

**CONSTRUCTION INDUSTRY TRAINING BOARD (CITB)**

**Annual Report and Accounts**

**For the year ended 31 March 2021**

HC 615



# **Construction Industry Training Board (CITB)**

## **Annual Report and Accounts 2020-2021**

For the period 1 April 2020 to 31 March 2021

Presented to Parliament pursuant to section 8 (4) of the Industrial  
Training Act 1982

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## **CONTENTS**

Chair's foreword

Chief Executive's introduction

### **Section 1: Overview of CITB**

### **Section 2: Operating Environment**

### **Section 3: Strategic Report**

Review of 2020-21: Achievements

How we support industry

Key performance indicators

Financial review

### **Section 4: Structure, Management and Governance**

Trustees

Structure

Governance

Risk management

### **Section 5: Statement by Accounting Officer**

Statement by Accounting Officer, Sarah Beale

Statement of the Board and Accounting Officer's Responsibilities

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

### **Section 6: Financial Performance**

Financial statements

Notes to the accounts

### **Section 7: Remuneration Report**

### **Section 8: Professional Advisers**

### **Appendices**

Appendix A: Membership of the Board and its Committees

Appendix B: Board and Committee attendance

Appendix C: Register of Board members' interests

Appendix D: Prescribed Organisations

Appendix E: Location of principal CITB offices

Appendix F: Glossary

## **CHAIR'S FOREWORD**

As has often been stated, last year was like no other. It presented challenges to us all.

Some construction employers had sites closed for weeks; others operating in domestic settings had a period of disruption due to people having to self-isolate; and all businesses had to adapt to new ways of working. The differing restrictions within each nation added another layer of complexity to what was already a difficult situation.

At CITB, we had to respond quickly to ensure we were serving employers, whose needs had changed radically and immediately.

Our Board, supported by the Executive Team, made the decision to suspend Levy collection to help employers with their immediate cash flow. We then turned our attention to further practical support, with a focus on protecting apprenticeships and direct funding to employers, which formed the basis for our Skills Stability Plan, published in June 2020.

The decision to prioritise the immediate needs of employers in suspending the Levy had the inevitable consequence that we had to suspend or stop a number of funded programmes. Now the industry has returned to growth, I am pleased that we have been able to restart some projects which will help the industry make progress towards overcoming immediate and longer-term skills challenges.

Last year also saw the publication of our new four-year Strategic Plan, in which we continued our commitment to concentrate on fewer priority initiatives and now place much more emphasis on Training and Development. We are paying particular attention to the areas where skills are most in demand, and where CITB can use the Levy to the greatest benefit.

For example, we are addressing the long-term causes that make it difficult for college learners studying construction-related courses to join the sector. This is a complex issue, but the new occupational traineeships, linked to accelerated apprenticeships that recognise prior learning, will form part of the solution. We are trialling an occupational traineeship in bricklaying, a trade where demand is high, with other courses being introduced through the year.

A significant decision we took this year was to retain control of the National Construction College (NCC), with its bases at Bircham Newton in Norfolk, Inchinnan near Glasgow, and Erith in south-east London. We had previously planned to sell the colleges as part of our divestment programme, which has resulted in a number of significant sales already. But we have always said that we would make sure that employers' needs come first and when it became clear we couldn't find the right buyer, who would protect these services, we decided to retain them within CITB. This was to provide certainty to employers who need the specialised plant and scaffolding training provided by NCC, but also to our colleagues whose futures had been in doubt for too long.

This past year has seen new faces on our Board, Nation Councils and Committees. I want to thank all those who serve, and have served, as part of our governance structure, most of whom also have busy jobs within the sector. They play a critical role in developing strategy and driving the skills agenda forward. And the Nation Councils and Committees keep our feet to the fire and make sure that we put industry first in the decisions we take and focus on the different needs of employers in Scotland, Wales and England.

During the year, our Chief Executive, Sarah Beale, announced her intention to move on after 16 years at CITB, the last four as Chief Executive. She has been an outstanding and visionary leader who is respected throughout the industry for the way she has represented the interests of employers and made sure the Levy works as hard as possible to deliver improved skills outcomes. Following an extensive and rigorous recruitment process, we have appointed Tim Balcon as our new Chief Executive. Tim started on 1 September 2021 and is a former apprentice who brings a strong track record in skills.

Looking forward, following the Consensus process in August 2021, industry has supported a new Levy Order for the next three years, and we will be tailoring our strategy to reflect the changing needs of employers and new challenges, such as net zero carbon and responding to the Grenfell Inquiry.

Our most recent five-year skills forecast suggests there will be sustained growth for the construction sector, but those predictions will only be fulfilled if the right skills are in place. CITB stands ready to play its role in supporting industry to build a better Britain.

A handwritten signature in black ink, appearing to read 'Peter Lauener', with a stylized flourish at the end.

Peter Lauener  
CITB Chair

## **CHIEF EXECUTIVE'S INTRODUCTION**

This Annual Report and Accounts tells the story of how CITB responded to the coronavirus pandemic and supported the construction sector's return to growth across England, Scotland and Wales.

As Peter Lauener has outlined, we were determined to put employers' and construction workers' needs first, and to make sure our decisions were based on what businesses were facing.

While we were doing this, our colleagues at CITB were not unaffected, having to adjust to homeworking, with many going on furlough. As budgets tightened, we also had to make significant job cuts. Through all this, my colleagues have produced excellent results.

We put many of our training courses online for the first time, so that people could train where and when it was most convenient for them. In addition to previous efficiency measures, we made significant savings to our running costs, which means from 2021-22 we plan to invest upwards of 94p in every pound of Levy collected directly on employer funding and on industry-wide initiatives to address skills requirements.

A major success of the year was protecting apprenticeships. We made this a huge focus, and our work to retain apprentices, backed by strong employer support, meant just 2.5% of 11,000 CITB apprentices were made redundant and over 50% of those were placed with a new employer.

We focused on providing core, practical support for businesses. For example, during 2020-21, COVID-19 site operating procedures, checklists and risk assessments were downloaded 38,000 times from our website, while our free COVID-19 eCourse was completed by 22,000 people. This helped sites stay safe, even during a pandemic – a great achievement for the sector.

Staying safe also means looking after employees' mental health and wellbeing, which is why I'm so pleased our project with the Lighthouse Club charity has helped to train nearly 5,000 mental health first aiders, who, in turn, have provided support to over 6,000 people.

Direct funding to employers was a critical part of our Skills Stability Plan. Despite the pandemic, we supported almost 1,000 SME employers through our Skills and Training Funds, and 37 large employers through the Leadership and Management Development Fund, helping to upskill over 18,000 employees in total.

Our Grants Scheme supported 13,700 employers with some level of funding toward training their workforce and, even during this exceptional year, our Construction Training Directory detailed 17,000 Scheduled Courses and 736,000 Learner Achievements were uploaded to our Construction Training Register.

### **Industry working together**

If I had to characterise the pandemic year from a business perspective, it would be one where industry came together, out of necessity, and in a way we haven't seen before. The Construction Leadership Council's Industry Skills Plan was a landmark document which really highlighted that collaborative approach. In Wales, we worked with industry and Government to produce a short- and medium-term recovery plan, while in Scotland, CITB partnered with Construction Scotland's Industry Leadership Group to conduct a wide-ranging survey of employers on how they were affected. This led directly to the development of a new pathway to apprenticeships.

CITB will, of course, play its role in these plans and programmes, but the driving force to achieve success has to be employers supporting industry-wide initiatives, particularly in helping to attract talent, make recruitment simpler, and retain and train the talent we have by improving opportunities and environments.



These initiatives include the careers information website, Go Construct, STEM Ambassadors, whose numbers and activity we need to see increasing fast, and the Talent Retention Scheme and Talentview careers one-stop-shop, with Careers Wales and My World of Work in Scotland providing similar schemes.

If all employers support schemes like these and our Fairness, Inclusion and Respect (FIR) training, as well as more modern employment practices, we will once and for all address the long-term issues around diversity and access to the people and skills we need.

This will be my final Annual Report at CITB, having decided to leave the organisation after 16 hugely rewarding years. I would like to welcome Tim Balcon, who has taken over as CEO from 1 October 2021. As a former apprentice with 20 years' experience as a chief executive, he has all the right skills and experience to carry the organisation forward. I will continue as Accounting Officer until my last day at the end of October 2021. Finally, thank you to all those across the sector who I have had the pleasure to work with in that time.

And thank you to my terrific colleagues at CITB, whose extraordinary determination and commitment has made me so proud. They leave me in no doubt that the organisation will keep delivering great results for our customers.

A handwritten signature in black ink, reading 'S. Beale' in a cursive style.

Sarah Beale  
Chief Executive

## **Section 1: Overview of CITB**

## **Who we are**

CITB was founded in 1964 with the aim of making sure the construction industry in Great Britain has the skills to succeed. A key part of this, then and now, is to help keep workers safe on site. CITB's work since the 1960s has contributed to an 85% reduction in onsite deaths.

We help employers attract people to join the sector who have relevant qualifications and experience, and access high-quality, accredited training when and where it is needed. This includes directly delivering specialised training at our National Construction College.

We provide practical support to employers through a range of products and services. We play a strategic role for the construction sector, identifying immediate and future skills needs and working out how they can be met. Where an upcoming training need is not supported, we commission innovative pilot projects, delivered by employers, that can be ramped up if they are successful. We use our unique position to listen to employers and influence Government policy so they have the right support.

Our work helps workplaces to become safer and more productive. This, in turn, helps create and maintain a world-class, sustainable built environment that is of benefit to us all.

## **Vision**

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

## **Mission**

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

## **Our statutory basis**

CITB's charitable activities are partly funded by the statutory Levy raised pursuant to the Industrial Training Act 1982 and confirmed through Levy Orders passed by both Houses of Parliament. The most recent Levy Order came into force on 22 April 2021. Full details of CITB's powers and responsibilities, as well as the restrictions placed on it, can be found in the Industrial Training Act 1982 and subsequent amendments. CITB is registered as a charity in England and Wales (264289) and in Scotland (SC044875).

## **Our charitable status**

CITB is a non-departmental public body (NDPB) and has been a registered charity since 1972. The Board has regard to the Charity Commission's general guidance on public benefit and the Charities Act 2011 when planning activities to achieve its aims.

## **Section 2: Operating Environment**

The construction industry has remained resilient despite the impact of the pandemic, although challenges remain in the months ahead.

The economic bounce back began in June 2020, picked up pace through the summer, but slowed from September as infection rates increased. Construction's recovery continued into November, with output growing for the seventh consecutive month. The main reason for this better-than-expected performance was due to construction operating during the lockdowns.

Growth continued in the first quarter of 2021, despite a third national lockdown and while the wider UK economy contracted. The level of output in March 2021 exceeded that of February 2020 by 2.4%, signalling a return to pre-pandemic levels. As a result, construction output was much closer to its pre-pandemic level (-3.4%) than the average for the UK economy (-8.7%).

The rapid vaccine roll-out and falling fatality levels boosted business confidence. Consumer confidence has also improved with the easing of lockdown restrictions. However, there remains a degree of caution due to potential new strains of the virus, the winding down of Government support schemes, and the emergence of inflationary pressures.

Continuation of both the Coronavirus Job Retention Scheme (CJRS) and Self-Employment Income Support Scheme have no doubt helped the industry. It's not clear yet the extent to which these schemes have reduced rather than simply postponed job losses, but the current high level of vacancies and skill shortages suggest that the fall in construction employment may be less than originally anticipated.

But once these schemes finish in September 2021, construction employment is likely to come under pressure and an increase in unemployment levels is anticipated.

Government loans and reduced operational running of courts have delayed the number of insolvencies, and the risk of significant business closures in the short term remains low. However, with cash flow pressures on employers, rising materials costs and the continued unwinding of measures to protect jobs, this is likely to rise.

Construction output is currently around 97% of pre-pandemic levels, and our latest Construction Skills Network (CSN) forecast suggests that overall output will reach pre-pandemic levels early in 2022. This will be driven by infrastructure, private housing and repair and maintenance. Commercial and public housing will take longer to recover, with output in those sectors not expected to reach pre-pandemic levels until 2025 or later.

Short-term prospects for the commercial sector are uncertain, as offices, retail and leisure have been hardest hit by the pandemic. While demand in the hospitality sector is expected to return, increased homeworking and the continued rise of online shopping may dampen commercial's long-term growth.

Official employment data for 2020 shows that construction employment is estimated to have fallen by 0.7% to 2.7 million. This represents the first decline in construction jobs since 2013, with employment in the sector about 6% lower than its 2008 peak. The decline in jobs has been softened by Government support schemes, and a reduction in the number of hours worked rather than jobs. Construction vacancies returned to pre-pandemic levels in December 2020.

Business sentiment remains positive, with over nine in ten employers very confident (53%) or fairly confident (42%) they will survive the economic situation resulting from the pandemic.

The main challenges are getting enough work (27%), followed by finding skilled staff (24%), access to materials (15%), and rising prices (10%).

Employers are seeking out new opportunities, with two in five businesses (38%) stating they would diversify into other areas, and a third (34%) saying they would invest in new technology. Many businesses have identified training needs resulting from the pandemic and new ways of working.

A widespread shortage of materials has been caused by several factors, including increased demand, post-Brexit trading friction, and reduced production and transportation capacity. These shortages are likely to continue and present the most immediate challenge to construction maintaining its recovery. They are especially disruptive for small and medium-sized enterprises (SMEs), due to reduced buying capacity, and more generally present productivity problems that result in project delays.

The availability of skilled workers remains a challenge, particularly those who may have become unemployed or temporarily left the sector due to the pandemic. We are working with partners in industry and Government to address these challenges, as is set out in our Strategic Plan and the Construction Leadership Council's Industry Skills Plan 2021-25.

One such challenge is the drive to reach net zero carbon emissions in the UK by 2050. In construction, this will give rise to an estimated 350,000 new roles by 2028 to meet demand. Part of the solution will be through increasing the diversity of the construction workforce, alongside helping more further education (FE) learners join the sector.

The construction industry has proved to be an attractive source of job opportunities during the pandemic. The challenge now is to maintain that enviable position when the wider economy recovers.

## **Section 3: Strategic Report**

## **REVIEW OF 2020-21: ACHIEVEMENTS**

During a tumultuous year, the construction and built environment sector truly came together. We responded swiftly to the rapidly changing needs of the industry by suspending the Levy and providing direct funding to employers to support their immediate cash flow. We maintained a focus on providing core, practical services – 84p\* in every pound of Levy collected was invested in employer funding and industry-wide initiatives to address skills requirements. We're planning to increase this to 94p in 2021-22.

### **Protecting apprenticeships**

Backed by employers, 98% of our 11,000 apprentices retained their positions – and of those made redundant, over half were placed with a new employer.

### **Grants and funding for employers**

Our Skills and Training Funds supported almost 1,000 SME employers, and large employers benefitted from our Leadership and Management Development Fund, helping to upskill over 18,000 employees. We maintained strong training provision, with our Grants Scheme providing 13,700 employers with funding to support training.

### **Helping keep sites safe**

Keeping people safe on site is our utmost priority. We initiated an agile response to safety training and learning amid the pandemic, introducing many online courses to ensure qualifications weren't a barrier to the industry's recovery. Our remote COVID-19 eCourse was a great success, giving workers the tools to enable them to continue to work safely.

### **Creating site-ready workers**

The Construction Skills Fund (CSF) provided employers with what they require most: site-ready workers. The fund trained over 6,000 workers to a site-ready level this year, removing the time and costs involved in training away from employers.

### **More learners into jobs**

By helping to develop the UK's very first occupational traineeship, we started to address the key issue of the lack of construction learners entering the workforce after completing their education. The first traineeship pilot is in bricklaying, a trade with an acute skills shortage, with other courses to follow.

\*This figure is derived from the Levy receipts received in the year rather than the financial statements, which are prepared on an accruals basis.



## HOW WE SUPPORT INDUSTRY

### Helping workers stay safe on site

Health and safety has always been the foundation of CITB's training offer – our bread and butter.

CITB exists to protect and save lives on construction sites, through suitable training to create a workforce that understands what health and safety is all about.

The top three most-claimed grants in 2020-21 were for asbestos awareness, quality in construction and an introduction to health and safety. These courses totalled nearly 33,000 claims, with asbestos awareness accounting for almost half of that total. This demonstrates the vital support the Grants Scheme provides for people to be safe at work.

Our Health, Safety and Environment test was taken by over 360,000 people in 2020-21, alongside 120,000 who took a Site Safety Plus course. These remain the most common ways for workers to learn about how to stay safe on site.

In response to the first coronavirus lockdown, we accelerated the move to online training and created a free-to-access COVID-19 eCourse. This was successfully completed by over 22,000 individuals, and enabled managers and supervisors to operate safe construction sites during the pandemic.

*“The course gave guidance on how to protect everyone from coronavirus hazards. Being online, it was easy to access and available on demand. I’m sure everyone will come away with an altered perspective on how positive measures can lead to safer and healthier construction sites.”*

Simon Rosser, SHEQ Manager at Hereford Asbestos Services, on the ‘COVID-19: Setting up and operating a safe construction site’ eCourse.

Eliminating fraud is integral to keeping people safe on site. Criminals took advantage of the increased training demand post-lockdown, as well as new opportunities to set up fake companies and sell PPE to the sector. In 2020-21, we led the investigations for and suspended 11 independent testing centres, with half subsequently reinstated with action plans to prevent further problems. We revoked in excess of 3,500 HS&E tests but ensured affected candidates received a free voucher for a retest. We will continue to support awarding bodies and test centres on tackling fraud to protect our industry.

### COVID-19 response

We are proud to have been part of the industry-wide response to the pandemic that enabled our sector to continue to operate safely through multiple lockdowns. We reacted quickly and provided immediate support when and where it was needed most.

Suspending Levy collection for five months and reducing the 2021-22 Levy Order by 50% supported businesses across the UK when they were facing critical cash flow challenges. We established a series of new training standards and free COVID-19 resources to guide employers on how to work safely throughout the pandemic.

We introduced remote learning options for all Site Safety Plus courses, as well as the Health and Safety Awareness course and the new Site Management Environmental Training

Scheme course. This allowed workers to learn from the safety of their own homes and ensured qualifications weren't a barrier to returning to work.

Our National Construction College (NCC) adapted to deliver remote training wherever possible and reopened in-person learning when it was safe to do so.

