Total non-levy debtors	236	358
Prepayments and accrued income	234	241
Other debtors	8	22
<b>Total debtors</b>	<b>497</b>	<b>1,092</b>

The levy bad debt provision saw a slight increase in the year.

<b>Balance with Intra-Governmental Bodies</b>	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Local authorities	2	5
Balances with non government bodies	495	1,087
<b>Total</b>	<b>497</b>	<b>1,092</b>

<b>Debt Provision</b>	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Opening provision against appealed levies and for bad debts	626	585
Levy bad debts due to insolvency or non-payment	39	23
Other bad debts	(41)	73
Reversal of bad debt provision due to receipt of liquidator's dividend	(23)	(55)
<b>Closing provisions for bad debts and againsts appealed levies</b>	<b>601</b>	<b>626</b>

During the course of 2020 no levy debts (£nil) (2019- £nil) were written off in the balance sheet.

## 17. Creditors

<b>Creditors - amounts falling due within one year</b>	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Creditors	6,067	6,181
Accruals	2,152	735
Taxation	22	48
Deferred income	7	23
<b>Total creditors falling due within one year</b>	<b>8,248</b>	<b>6,987</b>

There were no creditors with amounts falling due after more than one year as at 31 December 2020 (2019 £nil).

<b>Balances with Intra-Governmental Bodies</b>	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Government bodies	1,531	1,459
Local authorities	2	2
Balances with non government bodies	6,715	5,526
<b>Total creditors</b>	<b>8,248</b>	<b>6,987</b>

The balance with Central Government bodies at the 2020 year-end includes the sum of £1,274k in training grants payable to Sellafield Limited, Magnox Limited and Dounreay Site Restoration Ltd (2019 - £1,221k).

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

<b>Analysis of Deferred income</b>	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Deferred Income released from Prior Years	23	42
Income deferred in the Current Year	7	23

## 18. Financial instruments

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

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

<b>Financial assets by category</b>		<b>2020</b>	<b>2019</b>
		<b>£'000</b>	<b>£'000</b>
Investments	Note 15	8,780	10,121
Debtors	Note 16	497	1,092
Cash and Cash equivalent	Note 23	14,147	10,089
<b>Financial liabilities by category</b>			
Creditors	Note 17	8,248	6,987

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

## Investment Risk

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

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

## Interest Rate Risk

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

## Credit and Liquidity Risks

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

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



## Foreign Currency Rate Risk

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

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

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

## 19. Financial commitments

Financial commitments at 31 December 2020 are estimated to amount to £10,214k (2019 - £9,257k). These comprise the value of outstanding payments which the ECITB has committed to pay to various parties involved in the training of apprentices and pre-apprentice qualifications. The parties to which such commitments have been made are training providers, industry employers and apprentices. These commitments are contracted for, but not provided in the accounts. The commitments have been categorised by the years in which the apprentice “cohorts” commenced their apprenticeships.

Apprentice cohort	2020 £'000	2019 £'000
2012	-	3
2013	-	3
2014	13	43
2015	15	90
2016	80	410
2017	444	553
2018	1,229	2,638
2019	3,601	5,517
2020	4,832	-
	<b>10,214</b>	<b>9,257</b>

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

The commitments relating to the 2020 cohort were made upon the commencement of the relevant learners' programmes, and by the year-end grant and programme costs only in respect of the initial months of training had been discharged.

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

## 20. Operating leases and commitments

As at 31 December 2020, the ECITB had no operating leases or lease commitments (2019 – £Nil).

## 21. Unrestricted Fund

Unrestricted fund	At 1 January 2020 £'000	Incoming resources £'000	Outgoing resources £'000	Transfer between funds	Other recognised Gains/losses	As at 31 December 2020
Revaluation reserve	925	-	-	-	393	1,318
General Funds	14,714	29,809	(28,873)	-	(91)	15,559
<b>Total Unrestricted Funds</b>	<b>15,639</b>	<b>29,809</b>	<b>(28,873)</b>	<b>-</b>	<b>302</b>	<b>16,877</b>

Unrestricted fund	At 1 January 2019 £'000	Incoming resources £'000	Outgoing resources £'000	Transfer between funds	Other recognised Gains/losses	As at 31 December 2019
Revaluation reserve	812	-	-	-	113	925
General Funds	16,503	26,416	(28,106)	-	(99)	14,714
<b>Total Unrestricted Funds</b>	<b>17,315</b>	<b>26,416</b>	<b>(28,106)</b>	<b>-</b>	<b>14</b>	<b>15,639</b>