### **Improving mental health**

Our sector is disproportionately affected by poor mental health and suicide, which were exacerbated by the pandemic. Two construction workers take their own lives each day. The Building Mental Health project, led by the Lighthouse Club, was very much in the right place, at the right time, to provide crucial support to industry.

The programme upskilled 284 people to become mental health first-aider instructors, who in turn passed that knowledge on and trained 4,600 mental health first aiders to tackle the increasing issue of poor mental health within construction. We are under no illusion that the construction industry still has progress to make towards destigmatising and fully supporting the mental health of our workforce, and we are continuing this work with new research and a newly commissioned project to work towards a more welcoming and safe workplace for all.

### **Protecting apprenticeships in a pandemic**

Providing support to apprentices and their employers is a core part of CITB's role.

But when the pandemic hit, and with many businesses needing to make difficult decisions, we knew we needed to do more to protect construction apprenticeships. CITB Apprenticeships moved to remote learning and working to avoid risks to apprentices and employers of moving from site to site.

We then formed a small project team with a single aim: to get as many apprentices as possible who had lost their employer back into training or employment.

Apprenticeship Officer Joanne Dixon was one of those involved.

"It was difficult keeping up with what was going on," she said. "There were tough conversations to be had with apprentices. We were trying our hardest to get them back into employment during a difficult time in the industry. A lot of companies had shut down, or had put a stop on recruitment.

"We were contacting apprentices, trying to keep them engaged and positive. We wanted to see if they were ok, first and foremost.

"The learners had to get used to the fact we were doing things over the phone. For them it was tough to not see us face to face and maybe have that conversation they would have had on site.

"If they had been displaced from their employer, we advised them where they needed to look, how to go about it, how to write a CV, and how to prepare for an interview to give them the best chance of success."

The apprentices were encouraged to register with the Construction Talent Retention Scheme (TRS) in England, with similar schemes in Scotland and Wales. This meant they could see the opportunities available to get back into the industry as quickly as possible.

The project was successful, with only 2.5% of 11,000 CITB apprentices being made redundant, and half of those finding new employers.

This is testament to the work of people like Joanne, but primarily to the tremendous commitment shown by employers and the apprentices themselves to furthering their careers in a crisis.

#### **CITB Apprenticeship support**

- Apprenticeship grants supported over 23,322 apprentices and 8,883 employers in 2020-21. Grants cover Level 1, 2 and 3 qualifications, as well as higher apprenticeships
- Over 2,800 apprentices have also benefitted from our travel and subsistence funding, providing financial support to employers for required travel, accommodation and subsistence in hard-to-reach areas.

#### **Raising standards in the industry**

The right qualifications and training must be in place so our industry can grow and be more productive.

The way industry thinks about competence has gone through significant change, partly due to the issues highlighted by the Grenfell tragedy.

We set out to answer some fundamental questions about what competence is and how we can support construction employers. In 2020-21, we completed a review of the routes to competence and will use this work to establish a competence framework. This includes the activities that form a core part of the role, the skills and behaviours to carry them out, and how people are assessed. Once that's complete, different sectors can then use this framework to build their own.

Throughout the year, we supported various strands of work to develop a robust building safety system. Highlights include a training standard for fire safety awareness, which was a key recommendation from the Hackitt review, as well as setting the requirements for all competence frameworks across the built environment, and a common framework for installer roles, which will be used as a pilot during 2021-22.

To support our partnerships with the Lighthouse Club and Samaritans, we established a series of Mental Health First Aid training standards so people can help each other through crises. In total, 5,756 individuals claimed a grant against these standards in 2020-21, increasing the awareness and availability of mental health support in the industry.

#### **Improving qualifications**

In England, we ensured the quality of end-point assessments for construction apprenticeships. We worked closely with providers and the Institute for Apprenticeships and Technical Education (IfATE) to ensure assessments deliver a valid and robust assessment for the apprentice. We continue to support the new approach to apprenticeships and provide external quality assurance for 24 standards in the sector.

In Scotland, we formed part of the Quality and Skills Working Group with Energy Skills Partnership to review current energy efficiency qualifications and installer competencies. We also launched the Level 5 and Level 6 Insulation Building Treatment Scottish Vocational Qualifications (SVQs).

In Wales, we secured final draft approval of the Foundation qualifications, which will play a key part in the new apprenticeship offer for nine trades. We also established a new development group to advise Welsh Government on apprenticeship pathways and frameworks for the construction sector.

## **Pipeline of talent**

Ensuring a pipeline of talent is at the heart of what we do – without it, there’s no construction industry.

Bridging the gap between education and employment is imperative for the industry to attract and retain the skills it needs. Currently, just four out of ten further education (FE) construction students go into an apprenticeship or job in the industry, and we are determined to help improve that.

Our Learning to Earning research found that attracting a wide pool of learners necessitates offering different interventions: some benefit from a fast-paced, hands-on experience of the industry to effectively engage them; others require a blend of classroom learning and experience.

This is why we have continued to champion traineeships, which create a bridge between FE and employment. Traineeships involve a work placement to develop practical skills, complemented by academic study, including a particular focus on maths, English and digital skills. Traineeships represent an attractive offer to many types of learners.

In partnership with the Department for Education (DfE), we have developed the UK’s first occupational traineeship. The occupational traineeship for bricklaying, currently being piloted, could enable learners to accelerate their career, with many able to progress to accelerated apprenticeships that recognise what they have already learnt. Employers receive £1,000 per trainee to cover the cost of placement, while gaining access to a readied pipeline of talent.

## **Onsite experience**

The Construction Skills Fund (CSF) provides learners with free training and construction site experience across England. Following the success of the first phase from September 2018 to March 2020, the programme was extended until March 2021. £7.5m of DfE funding, as well as £300,000 from the Levy, has been invested into the fund, delivering on our commitment to run 14 onsite training hubs.

Despite the considerable challenges of providing live experiences amid a pandemic, the CSF has continued to exceed expectations: 5,984 participants have been trained to an employment and site-ready level, 894 of whom achieved sustained employment status in the

*“CSF can deliver flexible training on request. Without the funding available we wouldn’t be able to offer training and progression as we currently do.”*

Emma Smith, Learning and Development Advisor, FM Conway

industry.

When people join the construction industry, it’s important they’re not only skilled, but site ready. Onsite Experience hubs, which build on the CSF model, provide candidates with live site experience as well as the necessary health and safety credentials, allowing for immediate recruitment. Seven hubs are fully operational, with the remaining six due to open later this year – we will deliver over 8,500 onsite experiences, with at least 3,800 candidates achieving sustained employment by 2024.

## **Attracting people to join**

For the industry to succeed, we need to attract and retain the very best.

We must portray construction as a vibrant and rewarding industry to attract a diverse workforce, while encouraging career changers and young people to take their first step into a construction career.

## **Information and guidance**

Go Construct is the industry's central source of trusted, reliable information, advice and guidance on construction careers – and it has gone from strength to strength over the previous year.

We invested a further £300,000 to develop and improve the Go Construct website, significantly increasing its scope and visibility. The number of first-time website visitors has increased to over 410,000. Meanwhile, careers information has been overhauled, resulting in 179 comprehensive job descriptions that garnered over 60,000 views in March 2021 alone.

Engaging young people is key, so we're delighted our National Apprenticeship Week social media campaign was seen by over 12 million people, reaching predominantly those aged 16-24, on TikTok, Snapchat and YouTube.

We're also committed to improving access to careers information: Go Construct worked in partnership with the Department for Work and Pensions, National Careers Service and others to provide better signposting for guidance and resources. This ensures everyone – from career changers to school leavers – can easily access the support they need.

Our Construction Ambassadors continue to inspire young people by sharing experiences, delivering workshops, acting as mentors and much more. We delivered on our commitment to increase the programme's reach by successfully merging it with the STEM Ambassador scheme, providing access to every school in Britain.

Courtesy of the merger, Ambassadors also have access to STEM Learning's 19 hubs across the UK, as well as its portal, which acts as a central location for resources, training and industry events.

Due to the national lockdown, SkillBuild 2020 was sadly cancelled. However, despite considerable challenges remaining, the UK's largest and longest-running construction skills competition is running in 2021. We're thrilled to demonstrate the best in upcoming UK construction talent, highlighting the bright future the industry has ahead.

## **Showcasing opportunities**

During a disruptive year for construction employees, we supported the Construction Talent Retention Scheme. Launched in August 2020, the TRS helps retain skilled, trained workers in the industry following job losses caused by COVID-19, while attracting workers with transferable skills from other sectors, such as manufacturing.

Sir Robert McAlpine Ltd was one of the hundreds of companies that filled vacancies via the TRS.

"It's been wonderful that, via the TRS, we've been able to help individuals faced with redundancy. The people we have helped now have new careers within the construction sector," said Nadeem Mirza, Head of Resourcing.

"We would encourage the TRS to continue long term, as it connects competent people with construction companies and offers a win-win for employers and those in need of work."

It is testament to the resilience of the industry that practical solutions such as the TRS can be swiftly implemented to ensure skills are retained.

As the recovery from COVID-19 continues, the TRS will remain core to our careers strategy: instead of focusing on mitigating redundancies, it will act as a shop window for vacancies, offering a simplified route for employers to secure the best construction talent.

Alongside the TRS, we've developed Talentview, a portal for job opportunities tailored towards those currently working outside of construction. Talentview allows employers, colleges, training providers and hubs to showcase traineeships, work experience, taster sessions, apprenticeships, graduate jobs and more. Talentview will play a significant role in delivering our careers strategy. Similarly, we continue to support Skills Development Scotland's My World of Work career information service, as well as Careers Wales.

## KEY PERFORMANCE INDICATORS

We report on our performance to support employers and the industry through a series of key performance indicators (KPIs). In February 2020 the Board agreed four KPIs for 2020-21, which would be measured through nationally representative audience surveying, and set a benchmark target for each KPI to pursue continual improvement in our support of the construction sector.

### The results

The KPIs and their targets are shown in Table 1 (page 24). In summary, all four KPIs either met or exceeded their targets for 2020-21.

Satisfaction with **CITB being seen as credible and reputable, and adding value to the industry**, is on target for the year, representing a 1 percentage point improvement on the previous year's approval rating. This score has remained steady at around 41%-43% over the last three years and continued to remain within these margins between the mid-year and end-year surveys.

The view of employers regarding **accessibility of training in a timely manner** improved by 8 percentage points over the previous year, achieving its set target. The mid-year survey saw this score charting 1 percentage point above target before the second wave of COVID-19 created additional challenges in supporting access.

**Favourability with construction as a career** achieved its benchmark target in 2020-21. This index was tracking to the previous year's performance in the first wave of measurement (December 2020), before increasing by 3 percentage points to reach 66% favourability by the second wave (April 2021).

Employers viewed the **reflection of industry's need in the content and method of training and assessment** more favourably, with this score's improvement more than doubling the targeted 3 percentage point increase. The mid-year KPI pointed to even stronger performance before the arrival of the second wave of the coronavirus trimmed performance to 5 percentage points over target.

### How the KPIs are calculated

The **KPI for favourability with construction as a career** is an index (scored out of 100%) which measures the proportion of the people we want to attract (young people, parents of young people and careers guidance professionals) who view the construction industry positively, in part reflecting the work we undertake to support workforce recruitment.

The **remaining KPIs** are measured using CITB's Employer Tracker, which asks employers for their thoughts on our performance. These questions offer employers the opportunity to grade our support for employers and the industry on a 5-point scale, with the KPI representing the proportion of answers that return a score of 4 (fairly satisfied) or 5 (completely satisfied).

Table 1: Summary of Board KPIs – results and status

KPI	2020-21 Target	2020-21 Actual Oct-Dec 20 (Wave 1)	2020-21 Actual Apr 21 (Wave 2)
01 – CITB seen as credible and reputable, adding value to the industry	42%	43%	41%
02 – Employers say they can access the training they need in a timely manner	42%	43%	41%
03 – Favourability with construction as a career (young people, influencers, educators)	66%	63%	66%
04 – Employers believe that the content and method of training and assessment reflects industry's need	38%	44%	42%



## **FINANCIAL REVIEW**

### **Financial review for the year ending 31 March 2021**

#### **Overview**

2020-21 has been an extraordinary year as the COVID-19 pandemic evolved and all businesses had to respond to the ever-changing circumstances. Our decision to postpone the 2019 Levy Assessment until August 2020 meant that we had five months without much of our normal income and, after our decision to reduce the 2020 Levy Assessment (raised in August 2021) by half, we had to adapt our investment plans to ensure financial stability not only for 2020-21 but over the following year as well.

As our cash and underlying reserves were depleted during the first few months of the year, while we awaited the income from the 2019 Levy Assessment, we were uncertain about our ability to continue to fund industry as normal through our Grant Scheme and funding programmes. Therefore, we borrowed £10m from the Department for Education to ensure there was minimal disruption or impact. This loan was due to be repaid in three tranches in the second half of 2021-22, but in May 2021 the Board of Trustees took the decision to repay the loan early as Levy receipts had been much stronger than anticipated.

Our Skills Stability Plan assumed that Levy collection would be significantly impacted by the pandemic but, in the event, income was 24% (£37m) higher than expected, albeit 5% (£11m) down on our original plans. As employers were impacted by the pandemic and training providers, including CITB itself, were restricted in their ability to deliver courses, claims for training were down on expectations, so we ended the year with sufficient cash and reserves to fund the 50% reduction in the 2020 Levy.

#### **Result for the period**

In 2020-21, we had net incoming funds of £66.5m, which was slightly better than our predictions at the start of the pandemic. However, it was worse than the plan due to be published in April 2020 but not released, as the first lockdown started at the end of March.

#### **Levy income**

Levy income for the period was £191.9m (2019-20: £188.2m), comprising £195.6m (2019-20: £192.2m) in respect of the current year's assessment (net of current Levy year's bad debt) and a downwards adjustment of £3.7m (2019-20: decrease £4m) in respect of prior years' assessments. When a Levy Return is received against a previously estimated Levy Assessment, we turn the assessment from an estimate to a confirmed amount, that we refer to as "bona fide". In most cases the bona fide amount is less than the estimate and where that assessment has been taken to income in a prior year, we make an adjustment in the current year.

The Levy rate remains at 0.35% on direct labour payments (PAYE) and at 1.25% on Net Construction Industry Scheme (CIS) payments. The small business exemption level of £79,999 has increased to £119,999, and the threshold for the small business Levy reduction of 50% remained at £399,999.

As at 31 March 2021, the number of employers in the Levy and Grant register was 79,784 (79,264 as at 31 March 2020).

#### **Non-Levy income**

Non-Levy income was £57.5m (2019-20: £84.2m), down by £26.7m due to the pandemic, as our trading products and services saw drops in demand while people were in lockdown and on furlough. The National Construction College saw a 50% (£3.6m) drop in income as classes were at first cancelled and then, once lockdown ended, run with socially distanced classes with fewer learners.

We managed a second phase of the Construction Skills Fund, which meant we recognised an income from Government of £11.4m, up from £9.3m in 2019-20. This income was offset by costs with funds placed with the training hubs of £10.9m. In addition, we spent £2.3m of CITB's other funds on training hubs.

## **Grants Scheme**

Grant expenditure in the year was £66m, down from £94.8m the previous year. Grants paid helped support 20,752 (2019-20: 24,866) apprentices, 12,332 (2019-20: 17,202) vocational qualification (VQ) achievements and 10,177 (2019-20: 18,718) plant tests. The total number of employers in receipt of grant was 13,729 (2019-20: 15,916). Clearly, the pandemic had a significant effect on the number of people claiming grants.

## **Programme-based funding**

We offer three principal types of funding:

- Skills and Training Fund, offering up to £10,000 for small employers (up to 99 directly employed staff) and up to £25,000 for medium-sized employers (100 to 250 directly employed staff)
- Flexible funding, offered to address industry needs and CITB priorities
- Structured funding, where we identify a particular need for investment.

In total, £28.5m was spent on programme-based funding in 2020-21 (2019-20: £39.1m). The reduction in expenditure was due to businesses placing staff on furlough during the pandemic, which made it difficult to maintain contact with the delivery teams who were due to use the funding; and where businesses were able to continue operating, it was difficult to use the funds, as trainees' movements were restricted by the pandemic.

## **Restructuring**

At the start of the year, there was a £4.2m provision for the remaining redundancies as a result of the Vision 2020 programme. The remaining redundancies were due to the finalising of the Head Office move to Peterborough and concluding the sale of the colleges. The pandemic has had an impact on both activities, and in March 2021 we announced that we would be retaining the National Construction Colleges at Bircham Newton and Inchinnan. This meant that £1m of the redundancy provision was released.

Due to the pandemic, as with many other businesses, our operating model has changed with people working remotely and having much less, if not zero, face-to-face contact with colleagues and customers. We responded to this change, along with the impact of the pandemic on general business activity, by reviewing its structure during the year and reducing the organisation size by a further 83 roles. The cost of the resulting redundancies saw a charge of £1.1m to the accounts for the year.

## **Furlough**

Whilst we considered the impact of COVID-19 during the year, in order to protect roles we placed a number of staff on furlough, thanks to the Government's Coronavirus Job Retention Scheme (CJRS). The money from this scheme is recognised as income in the period to which it relates and is therefore matched against the cost of employees' salaries. For 2020, we claimed CJRS for all staff who were placed on furlough. From January 2021, following discussions with the Department for Education, we restricted our CJRS claims to staff whose employment related directly to the National Construction College.

## **Reserves and reserves policy**

Reserves are required to cover delays in income receipts, accelerated grant claims and costs that are outside of our control, and to ensure continued construction industry funding, in line with our charitable objectives. During the year, we had been able to reset reserves at a level the Board of Trustees deems appropriate as we move into the next three-year plan.

General reserves at 31 March 2020 were £54.2m and, as expected, they fell significantly during the first five months of the year, as we continued to fund industry but without the Levy income to support it. We then issued the 2019 Levy Assessment, and reserves at 31 March 2021 were £120.7m. At first glance this seems excessive. However, it must be noted that following our decision to issue a 2020 Levy Assessment reduced by 50% in August 2021, these reserves will fund the period between 1 April 2021 and the date the 2020 Levy Assessment is raised. Current expectations are that we will have sufficient income to support all the planned industry funding and finish the 2021-22 financial year with reserves just above the reserves policy floor.

The unrestricted fund is available for use at the discretion of the Board in furtherance of the general objectives of the charity. Restricted funds are those funds that have been received for a particular purpose and may not be used for any other. Income received from the Coronavirus Job Retention Scheme (CJRS) is included within the restricted fund along with the corresponding payroll costs it is supporting. This is due to the restriction on the use of the income to fund payroll and qualifying salary payments only.

## **Investment income**

Investment income during 2020-21 decreased to £0.2m (2019-20: £1m), as we decided to liquidate our portfolio in the early part of the year to raise cash and allow us to continue to fund industry in the spring and summer of 2020, without any Levy income in that period due to the pandemic.

The following chart gives a breakdown of how resources have been allocated to support industry.

	2020-21
	£m
Levy income	191.9
Less cost of collection	<u>(2.1)</u>
	<b>189.8</b>
Grants Scheme	
Apprenticeship grants	50.5
Qualification grants	7.3
Short duration grants	<u>8.2</u>
	<b>66.0</b>
Funding	
Flexible and Structured funding	3.5
Skills and Training Fund	7.9
Employer and industry support funding	3.8
Construction Skills Fund	13.2
Other funding	<u>0.1</u>
	<b>28.5</b>

## **Section 4: Structure, Management and Governance**

## TRUSTEES

For the period 2020-21, the CITB Board of Trustees consisted of:

Peter Lauener (CITB Chairman)

Maureen Douglas, FCIPD (resigned May 2020)

Tony Elliott (appointed June 2020)

Steve Fox, CBE

Diana Garnham, MA, DSc, LLD

Yvonne Kelly

Kevin McLoughlin, MBE, FCIOB

Holly Price

Sophie Seddon (appointed June 2020)

Robert Williams, MBE

As specified in Schedule 1 of the Industrial Training Act 1982, Trustees are appointed and answerable to the Secretary of State (normally for four years). This follows a public appointment process governed by the Office for the Commissioner of Public Appointments (OCPA), including the advertising of vacancies on the Government's Public Appointments website (<https://publicappointments.cabinetoffice.gov.uk/all/>).

The CITB Board of Trustees comprises independent non-executive Trustees who have a broad range of skills, background and experience. Peter Lauener has been Chair of CITB since 1 May 2018. All Trustees, with the exception of the Chair, are unremunerated.

Trustees are introduced to CITB's work through an induction meeting with the Executive Team on appointment and they receive ongoing support from the Corporate Governance Team. All Trustees are required to have relevant senior experience and currently six of the Trustees work within the construction industry; the remaining two Trustees were appointed as independents and bring additional and appropriate experience. Further support and training (both formal and informal) are provided to support specific duties, such as participation in the Audit and Risk Committee.

Trustees liaise regularly with relevant Executive Team members in relation to specific Committee items. They also receive a brief policy update each week. Further details in relation to the Trustees are also available on our website: [www.citb.co.uk/trustees](http://www.citb.co.uk/trustees)

## Structure

The Construction Industry Training Board is an executive non-departmental public body (NDPB) accountable to the Secretary of State for Education and is required to comply with its statutory obligations and functions as set out in the Industrial Training Act 1982. CITB is also a registered charity, making the Board Members charitable Trustees.

For the period 2020-21, in accordance with statutory requirements, the Board comprised a majority membership of employer Trustees supported by independent Trustees. The Board is supported by an Executive Team and the following Committees: Audit and Risk; Industry Funding; Nomination, Appointments and Remuneration; Levy Strategy; and, for part of this year, the Levy Working Party. Additionally, the Board receives strategic insights and feedback from three Nation Councils – Scotland, Cymru Wales and England.

## Board performance

The duty of the Board is to set and maintain the vision, mission and values of CITB to develop and shape CITB's future direction and strategy, adhere to the principles of the Framework Document (currently in draft) and ensure good corporate governance. It acts in accordance with the Board's standing orders and delegations, and provides leadership, advice and challenge to the Executive on the management and performance of the organisation.

Annually, the governance cycle incorporates internal reviews of the effectiveness of Board Committees and Nation Councils, an appraisal of the Board Chair undertaken by the Department for Education, and individual appraisals of Trustees and Nation Council Chairs conducted by the Board Chair. Every three years, we also commission an external review of the effectiveness of the Board, the most recent of which commenced in January 2021. The findings from this year's internal and external effectiveness reviews have been combined to develop an action plan to support the continuous review and improvement cycle of our governance processes. This action plan will be approved by the Board in 2021-22, with progress monitored by the Board via quarterly reports.

The Board met nine times in 2020-21. At the start of the year, the scale of the growing COVID-19 crisis was becoming clear, and the initial impact on construction and the wider economy was also emerging. As a result, the Board worked closely with the business to rapidly identify and implement the immediate action required to help industry retain existing skills, and to then reassess the key priorities for the next 12 months. In order to work at pace and address all the emerging concerns as rapidly as possible, for quarters one and two the Board moved away from its established quarterly Board meeting cycle with standing agenda items, and put in place a series of more frequent meetings that focused on getting the right support in place for industry and stabilising the organisation during this turbulent time. As a result of this work, the Board agreed to replace our 2020-21 Business Plan with the Skills Stability Plan. This plan set the tone of the Board's work for the year. Additionally, the Board listened to industry's views about running the planned Consensus process and decided to postpone it for a year so as not to detract focus from the immediate challenges at hand. Instead, Board Members and senior managers worked closely with Government to agree a one-year Levy Order to bridge the gap to the 2021 Consensus process.

As the first national lockdown eased, we began to adjust to what was referred by many as being "the new normal" and started to plan for the medium and long term again. Accordingly, Board meetings reverted back to their established pattern and format, reinstating standing agenda items for Board Members to hold the business to account, and shape future strategy

and plans. New strategic risks were identified and work continued to refine the Board's KPIs in response to feedback from stakeholders and Nation Councils. By quarter four, a new Business Plan was ready for launching in advance of the 2021-22 financial year, accompanied by comprehensive Nation Plans for Wales, Scotland and England.



## GOVERNANCE

### Audit and Risk Committee

The Audit and Risk Committee is a committee of the Board that supports the Board's strategic leadership with corporate oversight of strategy and performance. The Committee is charged with ensuring that the Board and the Accounting Officer gain the assurance they need on the adequacy and effectiveness of our arrangements for risk management, governance and control. Within this, the Committee engages with the internal audit, the work of the external auditor and financial reporting issues. There were seven meetings of the Audit and Risk Committee during 2020-21, and the Committee met its Terms of Reference.

The Committee has two Trustee members, one of whom is Chair. The Committee benefits from the contribution of two external members, who are able to bring additional depth of experience and expertise from internal audit and finance. In addition, other observers and attendees from our Sponsor Department and the External Audit Team from the National Audit Office (NAO) contribute to the breadth and robustness of scrutiny and discussion.

### Risk management

The 2020-21 financial year started shortly after the scale of the COVID-19 pandemic was beginning to become apparent, and the initial resultant impact upon world economies began to be felt. As we moved swiftly to adopt Government guidance for employees to work from home wherever possible, it also recognised the need to rapidly re-evaluate its strategic and business plans for the immediate term in order to help industry retain its skilled workforce. The result of the latter was our publication of the Skills Stability Plan and announcement of a Levy holiday during which collection of Levy payments was suspended. Intrinsically linked to these strategic decisions, there was an adjustment to the Board's risk appetite and a significant shift in the strategic risks we faced. In response to this, the Audit and Risk Committee worked closely with the Executive and senior managers to re-visit and re-evaluate the key strategic risks that we had to manage. As a result of this re-evaluation, the number of strategic risks was reduced from eight to five, with a clear shift towards risks linked to Levy income and cash flow (see **Risk overview** on page 40).

Alongside the re-evaluation of our risk profile and risk appetite, the Committee agreed that the focus of the 2020-21 Internal Audit Plan would need to be reviewed as part of the organisation's risk management strategy and acknowledged the need for changes. It also monitored, and advised upon, the evolution of our assurance map – work which will continue into 2021-22. This assurance map will provide an assessment of the effectiveness of the framework of control in each area of the business. It brings together assessments by management, senior management and oversight roles including internal audit, and supports activities to monitor, test and, where necessary, improve controls.

### Internal audit

The delivery of the Internal Audit Plan for 2020-21 was significantly impacted by the effect that the pandemic had upon our internal resources and those of our third-party provider SSCL, particularly during the first national lockdown, when remote working and furlough made accessing supporting audit evidence challenging. As a result, the level of internal audit activity was extremely limited for the first part of the year and the Committee's immediate focus was to monitor and review the effectiveness of our business continuity planning. This work took into particular account the shift to remote working, third-party suppliers, and standing up alternative methods of delivery to facilitate ongoing training while sites and colleges were closed. The shift to outsourcing service delivery of key areas of our operations, such as grants and Levy processing, to partner providers required especially close monitoring by the Committee given the newness of these arrangements and the need to successfully embed them during such a challenging time. During the second part of the year the level of internal audit activities returned

to near expected levels and the Committee resumed its work of receiving and discussing summary reports from the Internal Audit Team.

The internal audit work was supported externally by RSM. This enabled us to access specialist skills as and when required, such as expertise in cyber security, enhancing the skill set available in the audit function, and independence where there might be conflicts of interest for the internal team.

### **External audit**

The statutory external audit of the Annual Report and Accounts was performed by the National Audit Office (NAO) on behalf of the Comptroller and Auditor General, in accordance with the Industrial Training Act 1982. The NAO attended all seven meetings of the Committee in 2020-21.

An update report was provided for each Committee meeting and an interim audit enabled the Committee to understand progress and pinch points, and identify issues for further review. The Committee reviewed the Audit Plan in advance of the audit commencement and reviewed the Audit Report and findings. The Committee also reviewed the Letter of Representation and Management Responses to the audit findings, including the 2019-20 Management Letter and Interim Audit Reports.

We acknowledge the recommendations resulting from the NAO 2019-20 Audit Completion Report and interim update report on the 2020-21 Financial Statement Audit, including weaknesses in financial management, which we are addressing. The recommendations have either been actioned or form part of an action plan for completion. The Committee supports the delivery of this action plan, which has been closely monitored in respect of the audit work required, both planned and unplanned, to ensure mitigation where possible of the fee level associated with the previous year and anticipated for this, and to secure best value.

### **Nomination, Appointments and Remuneration Committee**

During 2020-21, the Nomination, Appointments and Remuneration Committee continued to provide advice to the Board on matters relating to Executive accountabilities and appropriate pay packages, performance management and HR policies. The Committee supported the Executive in our response to the COVID-19 pandemic and ensuing financial restraints, through taking the difficult decisions to furlough staff where appropriate, as well as organisational change, amendments to the redundancy policy to align more closely with industry norms, and recommending that the Board implement a pay freeze in the 2020-21 financial year. Senior staff also took voluntary pay cuts of 10% to 20%. The Committee was pleased to be able to set parameters for the negotiation of a 1% pay review for 2021-22, in recognition of the dedication and hard work of CITB colleagues throughout the challenging period of the pandemic. Succession plans for Executive Directors and the Leadership Team were reviewed, and recruitment began to replace the Chief Executive and the Products and Customer Services Director. Consideration of the total reward framework was put on hold for the 2020-21 financial year, but the Committee began to review the development of a People Strategy, which will incorporate the total reward framework, future ways of working, and focus on workplace culture and environment, colleague development, and delivering performance.

There were eight meetings of the Nomination, Appointments and Remuneration Committee during 2020-21, and the Committee met its Terms of Reference.

The CITB Chair oversaw the Committee as a temporary measure until October 2020, following the previous Committee Chair reaching the end of her term in office. In June 2020,

Tony Elliott was appointed as a Board Trustee, joined the Committee in August and accepted the role of Committee Chair in October.

### **Industry Funding Committee**

The Industry Funding Committee is a decision-making body with delegated authority from the Board to authorise industry funding of up to £5m for any one commission or funding project. The Committee is tasked with assisting the Board to adopt a funding strategy that supports our strategic aims, and then monitoring the delivery and impact of this funding strategy – making resultant recommendations to the Board as necessary.

The Committee's last meeting of the previous financial year was in March 2020, just as it was becoming clearer that COVID-19 would have a major impact on construction. By the time the Committee met again in July 2020, CITB's Board had taken a decision to delay Levy collection and had replaced its Business Plan for 2020-21 with a Skills Stability Plan, drawn up in recognition that industry needed rapid support to help retain its existing skills during the crisis and would require training to support re-skilling and upskilling through the post-Covid recovery period. Therefore, much of the Committee's initial work in 2020-21 was to support the new training agenda set out by the Skills Stability Plan, identifying where the pre-pandemic training priorities had changed, and what priorities had replaced them.

As the year progressed, the Committee continued to monitor the performance of commissions and funds, and considered the impact of moving certain provision to virtual rather than onsite delivery while lockdown and social distancing measures were in place. Alongside this, we launched a comprehensive review of the Grants Scheme and looked to the Committee to play a significant role in contributing to this review and helping to shape the Scheme moving forward. To this end, Committee members participated in additional workshops and meetings considering all aspects of the current Grants Scheme, and approved the revised Grants Scheme Objectives Statement and Principles. This Grants Scheme review work remains ongoing, and is due to conclude at the end of 2021-22.

Committee members also participated in the Board's annual internal effectiveness review, and the results of this review led to a more agile approach to meetings, with Committee members participating in topic-based workshops and steering early-stage thinking of ideas, as well as advising CITB on the best way to engage and implement funding with industry. The Committee has been active throughout the year to respond to specific requests and provide input as a major CITB Board Committee, and members commit significant time to other meetings and discussions.

The Committee is chaired by Trustee member Steve Fox, who is joined by fellow Trustee member Holly Price, and independent members Julia Evans and Rupert Perkins. Two new independent members also joined the Committee this year – Ian Dickerson and Steve Drury. Trustee member Yvonne Kelly stepped down from this Committee in March 2021. Collectively, these Committee members bring extensive experience and knowledge from construction and its associated industries, further education and higher education, along with a good spread of industry representation from major contractors, medium-sized employers, SMEs and not-for-profit organisations. Committee meetings provide a forum for robust, lively debate, with all Committee members prepared to offer their views and constructive challenge.

## **Nation Councils**

During the 2020-21 financial year, the CITB Nation Councils continued to work closely with the Board capturing and articulating issues affecting the industry, particularly the impact of the COVID-19 pandemic. The Councils assisted in the development of COVID-19 support initiatives for the industry and in developing the 2020-21 Skills Stability Plan, which replaced the 2020-21 Business Plan that we were about to publish.

The Councils' advice and input were sought in the development of the Levy Proposals which went out to Consensus in the summer of 2021, and shaping the Strategic Plan into a new GB-wide Business Plan and plans for each nation, outlining agreed priorities for 2021-25. Each Nation Council also held focused discussions on areas that were specific to their nation.

Council members, either within their own Nation Councils or as part of joint Council meetings, took part in a growing number of standalone workshops, which helped to shape our thinking on our role and plans in a range of areas. This included net zero carbon emissions, competence, apprenticeships, onsite hubs and targeting action at the most pressing areas of skill need.

There was a three-yearly refresh of Nation Councils' membership in 2021, with a Nation Councils Chairs' recruitment process in May 2021, followed by a recruitment process for the general membership of each Nation Council in June/July 2021.

### **Cymru Wales Nation Council**

The Cymru Wales Nation Council continued to work with the CITB Board to help support industry during the COVID-19 pandemic, asking questions and providing recommendations in a range of areas, including: training to deal with the COVID-19 situation, mental health, and support for apprenticeships during lockdowns. The Council also raised questions regarding the long-term impact of the pandemic on standards and on training course content and delivery methods. The Council requested that the Board focus on industry training, including ensuring scaffolding provision commenced as soon as possible at the Construction Wales Innovation Centre after the building had been returned following its use as a field hospital. Additional discussions focused on retrofit and decarbonisation training to ensure that the sector is fit for the future.

Nick Evans resigned from the Council in August 2020. (Neal Stephens resigned post reporting period.)

### **England Nation Council**

The England Nation Council worked with the CITB Board to help shape our new four-year Strategy and KPIs, focusing on efficient customer delivery and transparency of outcomes, as part of the Skills Stability Plan. The Council brought constructive challenge and support in equal measure, which helped to shape our Strategic Plan, and the England Nation Business Plan specifically, setting out the priorities for 2021-25.

Numerous workshops were held during the year on key future plans, including FE interventions, competence frameworks and priority skills areas.

Rob Tansey resigned from the Council in December 2020, and Alison Lamplough was recruited to the Council in January 2021.

## **Scotland Nation Council**

The Scotland Nation Council had input into both strategic and operational priorities relating to supporting employers and learners affected by COVID-19-related economic and social issues. This work included the production of the 2021-25 Strategic Plan, which outlines our support in Scotland, and the development of KPIs which reflect GB and Nation priorities and allow for operational performance reporting at a Scotland-specific level.

In the midst of the COVID-19 pandemic, the Council acted as a facilitator and conduit to other Scottish stakeholders involved in supporting COVID-19-related matters, such as the Scottish Government, to ensure support was available to employers and learners where most required. It liaised with the CITB Board and key strategic bodies, such as the Nation Leadership Groups, to ensure guidance and working practices introduced to mitigate the impact of COVID-19 on industry were disseminated and updated on an ongoing basis.

Throughout the year the Council reiterated the importance of apprenticeship provision in Scotland and worked with the Board and senior staff members to ensure this was reflected in terms of our operational priorities in Scotland.

Tony Elliott was appointed to the CITB Board in June 2020 and took on the Deputy Nation Council Chair's post accordingly. Having stepped down from the CITB Board in May 2020, Maureen Douglas took on the Scotland Nation Council's Chair post on an interim basis until July 2021. Zeshan Afzal relinquished his membership as a Council member in July 2020, while Angela Forbes and Susan Jackson joined the Council in January 2021.

## **Levy Working Party**

The Levy Working Party (LWP) was established by the Board pursuant to the Industrial Training Act 1982. The purpose of the LWP was to represent the views of industry across all three nations on the development of the 2020 Levy Proposals, with specific reference to the anticipated cost of the Strategic Plan.

The Committee consisted of two CITB Trustee members, four industry representatives from the CITB Nation Councils and two independent members who were not part of the CITB Nation Councils. The diversity of the group encouraged challenging discussions that helped shape the Committee's recommendation to the Board.