## 22. Reconciliation of net income / (expenditure) to net cash flow from operating activities

Reconciliation of net income / (expenditure) to net cash flow from operating activities		2020 £'000	2019 £'000
Net incoming / (outgoing) resources	SOFA	845	(1,789)
Depreciation	Note 13	154	153
(Gains) / Losses on investments	Note 15	91	99
Investment income	SOFA	(300)	(428)
(Gain) / Loss on disposal of fixed assets	Note 13	24	-
Decrease / (increase) in debtors	Note 16	595	157
Increase / (decrease) in creditors	Note 17	1,261	1,507
<b>Net cash inflow from operating activities</b>		<b>2,670</b>	<b>(301)</b>

## 23. Analysis of changes in cash equivalent

Analysis of change in cash and cash equivalents	At 1 Jan 2020 £'000	Cashflows £'000	At 31 Dec 2020 £'000
Cash at bank and in hand	363	3,136	3,499
Cash held by investment portfolio manager	9,726	922	10,648
	<b>10,089</b>	<b>4,058</b>	<b>14,147</b>

All cash is held in commercial banks or financial institutions.

## 24. Contingent liabilities

There are no contingent liabilities at the balance sheet date. (2019 – No contingent liabilities.)

## 25. Related party transactions

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

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

All of the transactions were under normal terms and carried out at arm’s length. The transactions in the following table comprised the receipt of levy and income from the sale of training services. The sale of services arises from licences granted to the related parties by the ECITB relating to the use of training materials, and includes licence fees and the sale of CCNSG Safety Passports. The total sums involved were:-

Transactions with related parties under which funds were paid to the ECITB	2020 £’000	2019 £’000
Levy paid to ECITB	6,857	2,161
Sale of training services by ECITB	24	28
	<b>6,881</b>	<b>2,189</b>

The amount owed to ECITB by related parties at the balance sheet date is £7k (2019: £263k). The transactions in the following table comprised the payment of grants, the award of qualifications and the procurement of training and assessment services. The total sums involved were:-

Transactions with related parties under which payments or value flowed to the related parties	2020 £’000	2019 £’000
Payment of grants	4,141	2,527
Purchase of training and assessment services by ECITB	2	31
	<b>4,143</b>	<b>2,558</b>

The amount owed by ECITB to related parties at the balance sheet date is £926k (2019 - £407k).

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

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

During the year Martyn Fletcher, a Board Member was paid £400 for attendance at a Board Meeting through the company Creswell Consultants Ltd.



## 26. Post year-end events

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

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

In March 2021 the Blue Court property was sold for the value, less selling expenses of the freehold land and buildings. These accounts have been updated to reflect this valuation. No other events have occurred since the balance sheet date that affect the reader's understanding of the financial statements.

# Organisational Details

## **The ECITB's Director's are:-**

### **Chief Executive Officer**

Chris Claydon

### **Director of Finance and Business Services**

Rory Blyth

### **Director of Policy and Corporate Affairs**

David Nash

### **Director of Operations**

Andy Brown

## **Complaints**

Any complaint concerning conduct of the ECITB should be addressed in the first instance to the Strategy and Policy team at [complaints@ecitb.org.uk](mailto:complaints@ecitb.org.uk)

## **Head Office and Principal Address**

Office Suite KD3 First Floor  
KD Tower Cotterells  
Hemel Hempstead  
HP1 1FW

## **Charity Registration Details**

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

## **Auditors**

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

## **Bankers**

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

# Appendix A:

This Appendix shows:

- The members of the ECITB's Board of Trustees during 2020 and at 21st May 2021;
- Changes in membership since 1st January 2020; and
- Meeting attendance records during 2020.

Name	Changes during 2020 and to date	2020 Meeting Attendance Record
Ms L Armstrong		6 of 6
Ms L Birse		5 of 6
Mr C Claypole		5 of 6
Mr M Fletcher	Retired as a trustee 31/05/20	1 of 2
Mr S Hicks		4 of 6
Ms H Hill		6 of 6
Prof J Howe		6 of 6
Ms D James		5 of 6
Mr D Vineall		4 of 6
Mr C Gilmour	Appointed as a trustee 19/05/20	4 of 4
Mr P Somers	Appointed as a trustee 19/05/20	3 of 4
Ms J Cooper	Appointed as a trustee 19/05/20	3 of 4
Mr D Gear	Appointed as a trustee 19/05/20	4 of 4
Mr S Hunt	Appointed as a trustee 19/05/20	3 of 4

# Appendix B:

This Appendix shows:

- The members of the Board 's committees during 2020 and at 21st May 2021;
- Changes in membership since 1st January 2020; and
- Meeting attendance records during 2020.