The work of the LWP was significantly impacted by the onset of the COVID-19 pandemic, with the Consensus process delayed by a year and the need to make changes to the existing Levy to reflect the difficult circumstances faced by many employers in the industry. On top of the five-month Levy holiday, we sought to make changes to the rate of the existing Levy. When discussions with Government established that we could not be confident that work on this would be completed in time, we developed a new approach with a one-year Levy introduced for 2021-22 at half of the existing rate. Throughout this period, we worked closely with the LWP as it developed its approach.

During the year, the Committee covered the following:

- Receiving and reviewing the outputs from the consultation on the draft Levy Proposals, as well as feedback from the Prescribed Organisations

- Reviewing forecasts for Levy income for 2020-22, taking the impact of COVID-19 into account
- Agreeing a halving in Levy rates for the 2021-22 Levy to support employers further during the pandemic.

The LWP also recommended that the Levy exemption threshold that had been set at £80k for over 10 years be increased to £120k. This recommendation was based on the overwhelming support (85%) in the consultation to the proposal to increase it to £100k, and as an extra level of support during the pandemic for smaller employers.

The LWP was retired at the end of July 2020 in line with its Terms of Reference. However, in recognition of the importance of the Levy mechanism and the need to ensure that it remains fit for purpose on a continuous basis, the Board decided to establish a new standing Board Committee, the Levy Strategy Committee, to meet this remit.

### **Levy Strategy Committee**

The Levy Strategy Committee (LSC) had its inaugural meeting on 3 November 2020. Committee members were selected via an application process on the basis of their strategic and analytical skills. The LSC has 11 members: five independent members including two Trustees, and six members representing Levy-registered employers. The mix of the LSC brings extensive skill and diversity of industry intelligence, which has helped shape the Committee's recommendations to the Board.

The remit of the LSC is similar to, but wider than that of, the LWP. Its initial primary purpose is to deliver the Levy Proposals for the three-year 2022 Levy Order aligned to the anticipated cost of the Strategic Plan. Its longer-term role is to support the Fundamental Review of Levy that will shape future Levy Orders to ensure the system is and remains fit for purpose.

During the year, the LSC covered the following:

- Reviewing forecasts for Levy income in the years 2022-25, taking into account the potential impact of COVID-19 on amounts employers would be liable to pay and their ability to pay the Levy
- Consideration of multiple options for how Levy could be adapted to generate the level of Levy required by the Strategic Plan
- Consideration of options to generate additional Levy, closer to the pre-COVID-19 forecast amounts, to enable us to support industry further as it recovers from the pandemic
- Consideration of whether the impact of the introduction of IR35 legislation in April 2021 should be factored into Levy Proposals
- Recommendation to the CITB Board of draft Levy Proposals that retained the pre-COVID-19 Levy rates (PAYE @ 0.35% and Net CIS @ 1.25%) and retained the Levy exemption and reduction thresholds used in the 2021 Levy Order (£120k and £400k, respectively)
- Initial discussions to consider matters that members felt should be included and considered in the Fundamental Review of Levy.

In the 2021-22 financial year, the LSC will make its final recommendations to the CITB Board for the 2022 Levy Order Proposals. It will also consider many aspects of the current Levy system, including the employment basis, the potential to move to a real time-based Levy, and the impact of a modernising construction industry on the scope of CITB.

## **RISK MANAGEMENT**

Our system of internal control is designed to manage risks to a reasonable level, to evaluate the likelihood of those risks occurring, to mitigate the impact should they be realised, and to manage risks efficiently, effectively and economically.

The system of internal control has been in place for the financial period ended 31 March 2021 and is subject to internal audit that follows the Public Sector Internal Audit Standards.

We manage risk through regular scrutiny, at strategic and team level. Oversight of the effectiveness of risk management and the assurance from management is provided by the Audit and Risk Committee.

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

- Reports and recommendations from the Audit and Risk Committee
- The Head of Internal Audit's annual opinion to the Accounting Officer
- Recommendations from the National Audit Office
- Annual accountability statements from members of the Executive and senior managers, outlining the governance, risk and control arrangements in their business areas
- External reports on CITB produced by independent organisations such as Ofsted
- Legislative and regulatory guidelines, including those relating to charitable status, state aid and tax arrangements.

### **Risk management process**

As a registered charity, we have a prudent and balanced attitude to risk, placing emphasis on our risk management and control framework.

There are several ways we manage risks, specifically for the year ending 31 March 2021:

- A review of our strategic risks was undertaken as part of the business planning process. This involved sessions with the Executive Team, with the Leadership Team, and sign-off by the Board, via the Audit and Risk Committee
- Risks were also considered from an operational and project level, and escalated where appropriate
- The Executive had collective oversight of risks at the strategic level and undertook deep-dive reviews of the management of these risks throughout the year
- Each meeting of the Audit and Risk Committee received a risk update, including details of the organisation's strategic risks and the deep-dive reviews undertaken by the Executive.

### **Risk overview**

The external environment in 2020-21 was highly dynamic, requiring significant risk management action by the Executive and Leadership Teams. The impact of COVID-19 at the start of the financial year required the rapid adjustment to remote working across CITB and the suspension of our face-to-face delivery.

The economic uncertainty facing the construction industry in the early stages of the pandemic fundamentally shifted the skills landscape, with the focus shifting rapidly from attraction to retention. Responding to industry's challenge required rapid adjustment of expenditure plans and budgets, supported by the suspension of the Levy for the first five months of the financial year, reflected in the Skills Stability Plan published in June 2020.

Alongside the development of the Skills Stability Plan, the strategic risks were refreshed and updated to reflect the impact of the COVID-19 pandemic.

Each strategic risk is owned by a member of the Executive Team, with the key mitigating actions and controls for each risk being owned by a member of the Leadership Team. The extent to which these are operating effectively is RAG-rated and a target date to achieve a 'green' status is agreed. Performance is reviewed and updated regularly.

Risk description	Mitigations
<b>Funding:</b> There is a risk that CITB has insufficient funding to meet industry commitments and maintain a sustainable business	<p>Loan facility agreed with DfE</p> <p>Robust forecasting process and monthly review process to delay or stop operational expenditure</p> <p>Monthly economic forecasting to inform scenario and contingency planning</p>
<b>Support to pay the Levy:</b> There is a risk that there is insufficient support for the Levy required to support the skills needs	<p>Industry consultation and engagement on the Strategic Plan</p> <p>Demonstrating value of Levy through delivery of services and effective communication</p> <p>Business plans developed by customer segment, e.g. Nation Plans</p> <p>Operating cost reductions</p>
<b>Training infrastructure:</b> There is a risk that CITB is unable to maintain the training infrastructure	<p>Niche training provision to support specialist sectors</p> <p>Construction Talent Retention Scheme to support displaced apprentices to find employment</p> <p>Advanced apprenticeship grant to support employers in retaining apprentices during COVID-19</p> <p>Allow greater flexibility in training, including eLearning</p>
<b>Fraud:</b> There is a risk that CITB does not protect itself adequately against high levels of fraudulent activity, which is damaging, due to profile, value or volume	<p>Vetting of companies applying to be Approved Training Organisations (ATOs)</p> <p>Use of CCTV at test centres</p> <p>Cross-agency working, including with Home Office and UK Border Agency</p> <p>Levy and grant verification</p>
<b>Third-party providers:</b> There is a risk that CITB is unable to operate effectively because third-party providers fail to meet CITB's requirements	<p>Regular due diligence and financial assessment of suppliers</p> <p>Monthly monitoring of key suppliers' performance</p>



With regard to funding, we implemented the Skills Stability Plan and published a new four-year Strategic Plan reflecting the current economic forecasts. We agreed a loan facility with DfE to ensure we were able to make greater use of reserves in order to maintain ongoing funding and support to industry throughout the pandemic and the suspension of the Levy. Although, in the end, the loan transpired to be surplus cash, we could not be certain that was going to be the case and so took steps to secure the funding. Contingency plans were developed and maintained throughout the pandemic to address the risks of further restriction measures.

With regard to the support for the Levy, we consulted on a new four-year Strategic Plan, aligned to industry's priorities in recovering from the economic and skills impact of the pandemic. We utilised the furlough scheme and implemented an organisational restructure and other operational cost reductions to reflect the reduced Levy forecast and maximise the funding available through the Levy to support industry priorities.

With regard to maintaining the training infrastructure, we implemented immediate measures to advance apprenticeship grants to employers to support the retention of skills in the early stages of the pandemic. The Skills Stability Plan further prioritised funding to support the retention of skills. Alongside this, we supported the Construction Talent Retention Scheme to ensure both apprentices and existing workers are retained within the industry. Recognising the risk to skills from the suspension of face-to-face training and learning, we implemented eLearning provision and introduced greater flexibility into training delivery to maintain training throughout the pandemic.

With regard to third-party suppliers, we have continued to strengthen the contract management function and commissioning function to manage all third-party services. We conduct regular performance reviews with key suppliers and providers, and we have rights of audit with key operational suppliers which will form part of our ongoing internal audit plans. This increases the assurance level around the outsourced provision and helps identify and address any future areas of concern at an earlier point in time. We experienced some issues in the management of grant and Levy, and the application of the furlough scheme through our outsource partner, compounded by the pandemic, and we have worked and continue to work collaboratively with our partners to ensure performance meets the required levels.

The current risk environment remains dynamic and challenging. We expect lasting change to the way CITB and all organisations work in the future. We continue to review and assess the changing risk environment to ensure we remain agile and prepared as the economy, businesses and the skills landscape adjust to a post-COVID-19 world.

### **Head of Internal Audit's opinion**

Although the internal audit was impacted by the disruption caused by the COVID-19 pandemic during 2020-21, the Internal Audit Team, working to the Public Sector Internal Audit Standards, delivered reviews against a reduced Audit Plan approved by the Audit and Risk Committee. The revised Audit Plan was developed to focus on areas of control and risk considered core to the system of internal control, as well as areas of known development needs and areas of low assurance and high risk. Despite the reduction in the number of audits compared with previous years, the level of work performed during the year and the breadth of coverage remained sufficient for the Head of Internal Audit to provide the annual opinion.

An annual report, summarising the work undertaken and containing the Head of Internal Audit's opinion, was presented to the Audit and Risk Committee and stated that the quality of governance, risk management and internal control during the year to 31 March 2021 was 'satisfactory, with some improvements required'. This opinion is based on delivery of the 2020-21 Audit Plan across activities, and inputs from risk management activity and governance arrangements. Management responded positively to the findings of each review,

and agreed to implement action plans to address the identified risks and drive enhancement of the control environment in the coming year.

## **Section 5: Statement by Accounting Officer**

## **STATEMENT BY ACCOUNTING OFFICER, SARAH BEALE**

### **Our approach to data security**

To achieve our aims, CITB processes personal information about individuals. Categories of data subjects include construction-related employers, employees and prospective employees within the construction industry, construction apprentices, suppliers, contractors and internal staff.

We are committed to protecting the rights and freedoms of individuals in respect of the processing of their personal data and undertake to comply with our legal obligations and responsibilities at all times.

We routinely review systems and processes for handling data securely against prevailing guidelines to ensure we continue to meet expected standards. We follow ISO 27001-compliant practices in relation to information security and have a current Cyber Essentials Plus certification.

We comply with our legal obligations in relation to personal data, and any serious data-related incidents are published and reported to the Information Commissioner's Office (ICO). This year, no incidents were reported to the ICO.

As CITB's outsourced IT Service Provider, SSCL is committed to protecting the security and access to the data of our customers. SSCL follows ISO 27001-compliant practices in relation to information security and enable CITB to hold a current Cyber Essentials Plus certification.

SSCL investigates all security incidents relating to its service to CITB to identify suitable improvements in process, staff education and technical security measures. There were no new high-severity security incidents raised in financial year 2020-21. One high-severity incident raised in January 2020, in respect of a vulnerability in Oracle's reporting software, was resolved via an Oracle patch in May 2020.

### **Our approach to reporting concerns**

We are committed to achieving and maintaining high standards of behaviour at work, in service to the public and in all our working practices, and to maintaining a culture where people are encouraged to speak out, confident that they can do so without adverse consequences and that appropriate action will be taken. Our arrangements for reporting concerns (also known as whistleblowing) were reviewed and approved by the Audit and Risk Committee during the year. There were no whistleblowing incidents during the year.

### **Register of interests**

As a non-departmental public body (NDPB), CITB must abide by principles of regularity and propriety, ensuring that its work is not adversely impacted by conflicts of interest. Board Trustees, Council and Board Committee members, and Executive Directors are required to complete a declaration of any interests annually. No significant company directorships or other interests were held by members that conflicted with their role and responsibilities.

In addition, all staff are required to complete a declaration of interest return annually, including those who have no interests to declare, and to declare any gifts or hospitality offered.

## Maintaining stakeholder support

To continue to meet industry expectations, CITB must maintain support from a range of stakeholders. We liaise with industry at all levels and have connections with federations, trade unions and educational bodies. We work with Government (with the Department for Education at Westminster, and the Scottish and Welsh Governments) and we are involved in a range of stakeholder events, consultative groups and forums, and stakeholder surveys.

CITB is required to seek and demonstrate to the Secretary of State support from industry for its Levy Proposals in order to secure a Levy Order that will enable CITB to support and deliver skills and training in the industry. Due to the exceptional economic environment of 2020, and in response to feedback from federations and employers, the decision was taken – in consultation with the Department for Education – to withdraw the Consensus process in the summer of 2020 and instead seek a one-year Levy Order, with Parliament's consent, for the 2021-22 Levy year. A formal Consensus process for a new three-year Levy Order was held in the summer of 2021.

## Conclusion

As Accounting Officer, I am satisfied that the governance arrangements that were in place during the year to 31 March 2021 are sufficient to continue managing risks effectively. This is informed by the work of Executive Directors and the Leadership Team, who are responsible for developing and maintaining the governance structures and internal control framework. I acknowledge the comments made by the National Audit Office in its management letter and other reports (refer to **External audit** on page 34). The Governance Statement represents the end product of the review of the effectiveness of the governance framework, risk management and internal control.

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



Sarah Beale, Accounting Officer, 8 October 2021

Acknowledged on behalf of the Board



Diana Garnham, Chair of Audit and Risk Committee, 8 October 2021

## STATEMENT OF THE BOARD AND ACCOUNTING OFFICER'S RESPONSIBILITIES

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

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

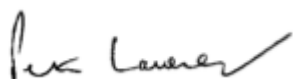
In preparing that statement of accounts, the Board and Accounting Officer are required to comply with the requirements of the Charities Statement of Recommended Practice (FRS 102) and have regard for the relevant requirements of the Government Financial Reporting Manual and in particular to:

- a) 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
- b) Make judgements and estimates on a reasonable basis
- c) State whether applicable accounting standards as set out in the Charities Statement of Recommended Practice and Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements
- d) Prepare the financial statements on a going concern basis unless it is inappropriate to presume that CITB will continue in operation
- e) Confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable, and to take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

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

As the Accounting Officer, I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that CITB's auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.

Approved by the Board on 8 October 2021 and signed on its behalf by:



Peter Lauener, Chairman, 8 October 2021



Sarah Beale, Accounting Officer, 8 October 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 the Construction Industry Training Board for the year ended 31 March 2021 under the 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. 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 the Construction Industry Training Board's affairs as at 31 March 2021 and of its net income for the year then ended
- The financial statements have been properly prepared in accordance with the Industrial Training Act 1982 and Secretary of State directions issued thereunder
- The financial statements have been prepared in accordance with the Charities and Trustee Investment (Scotland) Act 2005 and section 8 of the Charities Accounts (Scotland) Regulations 2006.

### **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 Construction Industry Training Board 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 Construction Industry Training Board'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 Construction Industry Training Board's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Board 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 Annual Report, but does not include the financial statements and my auditor's certificate thereon. The Board 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:

- 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 Annual Report 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 Construction Industry Training Board and its environment obtained in the course of the audit, I have not identified material misstatements in the Annual Report.

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
- The financial statements and the parts of the Remuneration Report to be audited are not in agreement with the accounting records and returns
- I have not received all of the information and explanations I require for my audit



- The Governance Statement does not reflect compliance with HM Treasury's guidance.

### **Responsibilities of the Board and Accounting Officer**

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

- The preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view
- Internal controls as Board and the Accounting Officer determine is necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error
- Assessing the Construction Industry Training Board'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 Board 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.

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 audited entity's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Construction Industry Training Board'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
  - o The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Construction Industry Training Board's controls relating to the Industrial Training Act 1982, the 2018 Levy Order and Managing Public Money.
- Discussing among the engagement team and involving relevant internal specialists 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, posting of unusual journals, grant expenditure and through manipulation of significant estimates
- Obtaining an understanding of the Construction Industry Training Board's framework of authority as well as other legal and regulatory frameworks that the Construction Industry Training Board 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 Construction Industry Training Board. The key laws and regulations I considered in this context included the Industrial Training Act 1982, 2018 Levy Order, Coronavirus Act 2020, Managing Public Money, and other relevant employment, pension and tax legislation.

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, the Audit and Risk Committee 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
- Substantive testing of the material model-based estimates recognised in the financial statements, including an assessment of the potential for bias in the assumptions applied by management.

I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, including internal specialists and significant component audit teams, 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**

**14 October 2021**

**Comptroller and Auditor General**

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

## **Section 6: Financial Performance**

## FINANCIAL STATEMENTS

### Statement of financial activities for the year ended 31 March 2021

	Notes	2020-21 £'000 Restricted	2020-21 £'000 Unrestricted	2020-21 £'000 Total	2019-20 £'000 Total
<b>INCOME</b>					
<b>Income from charitable activities</b>	2				
Levy income			191,942	191,942	188,177
Non-Levy income					
Training and Development		36,170	21,314	57,484	83,042
Careers			(15)	(15)	39
Standards and Qualifications			214	214	353
Engagement and Evidence Base			1	1	56
Other			(137)	(137)	745
<b>Total Non-Levy income</b>		<b>36,170</b>	<b>21,377</b>	<b>57,547</b>	<b>84,235</b>
<b>Income from trading activities</b>	3		-	-	15
<b>Income from investments</b>			175	175	1,001
<b>Income from Government grants</b>	19	4,393	-	4,393	-
<b>Other income</b>			191	191	346
<b>Total income</b>		<b>40,563</b>	<b>213,685</b>	<b>254,248</b>	<b>273,774</b>
<b>EXPENDITURE</b>					
<b>Expenditure on raising funds</b>		16	2,077	2,093	2,507
<b>Expenditure on charitable</b>					
Training and Development		105,168	62,603	167,771	253,399
Careers		8	877	885	2,128
Standards and Qualifications		499	5,018	5,517	7,369
Engagement and Evidence Base		1,054	11,531	12,585	19,486
	5	<b>106,729</b>	<b>80,029</b>	<b>186,758</b>	<b>282,382</b>
<b>Expenditure from trading activities</b>	3		39	39	67
<b>Other expenditure</b>			(440)	(440)	(1,870)
<b>Total expenditure</b>		<b>106,745</b>	<b>81,705</b>	<b>188,450</b>	<b>283,086</b>
Net (loss)/gain on revaluation of investments		-	692	692	(1,268)
<b>Net income/(expenditure)</b>		<b>(66,182)</b>	<b>132,672</b>	<b>66,490</b>	<b>(10,580)</b>
Transfer from unrestricted fund		<b>66,182</b>	<b>(66,182)</b>	-	-
<b>Net movement in funds</b>		-	<b>66,490</b>	<b>66,490</b>	<b>(10,580)</b>
<b>Total accumulated funds at period start</b>	14	-	54,243	<b>54,243</b>	<b>64,823</b>
<b>Total accumulated funds at period end</b>	14	-	<b>120,733</b>	<b>120,733</b>	<b>54,243</b>

The above results include all recognised gains and losses and are derived from continuing activities. The notes 1 to 24 on pages 55 to 81 form an integral part of these accounts.

## Balance sheet as at 31 March 2021

		2020-21	2019-20
	Notes	£'000	£'000
<b>Fixed assets</b>			
Tangible assets	8	11,776	12,927
Investments	10a	-	18,780
		<b>11,776</b>	<b>31,707</b>
<b>Current assets</b>			
Stock		952	746
Debtors	9	78,603	19,856
Investments	10a	-	11,117
Cash at bank	10b	90,464	62,390
		<b>170,019</b>	<b>94,109</b>
<b>Liabilities</b>			
Creditors: Amounts falling due within one year	11	(36,521)	(43,062)
Net current assets		133,498	51,047
Total assets less current liabilities		145,274	82,754
Provisions for liabilities	12	(24,541)	(28,511)
<b>Total net assets</b>		<b>120,733</b>	<b>54,243</b>
Unrestricted funds	14	120,733	54,243
<b>Total Charity Funds</b>	14	<b>120,733</b>	<b>54,243</b>

Notes 1 to 24 on pages 55 to 81 form an integral part of these accounts

Approved by the Board on 8 October 2021 and signed on its behalf by:

*S. Beale*

Sarah Beale,  
Accounting Officer, 8 October 2021

*Peter Lauener*

Peter Lauener,  
Chairman, 8 October 2021

## Cash flow statement as at 31 March 2021

	Notes	2020-21 £'000	2019-20 £'000
<b>Cash flows from operating activities</b>			
Net incoming (outgoing) resources for the year		66,490	(10,580)
Income from investments	15	(175)	(1,001)
Interest expense		103	-
Depreciation charges	8	656	606
Profit on sale of tangible fixed assets		(167)	(95)
Realised (gain)/loss on investments	10a	(692)	1,268
Net effect of revaluation of freehold properties	8	(440)	(1,871)
Decrease/(increase) in debtors and stock		(58,953)	11,619
(Decrease)/increase in creditors and provisions		(20,511)	6,322
<b>Net cash inflow/(outflow) from operating activities</b>		<b>(13,689)</b>	<b>6,268</b>
<b>Cash flows from investing activities</b>			
Interest received on investments	15	175	1,001
Receipts from sales of tangible fixed assets	15	1,102	1,117
Proceeds from sale of investments	15	31,847	26,142
Purchase of investments	10a	(1,258)	(37,307)
<b>Net cash inflow/(outflow) from investing activities</b>		<b>31,866</b>	<b>(9,047)</b>
<b>Cash flows from financing activities</b>			
Borrowing		10,000	-
Interest paid on borrowings		(103)	-
<b>Net cash inflow from financing activities</b>		<b>9,897</b>	<b>-</b>
<b>Increase/(decrease) in cash and cash equivalents</b>		<b>28,074</b>	<b>(2,779)</b>
<b>Cash and cash equivalents at period start</b>		<b>62,390</b>	<b>65,169</b>
<b>Cash and cash equivalents at period end</b>		<b>90,464</b>	<b>62,390</b>

Notes 1 to 24 on pages 55 to 81 form an integral part of these accounts

## **NOTES TO THE ACCOUNTS**

### **1. ACCOUNTING POLICIES**

#### **Public benefit entity**

As a charity, CITB is a public benefit entity, therefore ‘an entity whose primary objective is to provide goods or services for the general public, community or social benefit and where any equity is provided with a view to supporting the entity’s primary objectives rather than with a view to providing a financial return to equity providers, shareholders or members’.

#### **Going concern**

The financial statements for the year ending 31 March 2021 have been prepared on a going concern basis.

Despite postponing the issue of the 2019 Levy Assessment from April to August 2020 and the general uncertainty caused by the pandemic, CITB has ended the year with a strong reserves position and a healthy cash balance. The decision to raise a 50% reduced 2020 Levy Assessment in August 2021, to recognise the pressures that the pandemic placed on the construction industry, means that Levy income in 2021-22 will only be half of the amount expected pre-pandemic, an impact of approximately £96m. However, CITB’s actions to reduce operating expenditure and lower grant and funding activity, reflecting the impact of the pandemic, along with the healthy balance sheet at the year-end, mean that we have sufficient funds to meet spending plans for 2021-22 and beyond.

The Board has also considered the impact of 2021 being a Consensus year and held conversations with the Department for Education (DfE) and their position regarding the potential outcomes of Consensus. Following those discussions and having regard to the requirements of the Industrial Training Act 1982, the Board retains the support of the Department to secure income for 12 months following the signing of the Annual Report and Accounts. Accordingly, the Board properly prepares and submits the 2020-21 Annual Report and Accounts on a going concern basis. Just prior to the approval and signing of the 2020-21 Annual Report and Accounts, the result of Consensus was established and CITB has been successful in gaining industry support for a further three years.

#### **Accounting convention**

The financial statements are prepared in accordance with the Industrial Training Act 1982 and directions made thereunder by the Secretary of State for Education. The accounts comply with the requirements of Accounting and Reporting by Charities: Charities SORP (FRS 102). The accounts also follow the disclosure requirements of the 2020-21 Government Financial Reporting Manual and also provide additional disclosures where this goes beyond the requirements of the Charities SORP (FRS 102). These accounts are prepared under the historical cost convention, as modified to reflect the revaluation of fixed assets and investments.

## **Restricted funds**

Restricted funds relate to apprenticeship activity funded by the Education and Skills Funding Agency (ESFA), Skills Development Scotland (SDS) and Welsh Assembly Government (WAG) and their associated expenditure, in which contractual agreements state that funds should only be used for apprenticeship funds. In addition, the Construction Skills Fund (CSF) monies received from the DfE and Apprenticeship Employer Grant received from SDS, along with associated expenditure, are also restricted in nature based on contractual agreements. Note: income received from colleges under new arrangements are termed as unrestricted, as contractual agreements are not restricted in the same way.

Expenditure for apprenticeship activities is apportioned between restricted and unrestricted based on income apportions, as staff may be working on both.

Income received from the Coronavirus Job Retention Scheme (CJRS) is included within the restricted fund, along with the corresponding payroll costs it is supporting. This is due to the restriction on the use of the income to fund payroll and qualifying salary payments only.

No surplus is made on restricted funds and therefore any loss is covered by unrestricted funds.

## **Levy income**

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

## **Charitable activities – non-Levy income**

Non-Levy income is recorded by charitable activity and is accounted for on an accruals basis.

Apprenticeship income is recognised as restricted funds based on contractual terms.

## **Deferred income**

Deferred income is recognised where cash has been received during the accounting period, but for which associated activities will not be carried out until subsequent accounting periods.

## **Investment income**

Income from investments is included in the Statement of Financial Activities on an accruals basis.



## **Expenditure**

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

## **Charitable activities**

The charges in the Statement of Financial Activities are recognised on an accruals basis.

## **Leasing**

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

## **Allocation of expenditure**

Direct costs are allocated accordingly, with support costs apportioned to activities by appropriate drivers. For the majority of support costs, this is an average of the full-time equivalent for the financial year. However, funding support costs have been allocated based on funding expenditure split between the activities, while estate costs have been allocated on an office full-time equivalent/college training days basis.

## **Realised gains/losses on investments**

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

## **Unrealised gains/losses on investments**

The difference between the brought-forward market value at the beginning of the accounting period and the year-end market value of all investments held at the balance sheet date is recognised in the Statement of Financial Activities.

## **Debtors**

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

Non-Levy debtors are shown at their amortised value after any provision for impairment.

### **Tangible fixed assets**

Tangible fixed assets (excluding freehold land and buildings) are stated at cost less accumulated depreciation. Adjustments to modified historical cost, to recognise the assets at fair value, are only made if material. For non-revalued assets, the depreciated historic cost is considered to be a reasonable estimate of the fair value. Costs of acquisition, comprising only those costs that are directly attributable to bringing the asset into working condition for its intended use, are capitalised. The threshold for capitalisation is £2,500, either individually or for a group of similar assets.

Freehold land is not depreciated. All other tangible fixed assets are depreciated evenly to write off their value over their estimated useful economic lives. These lie within the following ranges:

#### **Freehold buildings**

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

Motor vehicles	– Ten years
Plant and machinery	– Five to Ten years
Office equipment	– Four to Ten years
Computer equipment	– Four years

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

### **Investments**

Investments are stated at market value at the balance sheet date. Investments are split between those maturing over one year and those under one year. Bonds, equities and cash are held at market value. Managed funds are valued at a price provided by the third-party investment manager.

### **Cash and cash equivalents**

Cash is represented by amounts held in banks. Cash equivalents are highly liquid investments that are readily convertible to known amounts of cash.

### **Liabilities**

Grant creditors: Amounts payable in relation to grant funding authorised but not yet paid are recognised within creditors.

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

Trade and taxation creditors: Amounts payable in relation to supplier invoices are based on those due as at the year-end where goods or services have been received.

Borrowings: Amounts payable in relation to loan from the Department for Education.

## **Government grants**

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

## **Provisions**

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

Grant claims not yet received are provided for on the basis of historical payment patterns adjusted for any known changes in circumstances. Provisions and accruals for apprentice grant claims are based on the number of new entrant trainees known to have enrolled on the scheme. At the year-end, we assessed grant provisions in light of all known circumstances, including the COVID-19 pandemic. Our provisions took account of both the reduction in general training activity caused by the pandemic reducing class sizes and the availability of training, as well as delays to claims caused by administrative staff being furloughed.

A restructuring provision has been made to account for the expected redundancy costs associated with concluding the implementation of CITB's Vision 2020 and those made as a result of the pandemic and new ways of working.

## **Significant judgements**

The financial statements include two significant judgements, one for the Levy impairment (bad debt) provision and one for grants earned not yet claimed provision. The 2020-21 Levy Income Impairment Provision is different from previous years because the pandemic meant that we did not raise the Levy Assessment until mid-year and so, as at the year-end, employers still have five months in which to pay their debt. This means that the gross debt at the end of the year is much higher than normal, but we do have sight of the collection of a large amount where employers have signed up to instalment plans.

Generally, collection of the Levy has been much better than anticipated at the start of the pandemic and although our income for 2020-21 is slightly down on pre-pandemic forecasts, it is 24% (£37m) higher than our forecasts at the start of the pandemic.

The key estimate required is how much of the £204m debt outstanding at the year-end will be collected in the fullness of time. We have followed our normal methodology, which is based on age, but adjusted it for the fact that the 2019 Levy Assessment was raised mid-year and to reflect the cash collection experience in 2020-21. We have used our experience of cash collection over the past year, against all prior Levy Assessments, to judge how much we can expect to collect in the fullness of time, as we believe that payment patterns prior to the pandemic are no longer relevant, at least for the 2021-22 financial year. The total provision is then split between bad debt (i.e. money that is owed but not expected to be paid) and reassessment (money that has been invoiced on an estimated assessment and is likely to be adjusted downwards when the Levy Return is received). The split is intended to help the reader understand the difference between the bulk assessment and the net income received, and although it is a judgement, the split itself does not have any net impact on our financial statements.

The second significant judgement is regarding part of the provision for training grants. There is naturally a gap between the grant being earned (i.e. the learner has had their training) and the claim being received by CITB. Therefore, at the year-end we make an assessment for the amount of provision that is required to account for qualification and short duration training grants earned but as yet not claimed. Our methodology is based upon the CITB Grant Product Team's knowledge of the current industry environment and the training therein. They have an expectation as to how much training will be delivered in a financial year and we provide for the difference between that forecast and the amount we have actually paid during the year.

## VAT

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

## Pensions

CITB is a participating employer in the ITB Pension 2016, and operates a defined contribution section for all staff who joined after 1 January 2013. Being a multi-employer scheme, FRS 102 states that the defined benefit scheme must be accounted for as a defined contribution scheme, as the proportion of assets and funding level attributable to CITB cannot be separately identified.

## Redundancy

Any unpaid costs are accrued, dependent on the rules applied, per employee. Additions to the provision in the year were due to those made as a result of the pandemic and timing of individual redundancies that differed from expectation.

## 2. INCOME FROM CHARITABLE ACTIVITIES

Levy income	2020-21 £'000	2019-20 £'000
Current year's Levy Assessment receivable	232,521	197,921
Less: provision for bad debts and debt write-offs	(36,873)	(5,744)
<b>Net value current year's Levy Assessments</b>	<b>195,648</b>	<b>192,177</b>
Reassessment of previous years' Levy	(3,706)	(4,000)
<b>Net Levy income for the year</b>	<b>191,942</b>	<b>188,177</b>

Reassessment of previous years' Levy relates to prior year Levy Assessment that is reassessed this year. Therefore, it is an estimation of uncertainty refined in 2020-21.

The increase in the provision for bad debts is caused in part by a change in the way we registered and assessed new employers. Using data obtained from external sources, we added £17.5m more in new registration assessments for the 2019 Levy year than for the prior year. Almost all of this remains not collected and we believe uncollectable. An estimated assessment was issued based on no Levy Return being submitted and it remains unpaid. Attempts to contact the employers have failed and they may no longer be in business. Even if we do manage to contact them and obtain a completed Levy Return, we suspect it may be assessed to a nil bill.

We have not repeated the exercise for new registrants during the 2020 Levy year.

Other reasons for the increase include the delay to issuing the Levy until August and the reduction in the overall amount we believe is collectable as the economy continues to suffer from the pandemic, impacting the cash flow of small and medium businesses in particular.

### Non-Levy income – Careers

In 2019-20, a £15k funding accrual was made within Careers to support an event due to take place in 2020-21. The event was cancelled as a result of the pandemic and the accrual has reversed.

### Non-Levy income – Other

Other non-Levy income includes a change in the estimate of the deferred consideration on the sale of CSkills Awards and the Construction Plant Competence Scheme (CPCS) due to an earn out payment in the year of £247k.

## 3. TRADING ACTIVITIES

Income from trading activities represents non-charitable income generated from the use of CITB's social and leisure facilities and related expenditure. Associated expenditure is represented in expenditure from trading activities. The use of such facilities was prevented by the COVID-19 pandemic.

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

*Accounting and Reporting by Charities: Statement of Recommended Practice FRS 102* requires material grants made to be disclosed. Disclosure must include the name of the recipient and the aggregate amount of grants made to that recipient. The material payments for 2020-21 are disclosed below:

Recipient	2020-21 £'000
Taylor Wimpey Plc	1,805
Kier Group Plc	1,790
Transport for London	1,764
Royal BAM Group nv	1,563
Procure Plus Holdings Ltd	1,187
Hampshire County Council	1,185
O'Halloran & O'Brien Ltd	935
University of Wales Trinity St David	838
Southend-on-Sea Borough Council	779
Redrow Plc	747
The Skills Centre London Ltd	652
O'Rourke Investments Plc	601
London Borough of Barking & Dagenham	595
Persimmon Plc	561
London Borough of Camden	529
Other recipients	78,947
<b>Total paid or offset during the year</b>	<b>94,478</b>

For comparative purposes, the material payments for 2019-20 were:

<b>Recipient</b>	<b>2019-20 £'000</b>
Kier Group Plc	1,960
Taylor Wimpey Plc	1,758
O'Rourke Investments Plc	1,568
Royal BAM Group nv	1,555
University of Wales Trinity St David	1,239
Skanska UK	968
Barratt Developments Plc	954
Procure Plus Holdings Ltd	953
Hampshire County Council	920
Vinci	909
Persimmon Plc	850
Home Builders Federation Ltd	794
Bentley Holdings Ltd	767
London Borough of Camden	630
Morrison Utility Services Ltd	607
Other recipients	117,491
<b>Total paid or offset during the year</b>	<b>133,923</b>

## 5. EXPENDITURE ON CHARITABLE ACTIVITIES

Activity	Activities directly undertaken £'000	Grant funding activities £'000	Support costs £'000	2020-21 total £'000	2019-20 total £'000
Training and Development	45,988	94,385	27,398	<b>167,771</b>	253,399
Careers	178	93	614	<b>885</b>	2,128
Standards and Qualifications	2,250	-	3,267	<b>5,517</b>	7,369
Engagement and Evidence Base	6,665	-	5,920	<b>12,585</b>	19,486
<b>Total</b>	<b>55,081</b>	<b>94,478</b>	<b>37,199</b>	<b>186,758</b>	<b>282,382</b>

Grant funding of £94,478k (2019-20: £133,923k) is split into two elements as per the list below (also referenced on page 28):

- Main Grants Scheme – £65,978k (2019-20: £94,808k)
- Programme-based funding (incorporating structured and flexible funding) – £28,500k (2019-20: £39,115k).

Within the Main Grants Scheme element are two new grants which started in response to the pandemic. These are the Apprenticeship Employer Grant on behalf of SDS and the Employer

Incentive Programme on behalf of Business Wales. The value of these grants in 2020-21 were £2,600k and £175k, respectively.