## Council

Name	Changes during 2020 and to date	2020 Meeting Attendance Record
Mr C Claypole (Chair)		1 of 2
Mr M Arnold	Appointed as committee member 31/07/20	1 of 1
Mr T Barnes	Resigned as committee member 14/01/20	N/A
Mr S Blackman		2 of 2
Mr D Boath		2 of 2
Mr J Brimble	Resigned as committee member 30/06/20	0 of 2
Mr P Bunyan		1 of 2
Mr G Cook	Appointed as committee member 30/06/20	0 of 1
Mr D Cornforth	Resigned as committee member 20/01/21	2 of 2
Mr M Crichton		2 of 2
Mr I Guy		2 of 2
Mr M Hockey		2 of 2
Mr A Mitchell		2 of 2
Mr W Reid		2 of 2
Mr A Riley		2 of 2
Mr K Scott		2 of 2
Ms T Shelley		2 of 2
Mr M Stanton		2 of 2
Mr G Sterling		1 of 2
Ms A Thom		2 of 2
Mr P Ventre		2 of 2
Ms H Westcott	Appointed as committee member 28/02/20	0 of 2
Mr I Woodland		1 of 2



## Audit & Risk Committee

Name	Changes during 2020 and to date	2020 Meeting Attendance Record
Ms H Hill (Chair)		4 of 4
Mr C Tall		3 of 4
Mr C Wood	Resigned as committee member 02/20	1 of 1
Mr A Coppola	Appointed as committee member 01/06/20	3 of 3
Mr I Maybrey	Appointed as committee member 01/06/20	3 of 3

## Qualifications and Awards Committee

Name	Changes during 2020 and to date	2020 Meeting Attendance Record
Pro J Howe (Chair)		2 of 3
Mr R Clarke		3 of 3
Mr R Davies		1 of 3
Mr M Fletcher	Retired as a trustee and committee member 31/05/20	1 of 3
Mr J Redmond	Resigned as committee member 12/06/20	1 of 1
Mr T Stone		2 of 3
Mr D Whitehouse		2 of 3
Mr M Lewis		2 of 3

## Client Contractor National Safety Group (CCNSG)

Name	Changes during 2020 and to date	2020 Meeting Attendance Record
Mr M Riley (Chair)		3 of 3
Mr R Clarke		2 of 3
Mr R Miguel		0 of 3
Mr D White		2 of 3
Mr P Barker		3 of 3
Mr R Davies		3 of 3
Mr T Woolmer		2 of 3
Ms D Boyle		3 of 3
Mr M Ellis		1 of 3

# Appendix C:

Trustees are appointed by the Secretary of State because of their positions in the industry. The following Board members (who are serving as charitable trustees at 21st May 2021 or who have stepped down since 1 January 2020) have declared the following other interests:-

Member	Declared Interest
Mrs L Armstrong	Non-Executive Director; Kaz Minerals Plc Non- Executive Director; Orsted A/S Director, owner Calyx Consulting LTD President Shell Pensioners Association Fellow, Energy Institute
Ms L Birse	President People & Organisation, AS EAAA, Wood Member CIPD
Mr C Claypole	Managing Director, Site Service Engineering Ltd Member of Management Board, ECIA
Mr S Hicks	None
Ms H Hill	Hydrogen Heating Programme, BEIS Fellow of the Institution of Mechanical Engineers (FIMechE)
Prof J Howe	Executive Director, Thornton Energy Research Institute Governor and Trustee: Merchant Taylors Schools Chair: NW Hydrogen Alliance Member: National Grid Gas and Electricity User Groups Responsibility Board Member: Storengy UK Advisory Board Member UK Hydrogen Fuel Cell Association Steering Group Member: UK Carbon Capture and Storage Association
Ms D James	VP Nuclear Generation and Defence Clean Energy, Wood
Mr D Vineall	Human Resources Director, Nuclear Decommissioning Authority
Mr P Somers	CEO UK, Ireland & Nordics ,Altrad Services Ltd
Ms J Cooper	UK Stakeholder Relations & Regulatory Affairs Offshore,Orsted Member of Institute of Mechanical Engineers
Mr D Gear	Strategic Programme Lead, Petrofac Ambassador for the Energy Institute (Young Professionals Network) Director of Voar Energy Ltd Business Manager of Peterson UK Ltd
Mr S Hunt	Regional Director, Stork UK
Mr C Gilmour	Director of Doosan Babcock Limited Board Member of Engineering Construction Industry Association (ECIA) ECIA representative on National Joint Council (NJC) Fellow of the Institution of Mechanical Engineers (FIMechE)

## Audit & Risk Committee Members

Member	Declared Interest
Ms H Hill	Hydrogen Heating Programme, BEIS Fellow of the Institution of Mechanical Engineers (FIMechE)
Mr C Tall	Institute of Internal Auditors – Member Association of Chartered Certified Accountants - Member
Mr I Maybrey	UK Power Networks, Independent Expert Panel Member ISACA member
Mr A Coppola	None







**Engineering Construction Industry Training Board**

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