## 6. SUPPORT COSTS

Support cost	Training and Development	Careers	Standards and Qualifications	Engagement and Evidence Base	2020-21 Total	2019-20 Total
	£'000	£'000	£'000	£'000	£'000	£'000
Change	3,623	68	427	919	5,037	22,214
Technology (IT)	6,092	114	719	1,545	8,470	12,001
Communications and marketing	2,521	47	298	640	3,506	8,515
Estates	4,412	204	683	365	5,664	7,175
Strategy and policy	2,060	38	243	523	2,864	4,042
Finance	1,799	34	212	456	2,501	3,542
Human resources	1,781	33	210	452	2,476	2,533
Commissioning	419	8	49	107	583	1,875
Grant support costs	1,095	1	1	1	1,098	1,513
Legal and governance	626	12	74	159	871	1,007
Other corporate costs	2,970	55	351	753	4,129	6,406
<b>TOTAL</b>	<b>27,398</b>	<b>614</b>	<b>3,267</b>	<b>5,920</b>	<b>37,199</b>	<b>70,823</b>

## 7. EXPENDITURE

	2020-21	2019-20
	£'000	£'000
The net movement in funds for the year was arrived at after charging:		
Profit on disposal of fixed assets	167	95
Rentals paid under operating leases		
• Hire of plant and machinery	129	220
• Other operating leases	1,380	2,076
• Statutory external auditor fee	198	245
• Other assurances (internal audit)	216	48
Depreciation on owned assets	466	330
Interest payable on borrowings	103	-
Indemnity insurance	18	19
<b>Total</b>	<b>2,677</b>	<b>3,033</b>



## 8. TANGIBLE FIXED ASSETS

### a) Summary

	Freehold property £'000	Plant and machinery £'000	Vehicles £'000	Computer and office equipment £'000	Total £'000
<b>Cost or Valuation</b>					
1 April 2020	11,139	8,819	401	9,022	29,381
Additions	-	-	-	-	-
Disposals	(939)	(699)	(79)	(1,911)	(3,628)
Transfers	-	-	-	-	-
Revaluation	250	-	-	-	250
<b>31 March 2021</b>	<b>10,450</b>	<b>8,120</b>	<b>322</b>	<b>7,111</b>	<b>26,003</b>
<b>Depreciation</b>					
1 April 2020	1	7,132	401	8,920	16,454
Charges during year	193	401	-	62	656
Disposals	(4)	(699)	(79)	(1,911)	(2,693)
Revaluation	(190)	-	-	-	(190)
<b>31 March 2021</b>	<b>-</b>	<b>6,834</b>	<b>322</b>	<b>7,071</b>	<b>14,227</b>
<b>Net book value</b>					
<b>31 March 2021</b>	<b>10,450</b>	<b>1,286</b>	<b>-</b>	<b>40</b>	<b>11,776</b>
31 March 2020	11,138	1,687	-	102	12,927

Freehold property includes both land and buildings.

During the year, CITB disposed of the training centre at the Kings Norton site in Birmingham.

**(b) Historical cost information**

If the valuations had not been included, then freehold property would have been included at the following amounts:

	2020-21	2019-20
	£'000	£'000
Cost	19,302	20,241
Accumulated depreciation	(5,182)	(4,993)
<b>Total</b>	<b>14,120</b>	<b>15,248</b>

**(c) Freehold property**

Freehold land valuation	3,405	4,205
Freehold property valuation	7,045	6,934
Accumulated depreciation freehold property valuation only	-	(1)
<b>Total</b>	<b>10,450</b>	<b>11,138</b>

**(d) Revaluation**

An independent valuation of all CITB freehold property was carried out by Montagu Evans LLP as at 31 March 2021. The valuation was based on the principles of fair value and prepared upon existing use valuation. As the pandemic has continued, CITB's plans to dispose of the colleges in Bircham Newton and Inchinnan, and associated land and buildings, have been abandoned, and so valuing the assets on an existing use basis is appropriate. Plans to sell the site at Erith continue, albeit slowly, and so the existing use valuation basis is also appropriate.

**(e) Capital commitments**

There were £Nil capital commitments at 31 March 2021 (2019-20: £Nil).

**(f) Tangible fixed assets 2019-20 (comparative table)**

	Freehold property	Plant and machinery	Vehicles	Computer and office equipment	Total
	£'000	£'000	£'000	£'000	£'000
<b>Cost or Valuation</b>					
1 April 2019	10,566	8,819	401	9,087	28,873
Additions	-	-	-	-	-
Disposals	(1,022)	-	-	(65)	(1,087)
Transfers	-	-	-	-	-
Revaluation	1,595	-	-	-	1,595
<b>31 March 2020</b>	<b>11,139</b>	<b>8,819</b>	<b>401</b>	<b>9,022</b>	<b>29,381</b>
<b>Depreciation</b>					
1 April 2019	271	6,666	380	8,872	16,189
Charges during year	6	466	21	113	606
Disposals	-	-	-	(65)	(65)
Revaluation	(276)	-	-	-	(276)
<b>31 March 2020</b>	<b>1</b>	<b>7,132</b>	<b>401</b>	<b>8,920</b>	<b>16,454</b>
<b>Net book value</b>					
<b>31 March 2020</b>	<b>11,138</b>	<b>1,687</b>	<b>-</b>	<b>102</b>	<b>12,927</b>
31 March 2019	10,295	2,135	21	233	12,684

## 9. DEBTORS

	2020-21	2020-21	2019-20	2019-20
	£'000	£'000	£'000	£'000
Levy debtors	144,654		29,705	
Less: provision for bad debts	(76,515)		(23,204)	
<b>Total Levy debtors</b>		<b>68,139</b>		<b>6,501</b>
Trade and other debtors	3,406		5,367	
Less: provision for bad debts	(401)		(381)	
<b>Total trade and other debtors</b>		<b>3,005</b>		<b>4,986</b>
Accrued income		6,403		7,839
Prepayments		1,056		530
<b>Total debtors</b>		<b>78,603</b>		<b>19,856</b>
Debtor due in more than one year		-		-
Debtor due within one year		78,603		19,856

As stated in the Accounting Policies (see Note 1), CITB only writes off Levy debts when it has evidence that an employer has become insolvent, has ceased to trade, has been dissolved or, having made all reasonable efforts to locate the debtor, is untraceable. We do provide for bad debts where we believe Levy will not be collected. The 2020-21 Levy Income Impairment Provision is different from previous years because the pandemic meant that we did not raise the Levy Assessment until mid-year and so, as at the year-end, employers still have five months in which to pay their debt. This means that the gross debt at the end of the year is much higher than normal, but we do have sight of the collection of a large amount where employers have signed up to instalment plans.

Generally, collection of the Levy has been much better than anticipated at the start of the pandemic and although our income for 2020-21 is slightly down on pre-pandemic forecasts, it is 24% (£37m) higher than our forecasts at the start of the pandemic.

The key estimate required is how much of the £204m debt outstanding at the year-end will be collected in the fullness of time. We have followed our normal methodology, which is based on age, but adjusted it for the fact that the 2019 Levy Assessment was raised mid-year and to reflect the cash collection experience in 2020-21.

Levy debtors and income are stated net of a provision for reassessment of £56.2m (2019-20: £72.7m). This amount has reduced in 2020-21 due to a detailed review of assumptions during the period, resulting in a change in the process of estimating Levy for employers who have not submitted a Levy Return. Up until the 2017 Levy year, estimates were sent out at the same value for all employers. From 2017 Levy year onwards, we have banded estimates according to anticipated size of the employer and this has reduced the adjustment required to initial assessments when the estimate becomes bona fide. To reflect this change we have amended the methodology for apportioning the outstanding debt between reassessment provision and bad

debt provision, giving rise to the bulk of the movement seen from the 2019-20 figure of £72.7m to the 2020-21 figure of £56.2m. If we had applied the new methodology in 2019-20, the reassessment provision would have been £49.4m, with the £23.3m being reclassified as bad debt, increasing the bad debt provision from £23.4m to £46.7m. As this is the result of new analysis performed in 2020-21, the methodology has been revised prospectively with no restatement of prior year comparatives required. The table below details the impact of this change of methodology to comparatives for the bad debt and reassessment provisions.

	2019-20 original	Impact of change	2019-20 new methodology
	£m	£m	£m
Reassessment provision	72.7	(23.3)	49.4
Bad debt provision	23.4	23.3	46.7
Total	96.1	-	96.1

The ongoing legal case with two businesses over the eligibility of their Levy Assessment progressed such that £17m debt, which we had previously fully provided in the reassessment provision, was written off. The impact of this was that more of the overall debt provision was classified as bad debt rather than reassessment.

As well as the amount (estimated £23.3m) being reclassified from reassessment to bad debt as described above, the increase in the provision for bad debts is also caused by a change in the way we registered and assessed new employers. Using data obtained from external sources we added £17.5m more in new registration assessments for the 2019 Levy year than for the prior year. Almost all of this remains not collected and we believe uncollectable. An estimated assessment was issued based on no Levy Return being submitted and it remains unpaid. Attempts to contact them have failed and they may no longer be in business. Even if we do manage to contact them and obtain a completed Levy Return we suspect it may be assessed to a nil bill. We have not repeated the exercise for new registrants during the 2020 Levy year.

Other reasons for the increase include COVID-19 factors, the delay in issuing the Levy until August, and the reduction in the overall amount we believe is collectable.

As at the year-end, CITB was owed £3.5m from NOCN for the sale of CSkills Awards and CPCS in 2017-18 and 2018-19, respectively – all due within one year. In consideration of a number of factors, including the anticipated impact of COVID-19 on NOCN's financial position and a legal claim they have raised against CITB, we have provided for half of the CSkills debt and all of the CPCS debt, not because we doubt the validity of the debt but because we doubt NOCN's ability to pay.

## 10a. INVESTMENTS

	2020-21	2019-20
	£'000	£'000
<b>Analysis of movement of investments</b>		
Market value at beginning of period	29,897	20,000
Additions	1,258	37,307
Disposals	(31,847)	(26,142)
Gain/(loss) on investments	692	(1,268)
<b>Market value at end of period</b>	<b>-</b>	<b>29,897</b>
The Balance referenced above consisted of the following:		
Listed investments maturing in more than 1 year	-	18,780
Listed investments maturing in less than 1 year	-	1,117
Other investments – Deposits maturing in less than 1 year	-	10,000
	<b>-</b>	<b>29,897</b>
Balances held outside of the Government Banking Service	-	29,897

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

	2021-20	2019-20
	£'000	£'000
<b>Term deposits</b>		
BNP Paribas	-	5,000
Lloyds TSB	-	5,000

CITB liquidated its investment portfolio during the year in order to maintain sufficient working capital, as we delayed raising the 2019 Levy Assessment in response to the COVID-19 pandemic.

**10b. CASH AND CASH EQUIVALENTS**

	2020-21	2019-20
	£'000	£'000
Cash at bank and in hand	90,464	62,069
Cash equivalents	-	321
Total cash and cash equivalents	90,464	62,390

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

	2020-21	2019-20
	£'000	£'000
Trade creditors	931	5,818
Borrowings	10,000	-
Taxation and social security	726	13
Deferred income	5,030	8,462
Accruals		
Grant funding	7,537	5,313
Other	12,297	23,456
<b>Total creditors</b>	<b>36,521</b>	<b>43,062</b>

**Deferred income analysis**

Income has been deferred where cash has been received for services in the financial year, but for which associated activities will not be carried out until subsequent accounting periods.

	2020-21	2019-20
	£'000	£'000
Balance carried forward at start of year	8,462	4,951
Deferred income in current year	5,030	8,462
Prior year released	(8,462)	(4,951)
<b>Closing balance</b>	<b>5,030</b>	<b>8,462</b>

## 12. PROVISIONS FOR LIABILITIES AND CHARGES

	Grant provision	Redundancy provision	Other provisions	Total provisions	Total provisions
	2020-21	2020-21	2020-21	2020-21	2019-20
	£'000	£'000	£'000	£'000	£'000
Balance as at period start	23,825	4,223	463	28,511	38,229
Utilised	(23,825)	(2,754)	-	(26,579)	(32,442)
Released provisions	-	(961)	(431)	(1,392)	(2,430)
Additional provisions	20,740	1,082	2,179	24,001	25,154
<b>Balance as at period end</b>	<b>20,740</b>	<b>1,590</b>	<b>2,211</b>	<b>24,541</b>	<b>28,511</b>

### Grant provisions

CITB pays out grants to employers to fund relevant training. There is naturally a gap between the grant being earned (i.e. the learner has had their training) and the claim being received by CITB. Therefore, at the year-end we make an assessment for the amount of provision that is required to account for grants earned but as yet not claimed.

- Apprenticeship grant provisions are based on expected claims for known named apprentices with confirmed start dates
- Short duration training grant and qualification grant provisions are based on recent historical experience. COVID-19 has seen a decrease in short duration training and qualification grant claims, as many classes have been suspended and those that have operated have had reduced numbers. This has meant that the provisions are reduced when compared to previous years.

### Redundancy provision

The redundancy provision is partly due to the final staff redundancies as part of Vision 2020, which were delayed by the pandemic, and partly due to the restructure undertaken in response to the pandemic.

### Other provisions

CITB funds relevant training to the construction industry. There is naturally a gap between the funding being earned and the claim being paid by CITB. Claims are submitted with evidence of completeness, which have to be verified and processed. Therefore, at year-end we make an assessment for the amount of provision that is required to account for funding earned but as yet not paid.

The fund provisions relate to the Skills and Training (Small) Fund, the Skills and Training (Medium) Fund and the Leadership and Management Development Fund. Other provisions also includes small dilapidation provisions.



### 13. 2019-20 RESTRICTED AND UNRESTRICTED FUNDS

	2019-20 restricted £'000	2019-20 unrestricted £'000	2019-20 total £'000
<b>INCOME</b>			
<b>Income from charitable activities</b>			
Levy income		188,177	188,177
Non-Levy income			
Training and Development	39,357	43,685	83,042
Careers		39	39
Standards and Qualifications		353	353
Engagement and Evidence Base		56	56
Other		745	745
<b>Total non-Levy income</b>	<b>39,357</b>	<b>44,878</b>	<b>84,235</b>
<b>Income from trading activities</b>		15	15
<b>Income from investments</b>		1,001	1,001
<b>Other income</b>		346	346
<b>Total income</b>	<b>39,357</b>	<b>234,417</b>	<b>273,774</b>
<b>EXPENDITURE</b>			
<b>Expenditure on raising funds</b>		2,507	2,507
<b>Expenditure on charitable activities</b>			
Training and Development	61,516	191,883	253,399
Careers		2,128	2,128
Standards and Qualifications		7,369	7,369
Engagement and Evidence Base		19,486	19,486
<b>Total expenditure on charitable activities</b>	<b>61,516</b>	<b>220,866</b>	<b>282,382</b>
Expenditure from trading activities		67	67
Other expenditure		(1,870)	(1,870)
<b>Total expenditure</b>	<b>61,516</b>	<b>221,570</b>	<b>283,086</b>
Net loss/(gain) on revaluation of investments	-	1,268	1,268
<b>Net income/(expenditure)</b>	<b>(22,159)</b>	<b>11,579</b>	<b>(10,580)</b>
<b>Net movement in funds – transfer from unrestricted fund</b>	<b>22,159</b>	<b>(22,159)</b>	<b>-</b>
	<b>-</b>	<b>(10,580)</b>	<b>(10,580)</b>

#### 14. ACCUMULATED FUNDS

	2020-21 general reserve £'000	2020-21 fixed asset revaluation reserve £'000	2020-21 total unrestricted funds £'000	2019-20 total unrestricted funds £'000
Opening balance	54,243	-	54,243	64,823
Net movement in funds	66,490	-	66,490	(10,580)
<b>Closing balance</b>	<b>120,733</b>	<b>-</b>	<b>120,733</b>	<b>54,243</b>

Accumulated funds 2019-20 (comparative table)	2019-20 general reserve £'000	2019-20 fixed asset revaluation reserve £'000	2019-20 total unrestricted funds £'000	2018-19 total unrestricted funds £'000
Opening balance	63,795	1,028	64,823	34,640
Net movement in funds	(10,580)	-	(10,580)	30,183
Transfer between funds	1,028	(1,028)	-	-
<b>Closing balance</b>	<b>54,243</b>	<b>-</b>	<b>54,243</b>	<b>64,823</b>

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

#### 15. GROSS CASH FLOWS BY CATEGORY

	2020-21 £'000	2019-20 restated £'000
<b>Returns on investment and servicing of finance</b>		
Interest received on investments	175	1,001
<b>Capital expenditure</b>		
Receipts from sales of tangible fixed assets	1,102	1,117
<b>Management of liquid resources</b>		
Placed on deposit and purchase of externally managed investments	(1,258)	(37,307)
Deposit withdrawals and sale of externally managed investments	31,847	26,142
	<b>30,589</b>	<b>(11,165)</b>

In the prior year, amounts placed on deposit and purchase of externally managed investments should have been recorded as £37,307 to give a gross cash flow for management of liquid resources of (£11,165).

## 16. ITB PENSION FUND

CITB is a participating employer in the ITB Pension Fund Scheme, which has two sections: first, a multi-employer defined benefit section (closed to future accrual on 31 December 2016); and second, a defined contribution section for all staff who joined after 1 January 2013. Being a multi-employer scheme, FRS 102 states that the defined benefit scheme must be accounted for as a defined contribution scheme, as the proportion of assets and funding level attributable to CITB cannot be separately identified.

The two sections are:

1. The '2007 Section', a defined benefit scheme for staff who joined before 1 January 2013. As at 31 December 2016, all current members of the defined benefit scheme became deferred members of the scheme and were transferred across to the 'Defined Contribution Section' as at 1 January 2017 and the scheme closed to future accrual. The most recent triennial valuation of the scheme was performed as at 31 March 2019. The principal future assumptions used are:
  - A discount rate being gilt yield curve +0.15%
  - A dual discount rate reverted back in 2019 to same pre-post retirement rate being gilt yield curve +0.15%
  - Real rate of return (net of Consumer Prices Index, CPI) would be -0.9% p.a.
  - Nominal rate of investment return on assets would be 1.4% p.a.
    - Rate of future pension increases for the 2007 section would be in line with the CPI, assumed to be 0.9% lower than the Retail Prices Index (RPI)
    - Rate of future pension increases for the new and 2007 sections would be in line with the RPI, subject to a cap of 5% for benefits accrued before 6 April 2005 and 2.5% for benefits accrued on and after 5 April 2005. RPI inflation is implied by a gilt curve and rates of increase are assumed to be on average 0.9% a year less than RPI.

The 2019 triennial valuation indicated that the actuarial value of the assets helped by the scheme in total showed a surplus of £21m against the scheme liabilities on a statutory funding basis. There were no deficit funding contributions paid to the scheme in the 12-month period (2019-20: £Nil).

2. The 'Defined Contribution Section' is a defined contribution scheme for staff who joined on or after 1 January 2013.

From 1 January 2017, employee and employer contribution rates changed as a result of the closure of the defined benefit section and staff joining the defined contribution section. The range for employee contributions is 4%-7% (2019-20: 4%-7%), and the employer contributions will match the employee contribution plus 2% but are capped at 9% (2019-20: 9%). The amount recognised as an expense for the defined contribution is included in the table in Note 19.

Expenses related to the CITB defined contribution scheme are attached to individual employees and allocated across activities on the same basis as total employee costs. These expenses are funded from unrestricted reserves, with the exception of those that are supported through the Coronavirus Job Retention Scheme (CJRS).

As shown in Note 19, employer's pension contributions totalled £2,477k for 2020-21 (2019-20: £2,427k).

## 17. LEASE COMMITMENTS

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

	2020-21		2019-20	
	Land and buildings	Other	Land and buildings	Other
	£'000	£'000	£'000	£'000
Operating leases				
Leases expiring within 1 year	492	485	697	763
Leases expiring within 2-5 years	164	133	554	545
Leases expiring after 5 years	-	-	-	-
<b>As at 31 March</b>	<b>656</b>	<b>618</b>	<b>1,251</b>	<b>1,308</b>

## 18. BOARD MEMBERS' REMUNERATION

Remuneration of Board members was as follows:

	2020-21	2019-20
	£	£
Chairman – Peter Lauener	20,250	22,500

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

No expenses were paid to Board members during 2020-21 and no material expenses were waived by Board members during this period.

## 19. PARTICULARS OF STAFF

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

	Directly employed	Temporary	2020-21 total	2019-20 total
Total	756	8	764	915

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

	2020-21 £'000	2019-20 £'000
Salaries of directly employed staff	29,011	34,194
Temporary staff costs	1,525	5,058
Redundancy cost	1,259	(1,198)
Social security costs	3,154	3,441
Pension costs	2,477	2,427
	<b>37,426</b>	<b>43,922</b>

The remuneration, pension entitlements and pension transfer values of the most senior members of CITB's staff can be found in the Remuneration Report on pages 82 to 87.

A £4.2m redundancy provision was made at the end of 2019-20, therefore the above redundancy cost in 2020-21 represents the net release of this provision following reassessment of estimated redundancy costs in 2020-21.

Under the Government's Coronavirus Job Retention Scheme (CJRS), 612 staff were placed on furlough during the period April 2020 to March 2021. The total value of grants claimed during this period was £4,393k. The CJRS enabled the retention of staff when the Levy income had been suspended. CITB employees are not civil servants and therefore could not be redeployed to other areas of the public sector.

The number of employees whose emoluments exceeded £60,000, including benefits in kind but excluding pension contributions, are outlined within the ranges shown below.

	2020-21	2019-20
£60,001 - £70,000	43	55
£70,001 - £80,000	16	15
£80,001 - £90,000	7	16
£90,001 - £100,000	3	7
£100,001 - £110,000	1	2
£110,001 - £120,000	-	9

£120,001 - £130,000	-	2
£160,000 - £170,000	-	1

The reason for the decrease in the number earning over £60,000 is due to the prior year including a larger number of Vision 2020 redundancy payments.

The total employer contributions paid in 2020-21 to the defined contribution section of the ITB Pension Fund in respect of those employees earning over £60,000 was £428,350 (2019-20: £444,251).

Details of staff headcount by grade and gender as at period end are:

Grade	2020-21			2019-20		
	Male	Female	Total	Male	Female	Total
Chief Executive	-	1	1	-	1	1
Director	3	-	3	4	-	4
Grade A	10	11	21	12	9	21
Grade B	26	16	42	35	27	62
Grade C	43	41	84	51	57	108
Grade D	57	49	106	69	62	131
Grade E	102	64	166	124	67	191
Grade F	74	120	194	97	158	255
Grade G	7	38	45	8	51	59
Grade H	8	5	13	8	7	15
Apprentice	-	-	-	2	1	3
	<b>330</b>	<b>345</b>	<b>675</b>	<b>410</b>	<b>440</b>	<b>850</b>

Details of staff sickness absence is as follows:

2020-21		2019-20	
Days lost	Absence rate	Days lost	Absence rate
3,659	1.87%	11,387	5.12%

The absence rate is calculated as a percentage of those staff available to work.

Details of staff leaving the organisation during 2020-21 for whom contractual redundancy exit packages were payable are:

Exit package cost band	Number of compulsory redundancies		Number of other agreed departures		Total number of exit packages by cost band	
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
<£10,000	22	17	-	-	22	17
£10,001-£25,000	17	38	1	-	18	38
£25,001-£50,000	38	46	-	-	38	46
£50,001-£100,000	4	13	-	-	4	13
<b>Total number of exit packages</b>	<b>81</b>	<b>114</b>	<b>1</b>	<b>-</b>	<b>82</b>	<b>114</b>
<b>Total cost</b>	<b>1,888,232</b>	<b>3,166,446</b>	<b>11,800</b>	<b>-</b>	<b>1,900,032</b>	<b>3,166,446</b>

## 20. TAXATION

As a registered charity, CITB is exempt from corporation tax on its charitable activities under section 505 of the Income and Corporation Taxes Act 1988. However, incoming resources include income that is deemed to be of a non-charitable nature, resulting in a loss of £33,131 (2019-20: loss of £52,147). This has given rise to a corporation tax liability of £Nil (2019-20: £Nil).

## 21. RELATED PARTY TRANSACTIONS

The sponsoring department for CITB is Department for Education (DfE). During 2020-21, there were some material transactions with other entities for which DfE is regarded as the parent department, namely the Education and Skills Funding Agency. There have also been material transactions with DfE themselves.

	Income recognised by CITB		Owing to CITB	
	2020-21	2019-20	2020-21	2019-20
	£'000	£'000	£'000	£'000
ESFA	13,443	15,471	2,082	5,150
SDS	10,083	8,545	1,568	334
WAG	4,954	5,850	424	531
DfE	4,108	9,284	-	-

	Expenditure recognised by CITB		Owed by CITB	
	2020-21	2019-20	2020-21	2019-20

	£'000	£'000	£'000	£'000
ESFA	-	-	-	-
SDS	2,139	-	2,139	1
WAG	-	213	-	-
DfE	2,562	-	15,404	7,343

In addition, some members of the Board hold positions of influence and decision-making with organisations with which CITB has transacted during the year. Details of such positions and employments are declared in the following appendices to this report:

- Appendix A (pages 89 to 91) lists the members of the Board and its Committees, also giving the names of their employers.
- Appendix B (pages 91 to 94) shows the register of interests of Board members.

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

	Income recognised by CITB		Amounts owing to CITB at period end	
	2020-21	2019-20	2020-21	2019-20
	£'000	£'000	£'000	£'000
Levy	949	1,449	414	129
Sale of training-related products and services	1	94	-	7
<b>Total</b>	<b>950</b>	<b>1,543</b>	<b>414</b>	<b>136</b>

	Expenditure recognised by CITB		Amounts owed by CITB at period end	
	2020-21	2019-20	2020-21	2019-20
	£'000	£'000	£'000	£'000
Payment of grants	32	2,882	17	21
Purchase of materials and services	-	390	-	102
<b>Total</b>	<b>32</b>	<b>3,272</b>	<b>17</b>	<b>123</b>



During the year, no key manager, employee or other related party has undertaken any material transactions with CITB other than remuneration, as disclosed in the Remuneration Report and staff costs notes. All of the transactions were under normal terms and carried out at arm's length. No funds were held as an agent.

## **22. LOSSES AND SPECIAL PAYMENTS**

During the year, no special payments were made and there were no reportable losses over £300,000. Total bad debts written off during the year amounted to £2,717,336 (2019-20: £3,777,806).

In addition, the ongoing legal case with two businesses over the eligibility of their Levy Assessment progressed such that £17m debt, that we had previously fully provided in the reassessment provision, was written off.

## **23. REMOTE CONTINGENT LIABILITIES**

As part of our ten-year contract with SSCL, CITB has agreed to compensate SSCL should we exit early. As at 31 March 2021, in the unlikely event that CITB were to cancel the contract, there would be a maximum liability of £1.8m to compensate SSCL for investment in systems and people due to be used over the life of the contract to 2029. SSCL has a duty to mitigate any losses and, in the normal course of events, CITB will be paying SSCL this money as part of the contract delivery. As at the following year end, 31 March 2022, the maximum liability remains £1.8m.

## **24. EVENTS AFTER THE BALANCE SHEET DATE**

There have been no events after the balance sheet date requiring an adjustment to the financial statements.

As referenced in Note 9, NOCN raised a legal claim against CITB during the year. The legal claim is ongoing. On 7 September 2021, the parties attended a mediation in this matter with no resolution reached at this time. The financial reporting judgements set out in Note 9 continue to reflect management's best estimate of the outcome and is consistent with the updated legal advice. As the mediation was established after the year end, this is considered a non-adjusting event.

The financial statements were authorised for issue on the date the Comptroller and Auditor General signed. Events after this date have not been considered and the charity's Trustees do not have the power to amend the financial statements after issue.

## **Section 7: Remuneration Report**

## **Membership**

The Nomination, Appointments and Remuneration Committee is a Committee of the Board. Its terms of reference provide, among other matters, that the Committee will advise and provide assurance to the Board on senior appointments, the remuneration policy, succession planning of the Executive and Leadership Teams, and the monitoring of people-based key performance indicators against the 2021-25 Strategic Plan.

The Committee normally has three Board Trustees, one of whom is appointed as Chair. The CEO, Corporate Performance Director and People Director provide information to the Committee to inform its decisions.

## **Policy on the remuneration of directors**

Individual remuneration for directors is reviewed annually with regard to external market changes and an assessment of individual performance, evidenced by the performance management process. Individual performance payments, which are not consolidated into annual salaries, are set within a range from 0%-10% of basic pay for the directors, excluding the CEO, for whom the range is 0%-15%.

During the height of the pandemic (May to September 2020), the directors took a voluntary pay cut of 20%.

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

Performance bonuses may be paid annually to all staff, including directors. Any bonuses are paid after the financial year-end but relate to performance in the preceding financial year, therefore are recognised on an accruals basis within the financial statements. In light of COVID-19 and financial pressures, no directors were awarded performance bonuses relating to 2020-21.

## **Policy on contracts, notice periods and termination payments**

All the directors are permanent employees of the organisation and have a notice period of six months.

Termination payments, if applicable, are paid in accordance with CITB contractual terms and conditions. No additional or discretionary payments are made outside of contractual terms.

## **Non-cash remuneration**

With the exception of company cars, health insurance, dental insurance and critical illness cover (the last two are not provided as a right of office), no non-cash remuneration is provided. The provision of company cars and health screening are part of the standard terms and conditions of employment for senior grades of staff. As alternatives, a cash option for cars and a business mileage allowance are paid.

## **Salary and pension entitlements (audited)**

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

## **Board members' remuneration**

The Nomination, Appointments and Remuneration Committee is not responsible for considering Board members' remuneration. Of the Board members, only the Chairman receives remuneration, which is determined by the Department for Education in line with the Industrial Training Act 1982.

## **Members of the team**

### **Sarah Beale Chief Executive**

Sarah Beale became Chief Executive of CITB in January 2017, having held a number of roles within the business prior to that appointment. She launched and delivered a three-year Vision 2020 programme of reform, which resulted in a more focused and efficient organisation. She also introduced impact reporting and greater insight and representation from employers across all three nations. Sarah continues to promote the value of inclusivity and diversity within the construction industry and beyond.

### **Adrian Beckingham Corporate Performance Director**

Adrian became CITB's Corporate Performance Director in January 2019. Adrian has enjoyed a variety of senior roles during his 20 years at CITB. Posts include: Head of IT, Head of Business Improvement and, most recently, Change Director, leading the delivery of the Vision 2020 programme. Accountable for driving effectiveness and efficiency, he leads our corporate services, including communications, contracts and commissioning, HR, change and technology, and finance. Adrian is committed to driving improvements in customer experience and operational efficiency.

### **Emma Black Legal, Governance and Compliance Director**

Emma joined CITB in 2017 as General Counsel and Board Secretary and was appointed to the Executive Team in January 2021 as Legal, Governance and Compliance Director. As well as her executive responsibilities, Emma's accountabilities include key liaison with the Department for Education sponsorship team, oversight of all legal matters and corporate governance. This covers delivery of Board and Committee activity and the internal audit and risk function. Emma is passionate about driving continuous improvement across the business, good governance and investment in people.

### **Braden Connolly Products and Customer Services Director**

Braden left CITB on 31 July 2021.

### **Stephen Radley Strategy and Policy Director**

Steve is responsible for working with industry partners to invest in the skills they need. This involves using CITB's research and engaging with employers to agree the priority outcomes and the most effective approach for meeting them. As well as strategy, he also oversees engagement with Government across Great Britain to help shape policy in key areas such as apprenticeships, further education and emerging skills needs presented by challenges like net zero. Steve is driven by using evidence to target the Levy where it's needed most and to fully understand the impact of CITB's investments in the industry.

The information comprising the remainder of the Remuneration Report has been subject to audit.

Payments to the Chair are authorised under Schedule 1(4) of the Industrial Training Act 1982. No other Board members are remunerated. Note 18 – Board members’ remuneration (page xx) provides the Chairman’s Remuneration as well as Board members’ expenses.

The aggregate total of employee benefits received by the Trustees and key management personnel for their services to CITB during the year was £566,915.

## 2020-21 Remuneration

	Salary	Benefits in kind	Bonus	Pension benefits	2020-21 total
	£'000	£'000	£'000	£'000	£'000
<b>Sarah Beale</b> Chief Executive	135-140	5.3	-	12.4	155-160
<b>Stephen Radley</b> Strategy and Policy Director	105-110	2.1	-	6.0	115-120
<b>Mark Noonan</b> Industry Relations Director	40-45	0.1	-	2.5	40-45
<b>Braden Connolly</b> Products and Customer Services Director	105-110	1.4	-	8.7	115-120
<b>Adrian Beckingham</b> Corporate Performance Director	100-105	0.2	-	8.7	110-115
<b>Emma Black</b> Legal, Governance and Compliance Director	25-30	-	-	2.1	25-30

The full-year equivalent annual salary bandings (£'000) of those who left during 2020-21 were:

Mark Noonan: 110-115

The full-year equivalent annual salary bandings (£'000) of those who joined during 2020-21 were:

Emma Black: 100-105

## 2019-20 Remuneration

	Salary	Benefits in kind	Bonus	Pension benefits	2019-20 total
	£'000	£'000	£'000	£'000	£'000
<b>Sarah Beale</b> Chief Executive	155-160	8.7	-	13.8	180-185
<b>Stephen Radley</b> Strategy and Policy Director	115-120	1.9	-	6.7	125-130
<b>Mark Noonan</b> Industry Relations Director	115-120	0.2	-	7.5	120-125
<b>Braden Connolly</b> Products and Customer Services Director	115-120	1.3	-	9.6	130-135
<b>Steve Hearty</b> Director of Apprenticeships and Standards	5-10	0.6	-	0.7	5-10
<b>Craig Pemberton</b> Interim Chief Financial Officer and Corporate Performance Director	20-25	0.1	-	1.1	20-25
<b>Adrian Beckingham</b> Corporate Performance Director (From 1 January 2019)	110-115	0.1	-	9.0	120-125
<b>Kathryn Bell</b> Interim Communications Director (13 May 2019 to 5 November 2019)	70-75	0.2	-	2.8	75-80

Steve Hearty was paid a redundancy payment of £84,000 in May 2019.

The full-year equivalent annual salary bandings (£'000) of those who left during 2019-20 were:

Steve Hearty: 95-100

Kathryn Bell: 100-105

Craig Pemberton: 125-130

Salary includes gross pay, payments in lieu of car and luncheon allowance. Benefits in kind includes the use of allocated cars, flexible benefits (including critical illness cover and dental insurance) and medical insurance. For members who accrue only defined contribution pension benefits, the value represents the total of employer contributions paid in respect of the individual.

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

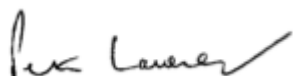
CITB is required to disclose the relationship between the remuneration of its highest-paid director and the median remuneration of the organisation's workforce (based on full-time equivalents). CITB is also required to disclose the range of remuneration received by all employees. Comparison is given for annualised figures for consistency.

	2020-21	2019-20
Highest-earning executive director's total remuneration (£'000)	140-145	165-170
Median total remuneration (£)	37,993	35,042
Ratio of remuneration of highest earning executive to median remuneration	3.8	4.8

In 2020-21, no employees received remuneration in excess of the highest-paid director (2019-20: 0). Note: in line with fair pay guidance, the remuneration stated above excludes pension benefits.

Full-time equivalent remuneration ranged from £15k to £143k (2019-20: £15k to £165k).

In 2019-20, the median total remuneration excluded bonus and benefits in kind in error. When included, the 2019-20 median becomes £37,526. This is in line with the 2020-21 median, as the proportion of staff in each pay grade is comparable between the two years. Details about exit packages are disclosed in Note 19 – Particulars of staff – on pages 77-79.



Peter Lauener, Chairman, 8 October 2021



Sarah Beale, Accounting Officer, 8 October 2021

## **Section 8: Professional Advisers**

### **Bankers**

Barclays Bank Plc  
17 Market Place  
Fakenham  
Norfolk  
NR21 9BE

### **Investment advisers**

J.P. Morgan  
1 Knightsbridge  
Belgravia  
London  
SW1X 7LX

### **Auditors**

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

### **Legal advisers**

CITB Legal Team  
Sand Martin House  
Bittern Way  
Peterborough  
PE2 8TY

### **Principal office**

See Appendix E (page 100) for details of principal and registered offices.



## Appendix A: Membership of the Board and its Committees

First name	Surname	Employer	CITB Board	Audit and Risk Committee	Nomination, Appointments and Remuneration Committee	Industry Funding Committee	Levy Working Party	Levy Strategy Committee	Cymru Wales National Council	England National Council	Scotland National Council
Zeshan	Afzal	BAM Construct UK									Y
Nicola	Barclay	Homes for Scotland									Y
Diane	Bourne	Eric Wright Civil Engineering								Y	
Mark	Bramley	Pat Munro (Alness) Ltd									Y
Liz	Bridge	Joint Taxation Committee					Y	Y			
Karen	Brookes	Sir Robert McAlpine								Y	
Craig	Bruce	Pert Bruce Construction					Y	Y			Y
Chris	Carr	Carr and Carr (Builders) Ltd								Y	
Gareth	Davies	Knox and Wells Ltd					Y	Y	Y		
Ian	Dickerson	Kier Group Plc				Y					
Maureen	Douglas	Forster Group Ltd	Y	Y							Chair
Steve	Drury	Rooff Limited and Rooff Residential Ltd				Y					
Terry	Edwards	John Weaver Construction							Y		
Tony	Elliott	Robertson Group	Y		Chair		Y				Deputy Chair
Julia	Evans	BSRIA				Y					
Nick	Evans	EvaBuild Ltd							Y		
James	Flannery	Cunard Construction Ltd								Y	
Angela	Forbes	BuildForce									Y
Marion	Forbes	Mactaggart and Mickel Homes Ltd									Y
Steve	Fox	BAM Nuttall	Y			Chair					
Diana	Garnham	Consultant	Y	Chair	Y		Chair	Chair			

<b>Andrea</b>	Green	Costain Ltd						Y	
<b>Andrew</b>	Harvey	Harvey Shopfitters Ltd					Y		Y
<b>Leigh</b>	Hughes	Bouygues UK						Chair	
<b>Susan</b>	Jackson	Campion Homes Ltd							Y
<b>Simon</b>	Jehu	Jehu Group Ltd						Y	
<b>Owain</b>	Jones	T Richard Jones (Betws) Ltd						Y	
<b>Yvonne</b>	Kelly	Barking & Dagenham College	Y			Y	Y	Y	
<b>Seamus</b>	Keogh	Clancy Docwra Ltd					Y		Chair
<b>Alison</b>	Lamplough	Laing O'Rourke					Y	Y	Y
<b>Peter</b>	Lauener	CITB Chairman	Chair		Y				
<b>Sharon</b>	Llewellyn	JPR Roofing and Flooring Ltd							Y
<b>Kevin</b>	McLoughlin	McLoughlin Group	Y						Deputy Chair
<b>Ryan David</b>	Miles	Miles Hire						Y	
<b>Richard</b>	Owen	Jones Bros						Y	
<b>Rupert</b>	Perkins	John Perkins Construction Ltd				Y			
<b>Richard</b>	Plumb	Ordnance Survey Ltd		Y					
<b>Holly</b>	Price	Keltbray Group	Y			Y			
<b>Chris</b>	Richards	Wates		Y					
<b>Neil</b>	Rogers	Scottish Decorators' Federation						Y	
<b>Sophie</b>	Seddon	Novus Property Solutions	Y	Y	Y				
<b>Ged</b>	Simmonds	Mace Ltd							Y
<b>Vikki</b>	Skene	Galliford Try						Y	
<b>Richard</b>	Steedman	Cameron Drywall Contractors Ltd							Y
<b>Neal</b>	Stephens	Willmott Dixon						Y	

<b>Rob</b>	Tansey	Barratt Developments Plc		Y		Y
<b>Paul</b>	Tedder	Atlantic Dwellings Ltd			Y	
<b>Julie</b>	White	D-Drill (Master Drillers) Ltd				Y
<b>Robert</b>	Williams	WRW Construction Ltd	Y		Deputy Chair	
<b>Jim</b>	Young	Chap Group (Aberdeen) Ltd				Y

This table shows all membership during the 12-month period between 1 April 2020 and 31 March 2021.

## Appendix B: Board and Committee attendance

<b>Board attendance</b>	<b>2020-21</b>
Peter Lauener (Chairman)	9/9
Maureen Douglas (resigned May 2020)	1/1
Tony Elliott (joined June 2020)	6/6
Steve Fox	9/9
Diana Garnham	9/9
Yvonne Kelly	7/9
Kevin McLoughlin	9/9
Holly Price	7/9
Sophie Seddon (joined June 2020)	4/6
Robert Williams	8/9
<b>Total</b>	<b>69/76</b>

<b>Audit and Risk Committee attendance</b>	<b>2020-21</b>
Diana Garnham (Chair)	7/7
Maureen Douglas (resigned May 2020)	1/1
Richard Plumb	5/7
Chris Richardson	5/7
Sophie Seddon (joined November 2020)	1/4
<b>Total</b>	<b>19/26</b>

<b>Nomination, Appointments and Remuneration Committee attendance</b>	<b>2020-21</b>
Tony Elliott (Chair) (joined August 2020)	7/7
Diana Garnham	8/8
Peter Lauener	8/8
Sophie Seddon (joined November 2020)	2/4
<b>Total</b>	<b>25/27</b>

<b>Industry Funding Committee attendance</b>	<b>2020-21</b>
Steve Fox (Chair)	4/4
Ian Dickerson	4/4
Steve Drury (joined July 2020)	3/3
Julia Evans	4/4
Yvonne Kelly (resigned February 2021)	3/3
Rupert Perkins	4/4
Holly Price	3/4
<b>Total</b>	<b>25/26</b>

<b>Cymru Wales Nation Council attendance</b>	<b>2020-21</b>
Leigh Hughes (Chair)	4/4
Robert Williams (Deputy Chair)	3/4
Gareth Davies	4/4
Terry Edwards	4/4
Nick Evans (resigned August 2020)	2/2
Andrea Green	1/4
Simon Jehu	3/4
Owain Jones	4/4
Richard Owen	4/4
Neal Stephens	4/4
Paul Tedder	4/4
<b>Total</b>	<b>37/42</b>

<b>England Nation Council attendance</b>	<b>2020-21</b>
Seamus Keogh (Chair)	4/4
Kevin McLoughlin (Deputy Chair)	3/4
Diane Bourne	4/4
Karen Brookes	1/4
Chris Carr	4/4
James Flannery	3/4
Andrew Harvey	4/4
Alison Lamplough (joined January 2021)	1/1
Sharon Llewellyn	4/4
Ged Simmonds	2/4
Rob Tansey (resigned December 2020)	1/3
Julie White	2/4
<b>Total</b>	<b>33/44</b>

<b>Scotland Nation Council attendance</b>	<b>2020-21</b>
Maureen Douglas (Chair)	4/4
Tony Elliott (Deputy Chair)	4/4
Zeshan Afzal (resigned July 2020)	0/2
Nicola Barclay	3/4
Mark Bramley	4/4
Craig Bruce	2/4
Angela Forbes (joined January 2021)	1/1
Marion Forbes	2/4
Susan Jackson (joined January 2021)	1/1
Richard Steedman	3/4
Jim Young	4/4
<b>Total</b>	<b>28/36</b>

<b>Levy Working Party attendance (ended July 2020)</b>	<b>2020-21</b>
Diana Garnham (Chair)	4/4
Liz Bridge	4/4
Craig Bruce	2/4
Gareth Davies	4/4
Tony Elliott	4/4
Yvonne Kelly	4/4

Seamus Keogh	4/4
Alison Lamplough	4/4
Total	30/32

<b>Levy Strategy Committee attendance (launched October 2020)</b>	<b>2020-21</b>
Diana Garnham (Chair)	4/4
Liz Bridge	3/4
Craig Bruce	2/4
Gareth Davies	4/4
Andrew Harvey	4/4
Yvonne Kelly	4/4
Alison Lamplough	3/4
Ryan David Miles	3/4
Neil Rogers	4/4
Vikki Skene	4/4
Rob Tansey (joined January 2021)	2/2
Total	37/42

## **Appendix C: Register of Board members' interests**

### **Related party transactions**

Employer Board Trustees must be concerned in the management of the activities of an employer engaging in the construction industry in order for their appointment by the Secretary of State to be valid. Therefore, with the exception of the two independent members, all Trustees would have had business interests, as Levy payers or potential grant recipients, at the date of their appointment, which may be perceived to conflict with their responsibilities as Board members. The following Board members who served for the period ended 31 March 2021 have, in addition, declared other personal or business interests.

#### **Peter Lauener**

##### **CITB Chairman**

Peter Lauener was appointed as CITB Chairman in May 2018. Peter came to CITB with a wealth of experience in the education and skills sector, having previously held the roles of Chief Executive of the Education and Skills Funding Agency, interim Chief Executive of the Institute for Apprenticeships, and interim Chief Executive of the Student Loans Company (SLC).

Along with his work on the CITB Board, Peter currently holds a number of non-executive roles in the education, skills and health sectors. Since March 2020, Peter has been Chair of the SLC, a Government-owned non-profit-making company, which is also an executive non-departmental public body (NDPB). This organisation administers loans and grants to students in universities and colleges in the UK.

Peter continues in his role as a Non-Executive Director of Newcastle College Group, a corporation in the further education sector comprising a group of seven colleges across England, a position he has held since March 2018. He is also the Chair of Orchard Hill College, which is an independent special needs college based in Sutton, with sites across London and the South East. This college is a sponsor of a special needs academy trust with a number of academies in the same area.

In addition to his interests in the education and skills sector, Peter also has an interest in the health sector as a Non-Executive Director of Sheffield Children's NHS Foundation Trust, one of a small number of specialist children's trusts in the NHS, providing clinical and community services.

Contractual relationship: None.

#### **Maureen Douglas (resigned May 2020)**

##### **Organisational Development Director, Forster Group**

Maureen is a member of the Scottish Apprenticeship Advisory Board (SAAB), representing industry in the Employer Equalities Group and the Scottish Government Gender Commission.

Working closely with Skills Development Scotland and other critical stakeholders across a range of activities, projects and forums, Maureen is leading the development of new qualifications and pathways for learners into the workplace.

Maureen is a Fellow of the Chartered Institute of Personnel and Development.

Contractual relationship: As a Levy-registered business, Forster Group accesses grants for training its workforce and employing apprentices through the Forster Skills Academy. It also administers Angus Construction Training Group, an independent training group that receives funding from CITB.

#### **Tony Elliott**

### **Group HR Director, Robertson Group**

Tony Elliott has over 25 years of experience in the fields of talent, people and learning, and is part of the senior team at Robertson, one of the UK's largest privately owned construction and infrastructure services companies. Tony feels strongly about the development of people and the growing of internal talent, the attraction of new talent, and ensuring skillsets are enhanced and future-proofed within construction.

Contractual relationship: As a Levy-registered business, Robertson Group accesses the CITB Grants Scheme for training its workforce and employing apprentices.

### **Steve Fox**

Steve was appointed as a Non-Executive Director of Barhale Ltd on 29 July 2020, and he also provides advisory services to other parties. Steve was Chief Executive of BAM Nuttall from 2010 until June 2020. He had worked for the company since 1989. Steve is a Chartered Engineer and a Fellow of the Institution of Civil Engineers. He was awarded a CBE in 2015 for services to the construction industry. Steve is a strong supporter of both trade and technician apprenticeships as routes into the industry and is a member of the WISE Board. This follows Steve's commitment to championing women to work in science, technology, engineering and mathematics (STEM).

Contractual relationship: BAM Nuttall (until June 2020) and Barhale Ltd (from August 2020). Both are Levy-registered businesses which access the CITB Grants Scheme for the purpose of training and developing their workforces.

### **Diana Garnham**

Diana is Chair of Skills East Sussex, a member of SELEP Skills Advisory Panel, a Council Member of Christ's Hospital School, President of King's College London Alumni Association, Chair of King's College London Alumni Advisory Group, and Director of Tavern Quay RTM Company. Previously, she was Chief Executive of the Science Council and a Governor of the East Sussex College Group. She has a continuing interest in the social consequences of science, in good governance and strategy, and in enabling young people to achieve their potential, particularly within the STEM environment.

Contractual relationship: None.

### **Yvonne Kelly**

#### **Principal and CEO, Barking & Dagenham College**

Yvonne Kelly is the Principal and CEO of Barking & Dagenham College, a national award-winning college that provides vocational, technical and professional training to over 7,000 students annually. Barking & Dagenham College is a leading provider of intermediate, advanced and higher-level training in London, with 650 learners, a third of whom are apprentices, completing qualifications in construction. The college is one of the first 12 Institutes of Technology in the country and selected as part of the World Skills Excellence Programme. Yvonne takes an active role on various Boards, including the Creative and Cultural Skills, CEME and Care City, as well as acting as an adviser on the Pearson FE Reference Group and the WorldSkills UK Diversity and Inclusion Advisory Group.

Contractual relationship: None.



## **Kevin McLoughlin**

### **Managing Director, McLoughlin Group Holdings Ltd**

Kevin McLoughlin MBE is the founder and Managing Director of London-based SME McLoughlin Group Holdings Ltd. Kevin started the business in 1988. The company is an avid supporter of apprenticeships. The company employs several tutors who help train apprentices in painting and decorating, and since 2012 has offered a four-week pre-employment programme for all ages. Kevin is a Route Panel Member for Construction for the Institute for Apprenticeships and Technical Education (IfATE). Kevin was awarded an MBE in 2014 for his services to skills and apprenticeships, and is a Fellow of the Chartered Institute of Building. Kevin also is a Member of GMB, Liveryman of Painters and Stainers, Freeman of the City of London, Member of the Federation of Master Builders Training Group, Member of the London Regional Construction Training Group, , FIR Steering Group, Islington Skills & Strategy Delivery Group and Islington Living Wage Place Action Group.

Contractual relationship: Kevin is a Director of McLoughlin Group Holdings Ltd and McLoughlin Decorating Schools Community Interest Company, both of which are Levy-registered with CITB. He is also a Partner of Maxine and Kevin Property Business Partnership.

## **Holly Price**

### **Training and Development Director, Keltbray Group**

Holly Price has been the Training and Development Director at Keltbray Group since 2007, playing a crucial role in engineering sustainable and considerable growth through getting the right people in the right place at the right time. Holly started her career in the demolition industry at aged just 17, training to be an engineer, and went on to become Europe's only female explosives engineer in the sector. She is also a prominent and well-respected senior figure at the National Federation of Demolition Contractors, currently serving in the role of Director and Honorary Life Vice President for the longest-established authority in the demolition industry. Holly actively promotes the need to widen the talent pool by embracing diversity and attracting newcomers from all backgrounds to the industry, and she tirelessly campaigns for continuous improvement of industry standards. Having witnessed the challenges that the industry was facing in terms of a potential skills shortage, she decided to move into a more people-focused role and is helping Keltbray go from strength to strength.

Contractual relationship: Holly is a Director of Keltbray Limited, a CITB Levy-registered company. She is also an Honorary Life Vice President of the National Federation of Demolition Contractors, and a Trustee of Construction Youth Trust.

## **Sophie Seddon**

### **People and Culture Director, Novus Property Solutions**

Sophie Seddon has worked in construction for over 10 years, having joined her family business after graduating in Business Management. Starting her career at Seddon Property Services, Sophie was instrumental in the company's rebrand to Novus. Since then she was appointed as the Head of Client Engagement and Communication in 2018, before moving into her most recent role in 2020. Sophie understands the importance of nurturing young talent, as Novus offers numerous routes into construction for young people. She is also passionate about the use of new technology, improving sustainability issues, and encouraging inclusivity within the industry.

Contractual relationship: Sophie is a Director at Novus, a Levy-registered business. She is also a shareholder of JSSH Ltd, the group holdings of Novus Property Solutions Ltd.

Sophie is also a Director and a shareholder of Hall Estates Ltd, a property development company.

## **Robert Williams**

### **Chairman, WRW Construction Ltd**

Robert Williams MBE is the Chairman of WRW Construction Ltd, which he founded and started from his home in 1985. A former college lecturer, Robert has represented the sector on numerous CITB, trade federation and Government-related forums and boards. WRW continues to champion apprenticeships and professional accreditations. Robert was awarded his MBE in 2013 for services to training and skills in the construction industry.

Contractual relationship: As a Levy-registered business, WRW accesses grants for training and upskilling its workforce, and employing apprentices. WRW is a member of Carmarthenshire Construction Training Association Ltd and has been involved in the Cyfle shared apprenticeship scheme since its inception, both of which benefit from CITB financial support. WRW has been awarded National Skills Academy for Construction status across several projects and receives associated funding to lead a CITB-commissioned funded project on experiential learning in collaboration with a range of partners.

Robert resigned from the Board in July 2021.

## **Appendix D: Prescribed Organisations**

During 2020-21, CITB maintained close contact with the following Prescribed Organisations:

- British Woodworking Federation
- Build UK
- Civil Engineering Contractors Association
- Construction Plant-hire Association
- Federation of Master Builders
- Finishes and Interiors Sector
- Hire Association Europe
- Home Builders Federation
- National Association of Shopfitters
- National Federation of Builders
- National Federation of Demolition Contractors
- Scottish Building Federation
- Scottish Decorators' Federation
- Scottish Plant Owners Association

## **Appendix E: Location of principal CITB offices**

### **Head Office and Registered Office**

Sand Martin House  
Bittern Way  
Peterborough  
PE2 8TY  
Tel: 0300 456 7577

### **Scotland**

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

### **Wales**

Welsh Office  
Companies House  
Crown Way  
Maindy  
Cardiff  
CF14 3UZ  
Tel: 0303 123 4500

## Appendix F: Glossary

CIS	Construction Industry Scheme
CJRS	Coronavirus Job Retention Scheme
CPCS	Construction Plant Competence Scheme
CPI	Consumer Prices Index
CSF	Construction Skills Fund
DfE	Department for Education
ESFA	Education and Skills Funding Agency
FE	Further education
HE	Higher education
ICO	Information Commissioner's Office
IfATE	Institute for Apprenticeships and Technical Education
ISAs	International Standards on Auditing
ITB	Industrial Training Board
KPI	Key performance indicator
LSC	Levy Strategy Committee
LWP	Levy Working Party
NAO	National Audit Office
NCC	National Construction College
NDPB	Non-departmental public body
ONS	Office for National Statistics
RPI	Retail Prices Index
SAAB	Scottish Apprenticeship Advisory Board
SDS	Skills Development Scotland
SME	Small and medium-sized enterprise
SORP	Statement of Recommended Practice
STEM	Science, technology, engineering and mathematics
TRS	Talent Retention Scheme
WAG	Welsh Assembly Government



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